



United States Department of Agriculture
Risk Management Agency

January 2011

2011 COMMODITY INSURANCE FACT SHEET

Sweet Cherries

California

Actual Revenue History (ARH)

- Protects growers against losses from low yields, low prices, low quality, or any combination of these events.
- Grower's coverage based on their own net revenue history.
- Revenue is determined after harvest at the point of first delivery.
- Utilization determined by predominant end use.
- Incidental income from sales of other uses included in revenue.

Crop Insured

- All varieties of sweet cherries that are adapted to the area;
- Fresh use only;
- Irrigated;
- Produced at least 2,300 pounds of cherries per acre in one of the three previous crop years; and
- Growers must insure all of their cherry acreage in the county at the same coverage level.

Counties Available

Contra Costa Fresno Kern Sacramento San Benito
San Joaquin Santa Clara Stanislaus Tulare

Causes of Loss

Adverse weather conditions¹
Failure of irrigation water supply²
Fire³
Inadequate market price
Insects⁴
Plant disease³
Wildlife⁵

¹Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

²If caused by an insured peril during the insurance period.

³Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.

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

⁵Unless wildlife control measures have not been taken.

Important Dates

Sales Closing January 31, 2011
Acreage Report Date..... March 01, 2011
Billing Date..... September 15, 2011

Insurance Period

- Coverage begins
 - February 1, 2011 (except for the year of application);
 - Subsequent years: August 1, 2012
- Continuous coverage begins September 1, 2011
- Ends in the calendar year in which cherries are:
 - Physical damage:
 - Normally harvested, or
 - July 31, 2011.
 - Inadequate price:
 - January 15, 2012.

Coverage Levels and Premium Subsidies

- Coverage levels range from 50 to 75 percent.
- Catastrophic Risk Protection (CAT) coverage is unavailable.
- Select a payment factor ranging from .67 to 1.0
 - Reduces amount of insurance without changing the point at which indemnities trigger
 - Reduces premium and indemnity amount paid

Cost of Crop Insurance

- Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially.
- 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 agent.

Loss Example

- Approved revenue = \$7,500
- Producer selects:
 - 75-percent coverage level
 - Payment factor of 1.0
- 100-percent share
- Amount of insurance = \$5,625 per acre

$$\$7,500 / \text{acre} * .75 * 1.00 * 1.00$$

- Producer markets 3,200 lbs of fresh cherries per acre and receives \$1.45 per pound net.

\$5,625	Approved revenue
X .75	Coverage level
<u>X 1.00</u>	Payment factor
\$5,625	Amount of insurance

3,200	Pounds
X \$1.45	Per pound net price
\$4,640	Revenue to count

\$5,625	Amount of insurance
<u>- \$4,640</u>	Revenue to count
\$985	
X 1.0	Payment factor
\$985	Indemnity per acre

**Price used above is for example only. Contact your crop insurance agent for current information.

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Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>