



United States Department of Agriculture
Risk Management Agency

March 2007

2007 COMMODITY INSURANCE FACT SHEET

Forage Production

Arizona

Crop Insured

The crop insured will be all the alfalfa in the county for which a premium rate is provided by actuarial documents:

- In which you have a share; and
- That is grown during one or more years after the year of establishment

We do not insure any alfalfa that does not have adequate stand (specified in the special provisions) at the beginning of the insurance period, is grown with a non-forage crop, or is more than 3 years old after the year of establishment.

Counties Available

Forage production is available for insurance in the following counties: Cochise, La Paz, Maricopa, Mohave, Pinal and Yuma counties. Crop may be insurable in other counties by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

Adverse weather conditions¹
 Failure of irrigation water supply²
 Fire³
 Insects⁴
 Plant disease³
 Wildlife⁵

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

²If caused by an insured peril during the insurance period.

³Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.

⁴But not damage due to insufficient or improper application of control measures.

⁵Unless wildlife control measures have not been taken.

Insurance Period

Insurance attaches on acreage with an adequate stand on the later of the date we accept your application or

Spring Seeded	May 22
Fall Seeded and Established Stand	October 16

Insurance ends the earliest of:

- total destruction,
- removal from the windrow or the field for each cutting,
- final adjustment of a loss,
- the date grazing commences on the forage crop,
- abandonment of the forage crop or
- October 15

Important Dates

Sales Closing.....	October 31
Acreage Report Due.....	January 31

Coverage Levels and Premium Subsidies

The forage production guarantee is an individual amount of annual production measured in tons of alfalfa hay. An individual guarantee is based on the grower's past production. Prospective insureds are asked to provide their insurance agent 4-10 years of production and planting history that is used to determine their average yield per acre. Producers can choose coverage levels ranging from 50 to 75 percent of their individual approved average yield and 55 to 100 percent of a price election announced by USDA. Catastrophic risk protection (CAT) coverage guarantees 50 percent of their approved average yield will be valued at 55 percent of the announced price.

Price Election Price used to calculate your premium and indemnity: **\$101** per ton

Cost of Crop Insurance

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. For CAT coverage, growers pay an application fee of \$100 with 100 percent of the premiums being subsidized. Higher coverage levels are subsidized at lower rates; USDA pays at least 50 percent of the premium. For more detailed information about the amounts of coverage and premiums, please contact a crop insurance agent or your local county FSA office for an agent listing.

Loss Example

A claim can be filed whenever production falls short of the guarantee selected by the insured. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

Based on actual production gistory (APH) yield of 6 tons per acre, 50-percent coverage level on 100 acres of forage, selected price of \$100 per ton, irrigated, and one basic unit, 100-percent share.

6	Tons per acre average yield (APH)
<u>x .50</u>	Coverage level
3	Tons per acre guarantee
<u>- 1</u>	Tons per acre actually produced
2	Tons per acre loss
<u>x \$ 101</u>	Allowable cost of picking
\$ 202	Indemnity paid to insured

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Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>

Regional Contact for RMA

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