



United States Department of Agriculture
Risk Management Agency

January 2013

2013 COMMODITY INSURANCE FACT SHEET

Tropical Tree Pilot

Hawaii - Banana

Crop Insured

Banana trees are insurable for which a premium rate is provided by the actuarial documents in which you have a share and:

- Are grown to produce a crop intended to be sold for human consumption;
- We inspect and accept the orchard; and
- You provide evidence of at least 4 consecutive crop years of experience growing the crop, excluding year set out.

Tree age will be determined on December 31 according to the following table:

Year	Months After Set Out
1	≤ 12
2	13 - 24
3	25 - 36
4	37+

Counties Available

Tropical trees are insurable in Hawaii, Kauai, Honolulu, and Maui counties.

Causes of Loss

Adverse weather conditions¹
 Destruction of trees²
 Disease³
 Earthquake
 Fire⁴
 Insects³
 Tsunami
 Volcanic eruption
 Wildlife⁵

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

²If authorized by the insurance provider to contain the spread of disease.

³But not damage due to insufficient or improper application of control measures.

⁴Unless weeds and undergrowth are not controlled.

⁵Unless recommended wildlife control measures have not been taken.

Important Dates

Sales Closing..... December 31
 Acreage Report Due..... February 15

Insurance Period

Insurance attaches January 1 for carryover policies and 30 days after we receive your application for new policies, but no earlier than January 1. The insurance period ends the earlier of:

- 1) May 31 of the next crop year; or
- 2) When we determine the total destruction of the insured trees on the unit.

Coverage Levels and Premium Subsidies

You can select coverage levels from 50 to 75 percent of the reference maximum price per tree. Catastrophic Risk Protection (CAT) coverage is also available and offers a 50-percent coverage level. Claims payments are paid at 55-percent of the established price.

Tree Reference Maximum Price

Value used to calculate your premium and indemnity.

Growth Stage Year 1.....\$31 per tree
 Growth Stage Year 2.....\$31 per tree

Cost of Crop Insurance

CAT coverage has an application fee of \$300 with 100 percent of the premiums being subsidized. Higher coverage levels are subsidized at lower rates though USDA pays at least 50 percent of the premium. You will have to pay a \$30 application fee for higher premium amounts. For more detailed information about coverage and premium amounts, please contact a crop insurance agent or your local county Farm Service Agency office for an agent listing.

Loss Example

Assume 500 banana trees, 75-percent coverage, a reference price of \$31 per tree for growth stage year 2, and 300 trees dead after a hurricane.

Step 1

500	Total insured trees
<u>x \$31</u>	Tree reference price at stage 2
\$15,500	Value of insured trees

Step 2

300	Total dead trees
<u>x \$31</u>	Tree reference price at stage 2
\$ 9,300	Value of dead trees

Step 3

9,300	Value of dead trees
<u>÷ 15,500</u>	Value of insured trees
60%	Damage

1.0	
<u>- 0.75</u>	Coverage level
25%	Deductible

60%	Percent of Established Price
<u>- 25%</u>	Deductible
35%	Loss

\$15,500	Value of insured trees
<u>x 35%</u>	Loss
\$5,425	Indemnity

Where to Buy 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/apps/agents/>

Regional Contact

USDA/Risk Management Agency

Davis Regional Office

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