



United States Department of Agriculture  
Risk Management Agency

July 2004

## 2005 COMMODITY INSURANCE FACT SHEET

# Small Grains

DE, ME, MD, NJ, NY, NC, PA, VT, VA, WV

### Crop Insured

The Small Grains policy covers **Wheat, Barley, Oats, Rye, and Flax** grown for harvest as grain on insurable acreage. Grain mixtures are not insurable unless specifically allowed by the Special Provisions. If a county does not have an insurance program on file for a crop, coverage may be available by written agreement if certain criteria are met. Consult a crop insurance agent for more information.

Special Provisions of Insurance by going to the following website: <http://www.rma.usda.gov/tools/>

### Important Dates

Fall-Planted Sales Closing ..... September 30, 2004  
Spring-Planted Sales Closing..... March 15, 2005

### Causes of Loss

Adverse Weather Conditions <sup>1</sup>	Insects <sup>2</sup>
Failure of Irrigation Water Supply	Plant Disease <sup>2</sup>
Fire	Wildlife

<sup>1</sup>e.g., hail, drought, wind, excess moisture.

<sup>2</sup>Except damage due to insufficient or improper application of appropriate control measures.

### Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved yield, calculate a guarantee, and determine any indemnity.

**Basic Unit:** A basic unit includes all of your wheat acreage in the county by share arrangement. Premiums are reduced by 10 percent for a basic unit.

**Optional Units:** If a basic unit consists of two or more Farm Serial Numbers (FSN) and certain record-keeping criteria are met, you may apply for optional units by FSN. The 10% discount will not apply.

**Price Elections:** The prices below will be used in calculating premiums and indemnities:

<b>Barley: \$2.35</b>	<b>Oats: \$1.60</b>
<b>Rye: \$3.75</b>	<b>Wheat: \$3.20</b>

### Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of: (1) total destruction of the crop, (2) harvest (combining or threshing the crop for grain; cutting for hay or silage), (3) final adjustment of a loss, (4) abandonment of the crop, (5) July 31, 2005 (Connecticut, Delaware, Maryland, New Jersey, North Carolina), or (6) October 31, 2005 in all other states in the Raleigh region.

### Reporting Requirements

You must file a report of planted acreage by the Acreage Reporting Date established for your county. Since Final Planting and Acreage Reporting dates vary by crop and county, please consult a crop insurance agent. If you have internet access, you may check dates and other information directly from the

### Duties in the Event of Damage or Loss

(1) Protect the crop from further damage by providing sufficient care; (2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); (3) Leave representative samples intact for each field of the damaged unit.

## Coverage Levels & Premium Subsidies

Coverage levels range from 50 to 75 percent of your average APH yield. For example, if your average wheat yield is 60 bu/ac, the 75% coverage level would guarantee 45 bu/ac. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75 percent coverage level, your premium share would be 45 percent of the base premium:

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy*	67	64	64	59	59	55
Your Premium Share*	33	36	36	41	41	45

Catastrophic (CAT) Coverage is fixed at 50% of your average yield and 55% of the Price Election. Your cost for CAT coverage is an administrative fee of \$100 per crop per county, regardless of the acreage. Levels of 80% and 85% are available in Pennsylvania only.

\*Does not apply to premiums under the Group Risk Plan.

**Crop Revenue Coverage (CRC)** is available for wheat in Delaware, Maryland, New York, North Carolina, Pennsylvania, and Virginia. This type of coverage guarantees a specific amount of revenue (dollars) rather than an amount of production (bushels). Protection is provided against a revenue loss resulting from low prices, low yields, or both.

**Group Risk Plan (GRP)** coverage on wheat is available in certain counties of Delaware, Maryland, and North Carolina. GRP coverage is based on the average yield of the entire county rather than individual farm yields. Coverage levels up to 90 percent of the expected county yield can be obtained at rates generally lower than traditional crop insurance. This lower-cost coverage may best appeal to growers whose yields vary directly with county yields and who do not wish to furnish individual yield records.

## Loss Example

This example assumes a basic unit with 75% coverage level, prevented planting coverage, and yield of 60 bu/ac.

60	Bushels per acre APH yield
x .75	Coverage level
45	Bushels per acre guarantee
- 15	Bushels per acre produced
30	Bushels per acre loss
x 3.50	Price election
\$105	Gross indemnity per acre
- \$4	Estimated producer premium per acre*
<b>\$101</b>	<b>Net indemnity per acre</b>

\*varies by state & county

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