



United States Department of Agriculture
Risk Management Agency

March 2005

2005 COMMODITY INSURANCE FACT SHEET

Apples

Illinois

Indiana

Michigan

Ohio

Crop Insured

The crop insured will be apples grown on trees adapted to the area, located on insurable acreage, which have produced at least an average of 150 bushels per acre, and for which a premium rate is provided by the actuarial table.

Causes of Loss

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

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 begins for each crop year on November 21 and ends the earliest of: (1) total destruction of the apples, (2) harvest of the unit, (3) final adjustment of a loss, or (4) November 5.

Reporting Requirements

Acreage Report - You must report annually to your insurance provider all acreage of apples in the county in which you have a share.

Important Dates

Sales Closing..... November 20
Acreage Report..... January 15
Cancellation November 20

Definitions

Orchard Inspection - A pre-acceptance orchard inspection or producer worksheet required for all new applications.

Production Guarantees - Number of bushels guaranteed per acre, determined by multiplying your average yield per acre times the coverage level percentage you elect. Yields are based on actual production history (APH) records reported to your insurance provider.

Coverage Levels and Premium Subsidies

The apple 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 |
| Premium Subsidy | 67 | 64 | 64 | 59 | 59 | 55 |
| Your Share | 33 | 36 | 36 | 41 | 41 | 45 |

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

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

| State | IL | IN | MI | OH |
|--------------------------------------|--------|--------|--------|--------|
| Without Fresh Fruit Option (Fresh) | \$8.50 | \$8.50 | \$8.50 | \$8.50 |
| Without Fresh Fruit Option (Process) | \$2.05 | \$2.05 | \$2.05 | \$2.05 |

Loss Example

A loss occurs when the crop production falls below the guaranteed bushel amount as a result of damage from a covered cause of loss. This example assumes 75-percent coverage level and a 100-percent price election of \$8.50 (fresh), and an average APH yield of 300 bushels per acre with .667 share. **(APH yield x coverage level x unit acres - production x price election x share)**

| | |
|-----------------|----------------------------|
| 300 | Bushels APH yield |
| x .75 | Coverage level |
| 225 | Bushels per acre guarantee |
| x 40 | Acres |
| 9,000 | Bushels unit guarantee |
| - 1,000 | Bushels production |
| 8,000 | Bushels loss |
| x \$8.50 | Price election |
| \$68,000 | Unit indemnity |
| x .667 | Share |
| \$45,356 | Final indemnity |

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