



United States Department of Agriculture
Risk Management Agency

September 2008

2009 COMMODITY INSURANCE FACT SHEET

Cherry Pilot—Actual Revenue History Montana

Crop Insured

The crop insured will be all fresh sweet **cherries** in the county for which a premium rate is provided by the actuarial documents, that: 1) you have a share; 2) are of varieties (scion and rootstock) adapted to the area; 3) are irrigated, unless the special provisions allow a non-irrigated practice; 4) are grown in an orchard that meets the conditions of insurability contained in the special provisions and that, if inspected, is considered acceptable by us; 5) that is not direct marketed, unless you notify us at least 15 days before any production from any unit will be sold by direct marketing.

Counties Available—Lake

Causes of Loss

Adverse weather conditions
Failure of irrigation water supply¹
Fire³
Insects²
Plant disease²
Wildlife

¹If caused by an insured cause of loss.

²But not due to insufficient or improper application of control measures.

³Unless undergrowth or pruning debris is not controlled or removed.

Insurance Period

Insurance attaches on the later of the date we accept your application or November 21 and ends the earliest of: 1) total destruction of the crop, 2) August 31, 3) harvest, 4) abandonment of the crop, 5) final adjustment of a loss. **In addition**, the calendar date for the end of insurance period for the loss of revenue due to an inadequate market price is the January 15 following harvest.

Reporting Requirements

Acreage Report—You must report all acreage of your cherries both insured and uninsured.

Important Dates

Sales Closing.....November 20
Revenue Reporting.....January 15
Acreage ReportingJanuary 15
End of Insurance—Physical DamageAugust 31
End of Insurance—Revenue Loss.....January 15
(following harvest)

Duties in the Event of Damage or Loss

- (1) Protect the crop from further damage by providing sufficient care;
- (2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period)
- (3) You cannot destroy or put the crop to another use without our prior approval.

Coverage Levels/Amounts of Insurance and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average revenue. For example, an average revenue of \$3,500 would result in a guarantee of \$2,625 at the 75 percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 75 percent coverage level, your premium share would be 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 Premium Share	33	36	36	41	41	45

Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved revenue, calculate a guarantee, and determine any indemnity.

Basic Unit: A basic unit includes all of your cherry acreage in the county by share arrangement. Premiums are reduced by 10 percent for a basic unit.

Optional Units: In addition to the requirements of section 34(c) of the basic provisions, optional units may be established only for cherry acreage located on non-contiguous land, separated by tracts of other ownership. Optional units are not allowed by section, section equivalent, FSA farm serial number, or for irrigated or non-irrigated practices. The 10 percent discount will not apply.

Revenue Certification and Acceptability

Revenue reports must: 1) Contain the planted acreage for annual crops and insurable acreage for perennial crops for each crop year; 2) identify production harvested, production sold, and any appraised production; 3) identify the revenue realized from sales of a crop; and 4) be supported by written, verifiable records, measurement of farm stored production, or other records approved by FCIC.

Minimum Production Requirements

The insured crop will be sweet cherries grown on acreage that has produced at least 2,000 pounds per acre in one of the three previous crop years.

Catastrophic (CAT) Crop Insurance

CAT level of insurance coverage is not available.

Administration Fees

\$30 per crop per county.

Definitions

Approved revenue—The amount of revenue per acre, calculated and approved by the verifier, used to establish the amount of insurance per acre, determined by summing the annual, assigned, master, and adjusted or unadjusted transitional revenues and dividing that sum by the number of such revenues contained in the database. The database will contain at least four but not more than ten revenues.

Inadequate market price—A price that, when multiplied by the number of units per acre (lbs., bu., cwt., etc.) in a normal crop, the coverage level and your share, would result in annual revenue that is less than your amount of insurance per acre.

Loss Example

Assume: 100 percent share in 10 acres of sweet cherries, single unit; you certify revenue for five of the most recent crop years at \$3500 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 = \$22,310 liability.

\$2,331 Total amount of liability per acre
($\$3500 \times 1.00 \times .075 \times 1.00 \times .85$)

\$2,625 Total value per acre
($\$3500 \times 1.00 \times .075 \times 1.00$)

You harvest a normal crop, but an inadequate market price causes your revenue count to be only \$17,500. The indemnity is calculated as follows:

\$26,250	Total amount of insurance (10 x \$2625)
	Less
\$17,500	Revenue to count
\$ 8,750	Difference
x .85	Payment factor
\$ 7,438	Indemnity Due Policyholder

Where to Purchase

All multi-peril crop insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site:
<http://www3.rma.usda.gov/tools/agents>

Regional Contact for RMA

Billings Regional Office

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Billings, MT 59102-7302

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Download Copies from the Web

Visit our online publications/fact sheets page at:
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