



United States Department of Agriculture  
Risk Management Agency

January 2008

## 2008 COMMODITY INSURANCE FACT SHEET

# Hybrid Seed Corn

## Iowa, Minnesota, and Wisconsin

### Crop Insured

The crop insured will be all the female parent corn plants grown in the county on insurable acreage for which premium rates are provided, in which you have a share, and grown under a hybrid seed corn processor contract to be harvested as commercial hybrid seed corn. Hybrid popcorn seed is not included

### Counties Available

Hybrid seed corn insurance is available in 67 counties in Iowa, 20 counties in Minnesota, and 11 counties in Wisconsin. In counties where premium rates are not published, hybrid seed corn may be insurable by written agreement.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation, but not frost or freeze damage after the designated frost/freeze date. <sup>2</sup>If caused by an insured cause of loss. <sup>3</sup>If due to natural causes. <sup>4</sup>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

Insurance coverage begins on the date when the female and male plants are planted, and will end at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) final adjustment of a loss, (4) October 31, 2008 or, (5) abandonment of the crop.

### Reporting Requirements

**Acreage Report** — You must report all of your hybrid seed corn acreage in the county and provide a copy of all your processor contracts to your agent by the acreage reporting date.

### Important Dates

Sales Closing/Cancellation Date..... March 15  
Final Planting Date..... May 25

Acreage Reporting Date (IA & MN)..... June 30  
Acreage Reporting Date (WI)..... July 15  
Premium Billing Date..... October 1

### Definitions

**Adjusted Yield** — An amount determined by multiplying the county yield by the coverage level factor on the coverage and rate table.

**Amount of Insurance** (dollars per acre) — A dollar amount determined by multiplying the adjusted yield by the price election for field corn minus any guaranteed payment (not to exceed the total compensation in the processor contract).

**Approved Yield** — An amount RMA determines to be representative of the expected yield of the female parent when grown under a specific production practice based on records provided by the seed company and the credibility of the records.

**Dollar Value per Bushel** — An amount that determines the value of any seed production to count, determined by dividing the amount of insurance (dollars per acre) by the result of multiplying approved yield by the coverage level percentage you have selected.

**Unit** — Insurable acreage used to determine the guarantee and indemnity. Optional units will not be established for processor contracts stipulating the amount of production to be delivered.

### Coverage Levels and Premium Subsidies

Instead of guaranteeing an amount of production, the policy guarantees a dollar amount of coverage, depending on the level of coverage selected (see table below). 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 the adjusted yield (county yield times the 50-percent coverage level factor) times 55 percent of the price for field corn. 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	80	85
Prem. Subsidy	67	64	64	59	59	55	48	38
Your Share	33	36	36	41	41	45	52	62

## Price Elections

The APH price election for field corn is used for seed corn unless you select the hybrid seed price endorsement. Established price for field corn: \$3.75 per bushel. Additional price for field corn may be announced prior to the sales closing date.

## Options

### Hybrid Seed Price Endorsement

With this endorsement in place, the price election for hybrid seed corn will be the higher of the APH price election for field corn, or the February 2007 average daily settlement price for the Chicago Board of Trade December 2007 corn futures contract price, rounded to the nearest cent.

## Insurance Units

**Basic Unit:** If the processor contract specifies the number of acres to be planted, a basic unit consists of all your insurable hybrid seed corn acreage in the county by share arrangement. If the processor contract specifies the amount of production to be delivered, a basic unit consists of all acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor. Premiums are reduced 10 percent for a basic unit.

**Optional Unit:** When the processor contract specifies the number of acres to be planted, and 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 discount will not apply. Optional units are not available if the processor contract stipulates the amount of production to be delivered.

## Plans of Insurance

**Yield-based Dollar Plan (YDO)** — Dollar guarantee with production to count (\$) based on variable dollars per bushel, depending on the approved yield for the variety.

**Group Risk Plan (GRP)** — Coverage available by written agreement only under GRP Corn policy. GRP insures against **widespread** loss of production based on **county average yields**. No individual loss protection available.

**Group Risk Income Protection (GRIP)** — Coverage available by written agreement only under the GRIP

corn policy. Combines GRP with price protection to insure against **widespread** loss of revenue due to a combination of low yields and/or low prices. No individual protection available.

## Replant Provisions

No replanting payment is available. If either the male or female parent plants are damaged before the final planting date and it was practical to replant and it was not replanted, the acreage will not be insured. It will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the hybrid seed corn processor contract or the seed company agrees that it will accept the production from the replanted acreage.

## Late and Prevented Planting

These provisions provide protection on acreage that is planted after the final planting date or that cannot be planted. Not available for all plans of insurance. Please consult a crop insurance agent for details.

## Loss Example

A loss occurs when the value of the hybrid seed corn falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a county yield of 185 bushels per acre, 75-percent coverage level, 100 percent established price of \$3.75 per bushel, and an approved yield of 50 bushels, and basic unit coverage.

$$\begin{array}{r}
 185 \text{ bushels per acre county yield} \\
 \times 1.000 \text{ coverage level factor (75-percent cov. level)} \\
 \hline
 185.0 \text{ bushels (adjusted yield)} \\
 \times \$3.75 \text{ price election} \\
 \hline
 \$693.75 \text{ amount of insurance/acre} \\
 - \$435.00 \text{ production to count (seed and non-seed)} \\
 \hline
 \$258.75 \text{ gross indemnity*} \\
 (20 \text{ bu} \times \$18.50/\text{bu}^1) + (20 \text{ bu} \times \$3.25/\text{bu}^2) = \$435.00 \\
 ^1 \$18.50 \text{ seed price/bu.} = [693.75 / (50 \text{ bu.} \times 0.75)] \\
 ^2 \$3.25 = \text{local market price for non-seed prod.} \\
 - \$28.00 \text{ estimated premium per acre (varies)} \\
 \hline
 \mathbf{\$230.75 \text{ net indemnity*}}
 \end{array}$$

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