



United States Department of Agriculture  
Risk Management Agency

January 2013

## 2013 COMMODITY INSURANCE FACT SHEET

# Tropical Tree Pilot

## Hawaii - Papaya

### Crop Insured

All papaya trees are insurable if there is a premium rate 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<sup>st</sup> according to the following table**

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

\*Nine month old trees may be insured upon request. Please contact a crop insurance agent.

### Counties Available

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

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Destruction of trees<sup>2</sup>  
 Disease<sup>3</sup>  
 Earthquake  
 Fire<sup>4</sup>  
 Insects<sup>3</sup>  
 Tsunami  
 Volcanic eruption  
 Wildlife<sup>5</sup>

<sup>1</sup>Natural perils such as frost, wind, drought, and excess moisture.

<sup>2</sup>If authorized by the insurance provider to contain the spread of disease.

<sup>3</sup>But not damage due to insufficient or improper application of control

measures.

<sup>4</sup>Unless weeds and undergrowth are not controlled.

<sup>5</sup>Unless recommended wildlife control measures have not been taken.

### 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) December 31; or
- 2) When we determine the total destruction of the insured trees on the unit.

### Important Dates

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

### 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 2.....\$11 per tree  
 Growth Stage Year 3.....\$11 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 papaya trees in Honolulu, 75-percent coverage, a reference price of \$11 per tree for growth stage year 2, and 300 trees are dead after a hurricane.

### Step 1

500	Total insured trees
<u>x \$11</u>	Tree reference price at stage 2
\$5,500	Value of insured trees

### Step 2

300	Total dead trees
<u>x \$11</u>	Tree reference price at stage 2
\$3,300	Value of dead trees

### Step 3

3,300	Value of dead trees
<u>÷ 5,500</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
\$5,500	Value of insured trees
<u>x 35%</u>	Loss
<b>\$1,925</b>	<b>Indemnity</b>

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT 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

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