United States Department of Agriculture
Risk Management Agency

March 2007

2008 COMMODITY INSURANCE FACT SHEET

Citrus Dollar Plan Pilot

California

Crop Insured

Insurance is available for all navel oranges that have produced at least 300 cartons per acre in one of the previous three years. Insurance is not available for other citrus crops under this plan.

Counties Available

Insurance is available in the following counties: Fresno, Kern, Madera and Tulare. Navel oranges in other counties are **not** insurable by written agreement under this program.

Causes of Loss

Coverage is provided for a decline in price or unavoidable loss of production or quality due to the following causes of loss:

Adverse weather conditions[1]
Earthquakes
Failure of irrigation water supply[2]
Insects and disease[3]
Fire[4]
Wildlife[5]
Volcanic eruption

[1]Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.
[2]If caused by an insured peril during the insurance period.
[3]But not damage due to insufficient or improper application of control measures.
[4]Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.
[5]Unless wildlife control measures have not been taken.

Insurance Period

In order to insure the crop, California growers must apply for coverage with a crop insurance agent by November 20, 2005. Coverage begins 10 days after submission of a completed application and ends at the end of the 2007 harvest, no later than August 31, 2007.

Important Dates

Sales Closing .... November 20
Acreage Report Due................................ January 10

Coverage Levels and Premium Subsidies

Growers can select coverage levels from 50 to 85 percent of the fixed dollar amount of Insurance as shown on the actuarial documents, or catastrophic risk protection (CAT) based on 50 percent of the fixed dollar amount of insurance. The coverage levels offered enable growers to recover a percentage of their out-of-pocket costs of producing the crop. However, the amounts of insurance available may be limited if the insured has not produced at least 600 cartons per acre in one of the previous three years. The amount of insurance will be equal to the reference maximum dollar amount times the ratio of your highest per acre production divided be 600, times your selected coverage level. A grower's average yield is calculated with 4-10 years of actual production records.

Definitions

Fixed Dollar Amount of Insurance: The amount shown on the actuarial documents, used to calculate you amount of insurance based on your prior production history.
Minimum Value: A dollar amount shown on the special provisions that we use to value marketable production. Producers may select between two options.
Allowable Costs: The dollar amount per pound for harvesting and hauling shown in the Special Provisions. Producers may select between two options.
Production to Count: The total value of production that is not damaged by insurable causes of loss.

This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

Cost of Crop Insurance

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. The application fee for CAT coverage is $100, with 100 percent of the premium fully subsidized. The USDA subsidizes higher coverage levels at lower rates but pays at least 50 percent of the premium. For more detailed information about the amounts of insurance coverage and premiums, please contact a crop insurance agent or your local Farm Service Agency office for an agent listing.

Loss Example

Assume 65-percent coverage level, navel in Fresno County, and 100-percent share.

The amount of loss (indemnity payment) is determined by subtracting the value of production-to-count from the amount of insurance. For example if the producer elects to insure 100 acres of navels for $1,576 (The 65-percent fixed dollar amount) per acre, with the highest yield in the past three years being 402 cartons per acre, the total amount of Insurance (the guarantee) would be $95,000. For the following example the grower's production to count was $75,000.

Guarantee per acre:

$1,576	(65-percent coverage level)
X .67	(402 cartons/600 cartons)
$1,056	(Per acre)
$1,056	Per acre)
X 100	(acres)
$105,600	(total guarantee)

Indemnity Payment:

$105,600	(total guarantee)
-$75,000	(value of production to count)
$30,600	(indemnity paid to grower)

The value of the production to count will not be less than the total number of cartons produced times the minimum value shown in the special provisions ($3.00 per carton).

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Where to Purchase Crop Insurance

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

Regional Contact for RMA

USDA/Risk Management Agency
Davis Regional Office
430 G Street, # 4168
Davis, CA 95616
Telephone: 530-792-5870
Fax: 530-792-5893
E-mail: rsoca@rma.usda.gov