



United States Department of Agriculture  
Risk Management Agency

August 2005

## 2006 COMMODITY INSURANCE FACT SHEET

# Grapes

## California

### Crop Insured

Vineyards that are in at least their fourth growing season after set out or third season after grafting can be insured. All varieties of grapes can be insured. Many varieties of grapes are listed for each county (for example, 23 in Napa, 28 in San Joaquin). Growers must insure all their acreage of a particular variety in a county at the same coverage level. However, one variety can be insured and not another. For example, growers could insure all their Chardonnay and none of their Merlot vineyards.

### Counties Available

Grapes are insurable in Alameda, Amador, Calaveras, Colusa, Contra Costa, El Dorado, Fresno, Glenn, Kings, Kern, Lake, Madera, Marin, Mendocino, Merced, Monterey, Napa, Nevada, Riverside, Sacramento, San Benito, San Joaquin, San Luis Obispo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, and Yolo counties. Grapes in other counties may be insurable by written agreement if specific criteria are met. Contact an agent for more details.

### 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>5</sup>

<sup>1</sup>Natural perils such as hail, frost, freeze, wind, drought, and excess moisture. <sup>2</sup>If caused by an insured peril during the insurance period. <sup>3</sup>Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed. <sup>4</sup>But not damage due to insufficient or improper application of control measures. <sup>5</sup>Unless wildlife control measures have not been taken.

### Insurance Period

To insure the crop they plan to harvest this year, producers must apply for coverage with a crop insurance agent before January 31. Insurance coverage begins in February for vineyards not previously insured and ends the earlier of the date harvest ends or November 10.

### Important Dates

Sales Closing .....January 31  
Acreage Report Due .....April 30

### Coverage Levels and Premium Subsidies

The guarantee is production, measured in tons of grapes. Individual amounts of insurance are based on a grower's production history. Individual approved average yields are calculated from 4 to 10 years of production records provided to their insurance agent by prospective insureds. Growers can select a coverage level from 50 to 75 percent of their approved average yield and 55 to 100 percent of a price announced by USDA. Catastrophic risk (CAT) coverage is based on 50 percent of their approved yield and 55 percent of the price.

**Price Election.** Used to calculate your premium or indemnity. Price elections vary by variety and county. Please consult a crop insurance agent.

### Cost of Crop Insurance

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. For CAT coverage, growers pay an application fee of \$100 with 100 percent of the premiums being subsidized. Higher coverage levels are subsidized at lower rates; USDA pays at least 50 percent of the premium. For more detailed information about the amounts of coverage and premiums, please contact a crop insurance.

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## Loss Example

Assume 65-percent coverage level, Chardonnay variety in San Joaquin county, an average yield of 6 tons per acre, 100-percent share.

6	Tons
<u>x .65</u>	Coverage level percentage
3.9	Tons per acre guarantee
<u>- 2.0</u>	Tons per acre actually produced
1.9	Tons per acre loss
<u>x \$375</u>	Price election
<b>\$712.50</b>	<b>Gross indemnity per acre</b>

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## Where to Purchase Crop Insurance

All MPCI, including CAT coverage insurance policies are available from private insurance agents. A list of crop insurance agents is available on the RMA website at: <http://www3.rma.usda.gov/tools/agents/>

## Download Copies from the Web

Visit our online publications/fact sheets page at: <http://www.rma.usda.gov/pubs/#bfr>.

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