



United States Department of Agriculture  
Risk Management Agency

October 2005

## 2006 COMMODITY INSURANCE FACT SHEET

# Apples

## Massachusetts

### Crop Insured

- Insurable apples are any variety of apples adapted to the area and located on insurable acreage that has produced at least 150 bushels per acre in one of the past four years
- Policy offers basic coverage against damage from natural perils resulting in fresh or processing fruit that fails to grade U.S. No. 1 Processing or better
- An orchard inspection may be required.

### Counties Available

Insurance is available in all Massachusetts counties except Nantucket and Suffolk.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire<sup>3</sup>  
 Insects<sup>4</sup>  
 Plant disease<sup>4</sup>  
 Wildlife

<sup>1</sup>Natural weather perils such as hail, wind, frost, drought, etc. <sup>2</sup>If caused by an insured peril during the insurance period. <sup>3</sup>Unless weeds or undergrowth are not controlled, or unmulched pruning debris is not removed. <sup>4</sup>But not damage due to insufficient or improper application of control measures.

Note: Policy does not cover loss of income due to market fluctuations.

### Insurance Period

Coverage begins on November 21, 2005, and ends at the earliest of: (1) total destruction of the crop, (2) harvest of the crop, (3) final adjustment of a claim, (4) abandonment of the orchard, (5) November 5, 2006.

### Reporting Requirements

**Acreage Report**— An acreage report is due to your agent (see Important Dates) with all acreage designated by type (fresh, processing, varietal group).

**Direct Marketing**—You must give at least 15 days notice before any production is sold by direct marketing so that an appraisal can be made.

### Notice of Claim

- If crop damage occurs, you must give notice within 72 hours of initial discovery of damage
- If you previously gave notice of crop damage, you must also provide notice at least 15 days prior to the beginning of harvest if you intend to claim an indemnity
- If crop will not be harvested, you must give notice at least 3 days prior to the date harvest should have started.

**Production Report**—Required by date shown below under Important Dates to include last year's production, number and ages of bearing trees on insurable and uninsurable acreage, any changes that may adversely impact yield potential (for example, tree removal, change in cultural practices, etc.) and other information as required.

### Important Dates

Sales Closing .....	November 20, 2005
Production Report Due .....	January 31, 2006
Acreage Report Due.....	January 31, 2006
Premium Billing .....	September 15, 2006

### Definitions

**Average APH Yield**—Your average yield per acre based on your actual production history (APH), county yields, 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 nor rented by you, may be considered as non-contiguous acreage. However, if the acreage is separated by only a road, right-of-way, waterway, or canal (public or private), the acreage will be considered contiguous.

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

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your average yield and are subsidized as shown below. For example, an average APH yield of 500 bushels per acre would result in a guarantee of 250 bushels per acre at the 50-percent coverage level.

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 (CAT) coverage is fixed at 50 percent of average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you except for an administrative fee of \$100, regardless of the acreage.

## Price Elections

Fresh .....	<b>\$11.90</b>
Processing .....	<b>1.40</b>
Varietal Group A* .....	<b>10.25</b>
Varietal Group B.....	<b>7.00</b>

\*See table below for specific varieties.

Price elections are posted on the RMA website at:  
<http://www3.rma.usda.gov/apps/pricesinquiry/>

## Insurance Units

Your insurable acreage is grouped into one or more units depending upon the unit structure you select.  
**Basic Unit**—A basic insurance unit is all of your insurable apple acreage, within the county, for which you have 100 percent share or which is owned by one person and operated by another person on shares.  
**Optional Units**—If your policy is not a CAT policy and you meet other specific requirements, such as separate records for each proposed unit, you may apply for separate optional units established by:

- Non-contiguous land (see definitions)
- Farm serial number
- Practice (irrigated or non-irrigated)
- Varietal group as specified in the table below:

Group	Varieties		
A	Braeburn	Gala	Pink Lady
	Cameo	Honeycrisp	Royal Gala
	Crispin	Jonagold	Sommerfeld
	Fuji	Macoun	
B	All other varieties not specified above		

## Options

### Optional Coverage for Quality Adjustment

Additional protection is available for loss of quality (as a result of natural perils) to apples grown for fresh fruit that do not grade U.S. Fancy or better:

- This option may be applied only to apple acreage designated and certified for fresh fruit production on your acreage report
- Any block of apple acreage grown and maintained for processing is not eligible for optional coverage under this option
- This option is not available under a CAT policy.

## Loss Example

This example assumes 500 bushels per acre average yield, 60-percent coverage level, and no optional coverage.

500	Bushels per acre APH yield
x .60	Coverage level percentage
300	Bushels per acre guarantee
– 100	Bushels per acre production
200	Bushels per acre loss
x 11.90	Price election (fresh)
2380	Indemnity per acre
– 95	Estimated producer cost
<b>\$2285</b>	<b>Net indemnity per acre</b>

## Download Copies from the Web

[http://www.rma.usda.gov/aboutrma/fields/nc\\_rso/](http://www.rma.usda.gov/aboutrma/fields/nc_rso/)

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination write to: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.