



United States Department of Agriculture
Risk Management Agency

November 2010

2011 COMMODITY INSURANCE FACT SHEET

Grapes

Colorado

Crop Insured

Grapes insured in Colorado will be all insurable types, in the county for which a premium rate is provided by the actuarial documents:

- (a) In which you have a share;
- (b) That are grown for wine, juice, raisins, or canning (if such grapes are put to another use (i.e. table grapes), they will be counted as production to count);
- (c) That are grown in a vineyard that, if inspected, is considered acceptable by us;
- (d) That, after being set out or grafted, have reached the number of growing seasons designated by the Special Provisions (4th growing season after being set out or 3rd growing season after being grafted); and
- (e) That have produced an average of at least two tons of grapes per acre in at least one of the three crop years immediately preceding the insured crop year, unless we inspect and allow insurance on acreage that has not produced this amount.

Counties Available

Grapes are insurable in the following Colorado County: Mesa.

Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of production history.

Causes of Loss

- Adverse weather conditions
- Earthquake
- Failure of irrigation water supply, if caused by an insured peril that occurs during the insurance period
- Fire
- Insects*
- Plant disease*
- Volcanic eruption
- Wildlife

All specified causes of loss must be due to a naturally occurring event.
*But not damage due to insufficient or improper application of pest or disease control measures.

Insurance Period

For the year of application, coverage begins on November 21, and for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Coverage ends the earliest of: (1) total destruction of the insured crop; (2) harvest of the insured crop; (3) final adjustment of a loss on a unit; (4) November 1; or (5) abandonment of the insured crop.

Reporting Requirements

Acreage Report — A report of all your grape acreage in the county is due to your crop insurance agent by the Acreage Reporting Date.

Important Dates

Sales Closing.....	November 20, 2010
Production Report.....	January 15, 2011
Acreage Report.....	January 15, 2011
Cancellation.....	November 20, 2010

Definitions

Type – A category of grapes (one or more varieties) identified as a type in the Special Provisions (Group A and Group B).

Variety – A kind of grape that is distinguished from any other by unique characteristics such as, but not limited to, size, color, skin thickness, acidity, flavors and aromas. Insurable Varieties for Group A: Cabernet, Chardonnay, Merlot Pinot and Shiraz-Syrah and Viognier varieties. Insurable Varieties for Group B: All Other varieties not contained under Group A.

Coverage Levels and Premium Subsidies

You may select only one coverage level and price election for each grape type in the county. The coverage level you choose for each grape type is not required to have the same percentage relationship.

The price elections you choose for each type is not required to have the same percentage relationship to the maximum price election offered by us for each type. For example, if you choose 75-percent coverage level and 100 percent of the maximum price election for one type, you may choose 65-percent coverage level and 75 percent of the maximum price election for another type. If you elect the Catastrophic Risk Protection (CAT) level of insurance for any grape type, the CAT level of coverage will be applicable to all insured grape acreage in the county.

The grapes policy guarantees a certain amount of production, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. For example, if you select the 75 percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Subsidy Factor	Percent						
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75
Basic Unit	1.000	0.670	0.640	0.640	0.590	0.590	0.550
Optional Unit		0.670	0.640	0.640	0.590	0.590	0.550

Catastrophic Coverage

Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

Price Elections

The price at which you are compensated per ton in the event of a loss, based on the percentage of the established price you have selected. Price election percentage choices for this crop year are 55 percent - 100 percent of the prices shown below. The established price for grapes in Colorado is:
 Group A— \$1,280.00
 Group B— \$1,085.00

Insurance Units

Basic Unit: A basic unit includes all of your insurable grapes acreage in the county by share arrangement.

Optional Unit: If a basic unit consists of two or more sections of land, and certain record keeping requirements are met, you may apply for optional units by section.

Loss Example

A loss occurs when the crop production falls below the guaranteed tonnage amount as a result of damage from a covered cause of loss. This example assumes a mature grape loss at the 65-percent coverage level, a 100 percent price election of \$1,280.00, and an approved APH yield of 2.5 tons per acre.

(APH yield x coverage level x unit acres - production x price election)

$$\begin{array}{r}
 2.5 \text{ tons/acre APH yield} \\
 \times .65 \text{ coverage level} \\
 \hline
 1.63 \text{ tons/acre guarantee} \\
 \times 10.0 \text{ acres} \\
 \hline
 16.3 \text{ ton/acre unit guarantee} \\
 - 10.0 \text{ tons harvested production} \\
 \hline
 6.3 \text{ tons loss} \\
 \times \$1,280.00 \text{ price election} \\
 \hline
 \$8,064 \text{ unit indemnity} \\
 \times 1.000 \text{ share} \\
 \hline
 \mathbf{\$8,064.00 \text{ Final indemnity}}
 \end{array}$$

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