

Sweet Cherries

Actual Revenue History (ARH) Pilot Program

Michigan

What crop is insurable?

You can insure sweet cherries:

- Grown in Antrim, Benzie, Grand Traverse, Leelanau, Manistee, Mason, or Oceana counties;
- Grown on acreage that has produced an average of 4,000 pounds of marketable cherries per acre in 1 of the 5 previous crop years;
- Are varieties adapted to the area;
- Are irrigated or non-irrigated;
- Grown in an orchard that is considered acceptable; and
- Are not directly marketed, unless you notify your agent at least 15 days before your cherries are sold by direct marketing.

What types of sweet cherries can I insure?

Insurance is available for both fresh and processing sweet cherries. The predominant end use for the cherries, based on revenue from sales, determines the type selected.

When am I protected by insurance?

Coverage begins:

- For the first crop year, the later of:
 - 10 days after the application is received, or
 - November 21.
- September 1 for all other crop years.

Physical damage coverage ends the earliest of:

- 1) Total destruction of the crop;
- 2) Harvest of the crop;
- 3) Final adjustment of a loss;
- 4) Abandonment of the crop; or
- 5) August 31.

For revenue loss, due to an inadequate market price, coverage ends January 15 following harvest.

What am I protected against?

- Adverse weather conditions
- Earthquake
- Failure of the irrigation water supply within the insurance period
- Fire*
- Insects and plant diseases**
- Wildlife
- An inadequate market price

* Unless you have not controlled weeds and other undergrowth or if you have not removed pruning debris from the orchard.

** Unless you have insufficiently or improperly applied pest or disease control measures.

Definitions

Annual revenue: The average revenue, per insured acre, is based on a 100 percent share equivalent for a crop year. It is calculated from the records you submit and indemnity claims that you sign (if applicable). Any costs you may have for cooling, sorting, culling, packing, or any other activities that occur after the production has been harvested and delivered cannot be included in the annual revenue.

Base period: The number of crop years included on your acreage, production, and revenue reports. The number of crop years cannot exceed 10 consecutive crop years before the crop year that the approved revenue is being established.

Inadequate market price: A price that results in annual revenue less than your insurance amount, per acre.

Expected revenue factor: A value RMA determines reflecting the likely revenue per acre with a normal yield and an anticipated price. A factor is used to adjust your approved revenue when the amount of insurance, per acre, is determined.

Payment factor: The percentage of the price that you receive in the event of a loss. You select the payment factor.

What dates should I be aware of?

| | |
|------------------------|-------------|
| Sales Closing..... | November 20 |
| Revenue Reporting..... | January 15 |
| Acreage Reporting..... | January 15 |

What am I required to report?

Revenue Report: You must submit revenue reports to your agent by the revenue reporting date. These reports must:

- Contain insurable acreage for each crop year reported, including your share;
- Contain production harvested, sold, and any appraised production;
- Contain the amount of your revenue from sales, both fresh and processing;
- Be separated by type; and
- Be supported by written, verifiable records, measurement of stored production, or other approved records.

Acreage Report: You must report all of your acreage to your insurance agent by the acreage reporting date. You must notify your agent of any losses, in writing, when evident.

How much of my premium is subsidized?

Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 75 percent coverage level, the premium subsidy is 55 percent and your 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 |

Catastrophic Risk Protection coverage is not available for the ARH Pilot Cherry Program.

Loss Example

Assume 100-percent share in 10 acres of sweet cherries. You certify revenue at \$3,500 per acre and RMA provides an expected revenue factor of 1.00. You chose the 75-percent coverage level and a payment factor of 85 percent equaling \$22,310 in liability.

| | |
|---------|-----------------------------|
| \$3,500 | Certified revenue, per acre |
| x 1.00 | 100 percent share |
| 3500 | |
| x .75 | Coverage level |
| 2625 | |
| x 1.00 | Revenue factor |
| \$2625 | Total value per acre |
| x .85 | Payment factor |
| \$2231 | Total liability per acre |

You harvest a normal crop and all production was sold, but an inadequate market price causes your revenue to be only \$17,500.

| | |
|----------------|-----------------------------------|
| 10 | Acres |
| x \$2,625 | Total value per acre |
| \$26,250 | Total insurance amount |
| - \$17,500 | Revenue-to-count |
| \$8,750 | Difference |
| x .85 | Payment factor |
| \$7,438 | Indemnity due policyholder |

Where can I buy a policy?

You can buy a crop insurance policy from an approved participating insurance agent. A list of crop insurance agents is available at all USDA service centers and on the RMA web site: <http://www3.rma.usda.gov/apps/agents/>

Regional Contact

USDA/Risk Management Agency

Springfield Regional Office
3500 Wabash Avenue
Springfield, IL 62711-8287
Telephone: (217) 241-6600
Fax: (217) 241-6618
E-mail: rsoil@rma.usda.gov

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