



United States Department of Agriculture
Risk Management Agency

September 2008

2008 COMMODITY INSURANCE FACT SHEET

Forage Production

Colorado

Crop Insured

The crop insured will be all the irrigated alfalfa you have in the county, in which you have a share, that was planted for harvest as hay, and that is grown during one or more years after the year of establishment.

Exclusions — Forage will not be insured if it is grown with a non-forage crop, is 6 years old or older, or does not meet the following stand requirements at the beginning of the insurance period.

Adequate Stand

1st year – 6.0 living plants/sq.ft.

2nd year – 4.0 plants/sq.ft.

3rd year through 5th year – 3.0 plants/sq.ft.

Counties Available

APH forage production insurance is available for Weld and Yuma counties.

Causes of Loss

Adverse weather conditions¹

Failure of irrigation water supply²

Fire⁴

Insects³

Plant disease³

Wildlife

¹Such as hail, freeze, excess wind, excess rain, drought, and tornado.

²If due to an insured cause of loss within the insurance period.

³Only if effective control measures do not exist for such infestation.

⁴If due to natural causes.

Insurance Period

Insurance begins on acreage with an adequate stand for the calendar year following the year of seeding for spring planted forage, April 15; and for fall planted forage, October 16. Insurance ends at the earliest of: (1) total destruction of the crop, (2) removal from the windrow or the field for each cutting, (3) final adjustment of loss, (4) the date grazing commences on the forage crop, (5) abandonment of the forage crop, or (6) October 15 of the crop year.

Reporting Requirements

Acres Report—You must report all your forage acreage in the county in which you have a share by the acreage reporting date.

Important Dates

Sales Closing Date September 30, 2007

Cancellation Date..... September 30, 2007

Acres Report Date November 15, 2007

Premium Billing..... July 1, 2008

End of Insurance..... October 15, 2008

Definitions

Adequate Stand — A pure stand of alfalfa or a stand of alfalfa and grass in which 60 percent or more of ground cover is alfalfa.

Production Guarantee — Number of tons guaranteed per unit. Multiply your APH yield per acre times the coverage level percentage you select time the number of acres in the unit.

APH Yield — Actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to 10 years of actual and/or assigned yields.

Unit — The insurable acreage used to determine the APH yield, the production guarantee and any indemnity.

Coverage Levels and Premium Subsidies

Forage production may be insured at the coverage levels shown on the reverse. Crop insurance premiums are subsidized as shown. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Catastrophic coverage (CAT) is available at 50 percent of your yield and 55 percent of the price election. The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. Administrative fees, in

addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

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

Price Elections

Price of compensation per ton in case of loss:
Established price for alfalfa is \$107.00 per ton.

Insurance Units

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

Optional Unit: If a basic unit consists of two or more sections of land, and certain record keeping requirements are met, you may apply for optional units by section. The 10-percent premium reduction does not apply.

Plans of Insurance

Actual Production History (APH) — Production guarantee based on individual yield history, protection is for yield loss only.

Replant Provisions

No replant payment is available.

Late and Preventive Planting

No late or preventive planting is available.

Loss Example

A loss occurs when the tons of forage production for the unit fall below the production guarantee. This example assumes a 3.5-ton-per-acre APH yield for alfalfa, 60-percent coverage level, 100 percent of the established price and basic unit coverage.

$$\begin{array}{r}
 3.5 \text{ tons per acre APH yield} \\
 \times .70 \text{ percent coverage level selected} \\
 \hline
 2.45 \text{ tons guarantee*} \\
 - 1.45 \text{ tons per acre actually produced} \\
 \hline
 1.0 \text{ tons per acre loss} \\
 \times \$107.00 \text{ price election} \\
 \hline
 \text{\$107.00 gross indemnity*}
 \end{array}$$

*Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See policy provisions.

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