



United States Department of Agriculture
Risk Management Agency

July 2004

2005 COMMODITY INSURANCE FACT SHEET

Soybeans/APH Plan

Arkansas, Kentucky, Louisiana, Mississippi and Tennessee

Crop Insured

The crop insured will be soybeans planted for harvest as beans and for which premium rates are provided by an actuarial table. In counties for which premium rates are not available, soybeans may be insurable by written agreement if specific criteria are met.

Counties Available

See your crop insurance agent for a listing of eligible counties.

Causes of Loss

- Adverse weather conditions
- Insects*
- Plant disease*
- Wildlife
- Fire
- Earthquake
- Volcanic eruption
- Failure of the irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period.

All specified causes of loss must be due to a naturally occurring event.
*But not damage due to insufficient or improper application of pest or disease control measures.

Insurance Period

Coverage usually begins when the crop is planted and ends at the earliest of:

- Total destruction of the crop;
- Harvest of the soybeans;
- Final adjustment of a loss;
- Abandonment of the crop; or
- December 10, 2005.

Reporting Requirement

You must timely report to your agent all acres of the crop in the county in which you have a share.

Important Dates

| | |
|---|-------------------|
| Sales Closing (AR, LA, MS) | February 28, 2005 |
| Cancellation Date (AR, LA, MS) | February 28, 2005 |
| Termination Date (AR, LA, MS) | February 28, 2005 |
| Sales Closing (KY & TN) | March 15, 2005 |
| Cancellation (KY & TN) | March 15, 2005 |
| Termination Date (KY & TN) | March 15, 2005 |
| Final Planting Date (AR, KY, LA, MS & TN) | June 15, 2005 |
| Acreage Report Date (AR, KY, LA, MS & TN) | July 15, 2005 |

Definitions

Catastrophic Coverage (CAT): A plan of insurance established by FCIC that provides coverage comparable to a level for a single crop that is equal to 50 percent (50 percent) of the approved yield indemnified at 55 percent (55 percent) of the expected market price. This is the minimum level of coverage required for a person to qualify for certain other USDA programs benefits unless the producer executes a waiver of any eligibility for emergency crop loss assistance.

Production Guarantee: Number of bushels guaranteed per acre determined by multiplying your average yield (based on your production records) times the coverage level percentage you elect.

Price Election: Price of compensation per bushel in case of loss.

Written Agreement: A document that alters designated terms of an additional coverage policy and that is authorized under the basic provisions, the crop provisions, or the Special Provisions for the insured crop.

Coverage Levels & Premium Subsidies

Catastrophic Coverage: 50 percent of your average yield and 55 percent of the market price.

Additional Coverage: 50, 55, 60, 65, 70, or 75 percent of your average yield and up to 100 percent of the price election.

Premium Subsidies: Varies based on coverage level.

Replant Provisions

Not available under catastrophic (CAT) coverage. A replanting payment is allowed if an insurable cause of loss damages your soybean crop to the extent that the remaining stand will not produce at least 90 percent of production guarantee and it is practical to replant. The maximum payment will be the price election multiplied by 3 bushels.

LOSS EXAMPLE –SOYBEANS Annual Production History Plan (APH)

(Based on Actual Production History (APH) yield of 30 bushels per acre, 75 percent coverage level, 100 percent market price, and one basic unit.)

| | |
|-----------------|---|
| 30 | bushels per acre average yield (APH) |
| <u>x .75</u> | coverage level |
| 22.5 | bushels per acre guarantee |
| - 10.5 | bushels per acre actually produced |
| 12 | bushels per acre loss |
| <u>x \$5.15</u> | price election |
| \$61.80 | gross indemnity per acre |
| - 6.00 | estimated premium per acre (Varies by county) |
| \$55.80 | net indemnity per acre |

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