2003 CROP INSURANCE FACT SHEET

FORAGE PRODUCTION GRP

Minnesota and Wisconsin

THIS FACT SHEET POINTS OUT CERTAIN FEATURES OF CROP INSURANCE AND IS NOT INTENDED TO BE COMPREHENSIVE. THE INFORMATION BELOW NEITHER MODIFIES NOR REPLACES TERMS AND CONDITIONS OF THE BASIC PROVISIONS, CROP PROVISIONS, OR COUNTY ACTUARIAL DOCUMENTS. CONTACT A CROP INSURANCE AGENT FOR FURTHER DETAILS.

FORAGE PRODUCTION GROUP RISK PLAN

The Group Risk Plan (GRP) of insurance is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. GRP is a dramatic departure from traditional approaches to crop insurance protection, with less paperwork and generally less cost than Multiple Peril Crop Insurance (MPCI). The policy was developed on the basis that when an entire county's crop yield is low, most farmers in that county will also have low yields.

GRP Benefits:

- GRP offers catastrophic protection and may cost less than MPCI.
- GRP provides a simplified plan to manage risk because the only information a producer needs to provide is the number of acres intended for harvest by the acreage reporting date.
- Producers do not have to provide production history or evidence of loss because payments are made on losses based on the county expected yield.

GRP Limitations:

- It is possible for a producer to have a low yield on the acreage insured and still not receive a payment under this plan.
- Lenders may not accept GRP coverage as collateral.

CROP INSURED

The crop insured will be all the <u>hay</u> you have in the county in which you have a share and planted for harvest as <u>hay or rotational grazing</u>. (Acreage seeded to forage after July 1, 2001 will not be insurable.)

IMPORTANT DATES

Sales Closing/Cancellation Date: .... **November 30, 2002**
Acreage Reporting Date: .... **May 15, 2003**
Billing Date: .... **July 1, 2003**

DEFINITIONS

Expected County Yield	The yield contained in the actuarial documents, on which your coverage for the crop year is based. This yield is determined using historical National Agricultural Statistics Service (NASS) county average yields, as adjusted by Federal Crop Insurance Corporation (FCIC).
Trigger Yield	The result of multiplying the expected county yield by the coverage level percentage chosen by you. When the payment yield falls below the trigger yield, an indemnity is due.

Payment Yield	The yield determined by FCIC based on NASS yields for each insurable crop's type and practice, as adjusted by FCIC, and used to determine whether an indemnity will be due.
Maximum Protection Per Acre	The highest dollar amount of protection specified in the actuarial documents.
Dollar Amount of Protection Per Acre	The percentage of coverage selected by you multiplied by the Maximum Protection per acre specified in the actuarial documents for the crop, practice, and type. The dollar amount of protection per acre is shown on your Summary of Protection.

GRP COVERAGE OPTIONS

Catastrophic Coverage (CAT)	**65%** of the expected county yield and **45%** of the maximum protection per acre.
Additional Coverage	An amount of protection greater than or equal to **70%** of the expected county yield indemnified at **60%** of the maximum amount of protection.

LOSS EXAMPLE

(Based on county expected yield of 4.0 tons/ac, 90% trigger yield, $300 protection per acre.)

4.0 tons per acre county expected yield
x 90% coverage level selected
3.6 tons per acre trigger yield
- 3.0 tons per acre payment yield for the year
0.6 tons per acre deficiency
0.6 divided by 3.6 = 0.167 payment factor
0.167 x $300 protection = **$ 50.10** gross indemnity per acre*
- $5.00 premium per acre (varies by county)
$45.10 net indemnity per acre*

*Figures shown on a per acre basis. See policy provisions.

ADMINISTRATIVE FEES

These fees are charged in addition to the insurance premium. The insurance premium is subsidized by USDA.
Catastrophic (CAT) Coverage: $100/crop/county. (No insurance premium is charged for CAT coverage.)
Additional Coverage: $30/crop/county.