



United States Department of Agriculture  
Risk Management Agency

October 2012

## 2013 COMMODITY INSURANCE FACT SHEET

# Cranberries

## Rhode Island

### Crop Insured

All cranberries in a county are insurable if:

- 1) A premium rate is provided by the actuarial documents;
- 2) In which you have a share;
- 3) That are grown for harvest as cranberries; and
- 4) Grown on vines that have completed four growing seasons after the vines were set out.

### Counties Available

Cranberries are insurable in Kent, Newport, and Providence Counties. Cranberries in other counties may be insurable by written agreement if specific criteria are met. Contact an insurance agent for more details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>

Earthquake

Failure of irrigation water supply<sup>2</sup>

Failure of irrigation equipment<sup>3</sup>

Fire

Wildlife

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

<sup>2</sup>If caused by an insured peril that occurs during the insurance period.

<sup>3</sup>If due to direct damage from insurable cause of loss if crop is damaged by freezing temperatures within 72 hours of equipment failure, and timely repair or replacement was not possible before crop damage occurred.

Note: This policy does not cover loss of production due to:

- 1) disease or insects (unless adverse weather prevents or negates the proper application of control measures, or causes disease or insect infestation for which no effective control is available); or
- 2) inability to market the cranberries for reasons other than actual damage from an insurable cause of loss. For example, quarantines, boycotts, or the refusal of a buyer to accept production are not covered.

### Insurance Period

Coverage begins on November 21 and ends the earliest of:

- 1) Total destruction of the crop;

- 2) Harvest of the crop;
- 3) Final adjustment of a claim;
- 4) Abandonment of the crop; or
- 5) November 20.

### Reporting Requirements

**Acreage Report:** You must report your current acreage to your crop insurance agent by the acreage report date (see Important Dates below).

### Duties in the Event of Damage or Loss

- 1) If crop damage occurs, you must give notice within 72 hours of initial discovery of damage;
- 2) If you previously gave notice of crop damage, you also must provide notice at least 15 days before the beginning of harvest if you intend to claim an indemnity; or
- 3) If probable loss is not discovered until after harvest has begun, give notice immediately.

### Important Dates

|                             |                   |
|-----------------------------|-------------------|
| Sales Closing .....         | November 20, 2012 |
| Production Report Due ..... | January 15, 2013  |
| Acreage Report Due .....    | January 15, 2013  |
| Premium Billing .....       | August 15, 2013   |

### Definitions

**Average APH Yield:** Your average yield per acre based on your actual production history (APH) or other adjusted yields if appropriate.

**Non-contiguous:** Acreage of the insured crop that is separated from other acreage of the same insured crop by land that is neither owned by you nor rented by you for cash or a crop share. However, acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered contiguous.

**Price Election:** An established price used to calculate your premium and indemnity.

**Production Guarantee:** Number of barrels guaranteed per acre determined by multiplying your average APH yield times the coverage level percentage you choose (from 50 to 75 percent).

### Coverage Levels and Premium Subsidies

Coverage level options range from 50 to 75 percent of your average yield and are subsidized as shown in the table below. For example, an average actual production history (APH) yield of 120 barrels per acre will have a guarantee of 60 barrels per acre at the 50-percent coverage level.

| Item               | Percent |    |    |    |    |    |
|--------------------|---------|----|----|----|----|----|
|                    | 50      | 55 | 60 | 65 | 70 | 75 |
| Coverage Level     | 50      | 55 | 60 | 65 | 70 | 75 |
| Premium Subsidy    | 67      | 64 | 64 | 59 | 59 | 55 |
| Your Premium Share | 33      | 36 | 36 | 41 | 41 | 45 |

Catastrophic risk protection (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$300, regardless of the acreage.

### Price Election

|                         |                 |
|-------------------------|-----------------|
| Established Price ..... | \$40 per barrel |
| CAT Price .....         | \$22            |

### Insurance Units

Insurable acreage is grouped into one or more units based on your selection of one of the following:

**Basic Unit:** A basic insurance unit includes all your insurable cranberry acreage in the county in which you have 100-percent share or which is owned by one person and operated by another person on shares.

**Optional Units:** Optional units may be established only if each optional unit is located on non-contiguous land (see definition above). Acreage insured under CAT coverage cannot be divided into optional units.

### Loss Example

Assume cranberries with an approved yield of 120 barrels per acre, 65-percent coverage level, 100-percent share, and a one-acre basic unit.

|                |                         |
|----------------|-------------------------|
| 120            | Approved Yield per acre |
| x .65          | Coverage level          |
| 78             | Acre guarantee          |
| = 40           | Production-to-Count     |
| 38             | Loss per acre           |
| x \$40         | Price election          |
| \$1,520        | Indemnity per acre      |
| = \$50         | Estimated Premium       |
| <b>\$1,470</b> | <b>Indemnity/Acre</b>   |

### Regional Contact

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