



United States Department of Agriculture
Risk Management Agency

March 2008

2008 COMMODITY INSURANCE FACT SHEET

Corn

Illinois Indiana Michigan Ohio

Crop Insured

The crop insured will be all corn grown in the county on insurable acreage, for which premium rates are provided, in which you have a share, and planted for harvest as grain (silage is only insurable by written agreement in counties that do not have an established silage insurance program). The revenue plans of insurance (CRC, IP and RA) insure corn for grain only. Corn insured includes yellow dent or white corn, including mixed yellow and white, waxy or high-lysine corn. Other corn, such as high-amylose, high oil, high-protein, flint, flour, Indian, or blue corn, or a variety genetically adapted to provide forage for wildlife, or any open pollinated corn is not insurable unless the special provisions or a written agreement provides for such insurance. Contact a crop insurance agent for further explanation.

Causes of Loss

- Adverse weather conditions ¹
- Failure of irrigation water supply ²
- Fire ³
- Insects ⁴
- Plant disease ⁴
- Wildlife

¹Including hail, frost, freeze, drought, and excess precipitation.

²If caused by an insured cause of loss.

³If due to natural causes.

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

Insurance Period

Insurance coverage begins on the later of the date we accept your application or the date when the corn is planted, and will end at the earliest of: (1) Total destruction of the crop, (2) harvest of the unit, (3) final adjustment of a loss, (4) abandonment of the crop, or December 10, 2008 for grain and December 30, 2008 for silage.

Reporting Requirements

You must give a report of all your corn acreage in the county by the acreage reporting date.

Important Dates

Sales Closing.....	March 15
Final Planting.....	Varies by county
Acreage Report.....	July 15
Cancellation.....	March 15

Definitions

APH Yield — Actual production history (APH) yield used to determine the production guarantee. 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 (loss payment).

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

High Risk Land (HRL) — Land designated on a map in the actuarial documents with a high risk rate classification, requiring a higher premium rate due to higher risk.

HRL Exclusion Option — An agreement to exclude from crop insurance coverage all high risk land by crop and county, as signed on our form by the sales closing date. Catastrophic coverage is still available when this option is in effect.

Coverage Levels and Premium Subsidies

The corn policy guarantees a certain amount of production, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. 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.

Item	Percent							
Coverage Level	50	55	60	65	70	75	80	85
Premium Subsidy	67	64	64	59	59	55	48	38
Your Share	33	36	36	41	41	45	52	62

The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee.

Price Elections

Price at which you are compensated per bushel or ton in the event of a loss, based on the percentage of established price you have selected. Price election percentage choices for this crop year are 55 percent to 100 percent of the prices shown below.

Established Prices:

- \$3.75 per bushel grain
- \$26.50 per ton silage (Michigan only)

*Additional price set for 2008 crop year is \$4.75.

Insurance Units

Basic Unit: A basic unit includes all of your insurable corn 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 discount will not apply.

Enterprise Unit: Generally, all the insured crop acreage in a county. Premium discounts apply.

Whole Farm Unit: Generally all the insured crops in the county that are covered by the insurance plan. Premium discounts apply.

Plans of Insurance

Actual Production History (APH) — Production guarantee based on individual yield history. Optional and basic units are available.

Crop Revenue Coverage (CRC) — APH plus price protection with option, basic, and enterprise units.

Group Risk Plan (GRP) — Insures against widespread loss of production based on county average yields. No individual loss protection available.

Group Risk Income Protection (GRIP) — 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.

Income Protection (IP) — APH plus price protection with enterprise units only (pilot in 6 counties).

Revenue Assurance (RA) — APH plus price protection with optional, basic, enterprise, and whole farm units.

Endorsement

Biotech Yield Endorsement (BYE) Pilot

The BYE provides a premium rate reduction if at least 75 percent of the acres in each unit of non-irrigated corn for grain is planted to a variety containing three specific biotech traits. This endorsement is available under buy-up coverage levels for the APH, CRC, and RA plans of insurance only.*

* BYE pilot is available in Illinois and Indiana only.

Replant Provisions

A replanting payment is available if we determine it is practical to replant on a unit and our appraisal does not exceed 90 percent of your guarantee, and you replant at least 20 acres or 20 percent of the unit. The replanting payment will be the lesser of 20 percent of the bushel guarantee or 8 bushels times your price election, multiplied by your share. Replant payments are **not available** on the catastrophic risk protection endorsement.

Late and Prevented Planting

These provisions provide protection on eligible acreage that is planted late or that cannot be planted by the final planting date or within the 25-day late-planting period. Please consult your crop insurance provider for further details.

Loss Example

APH Example: A loss occurs when the bushels of corn produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes a 150 bushels per acre APH yield, 75-percent coverage level, 100 percent of established price, basic unit coverage, and no BYE.

150 bushels per acre APH yield
x .75 coverage level
112.5 bushel guarantee
- 50.0 bushels per acre actually produced
62.5 bushels per acre loss
x \$3.75 price election
\$234.38 gross indemnity
- \$6.50 estimated premium per acre (varies)
\$227.88 net indemnity

Revenue Product Example:

112.5 bushels (see prior example)
x \$4.25 base price (est. - announced in March)
\$478.13 guarantee
50 bushels per acre actually produced
x \$3.50 harvest price (est. - announced in Nov.)
\$175.00 revenue
\$303.13 gross indemnity (\$478.13 - \$175.00)
- \$ 16.50 estimated premium (varies)
\$286.63 net indemnity

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