



United States Department of Agriculture  
Risk Management Agency

March 2007

## 2008 COMMODITY INSURANCE FACT SHEET

# Tropical Fruit Pilot

## Hawaii - Coffee

### Crop Insured

The crop insured will be all coffee cherries grown for processing in the county for which a premium rate is provided by the actuarial documents in which you have a share:

- Grown to produce a crop intended to be sold for human consumption;
- That, if the orchard is inspected and is considered acceptable by us;
- Provide most recent four consecutive crop years of acreage and production;
- Coffee acreage that has reached age three (3) on December 31 preceding the crop year.

**Tree age will be determined on December 31<sup>st</sup> according to the following table:**

Year	Months After Set Out
1	≤ 12
2	13 - 24
3	25 - 36
4	37+

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Destruction of trees<sup>2</sup>  
 Disease<sup>3</sup>  
 Earthquake  
 Fire<sup>4</sup>  
 Insects<sup>3</sup>  
 Tsunami  
 Volcanic eruption  
 Wildlife<sup>5</sup>

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

<sup>2</sup>If authorized by the insurance provider to contain the spread of disease.

<sup>3</sup>But not damage due to insufficient or improper application of control measures.

<sup>4</sup>Unless weeds and undergrowth are not controlled.

<sup>5</sup>Unless recommended wildlife control measures have not been taken.

### Counties Available

Tropical Fruits are insurable in Hawaii, Kauai, Honolulu and Maui counties in Hawaii.

### Insurance Period

Insurance attaches January 1<sup>st</sup> for carryover policies and 30 days after we receive your application for new insureds, but no earlier than January 1<sup>st</sup>. The insurance period ends the earlier of December 31<sup>st</sup> of the crop year; or upon our determination of the total destruction of insured trees on the unit.

### Important Dates

Sales Closing ..... December 31  
 Acreage Report Due ..... March 15

### Coverage Levels and Premium Subsidies

Yields are based on actual production records reported to your insurance agent. Growers can select a coverage level ranging from 50 to 75 percent of their average yield or catastrophic coverage risk protection which offers a producer a 50-percent level of coverage, indemnified at 55 percent of the established price.

**Price Election** Price used to calculate your premium and indemnity.

Coffee ..... **\$0.48 per pound**  
 Coffee (Hawaii County) ..... **\$0.52 per pound**

### Cost of Crop Insurance

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. Higher coverage levels are subsidized at lower rates; USDA pays at least 50 percent of the premium. For more detailed information about amounts of coverage and premiums, please contact a crop insurance agent or the county Farm Service Agency office for an agent listing.

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## Loss Example

Premium based on one acre located in Kauai, 65-percent level of coverage, 100-percent share and an average yield of 4,500 pounds per acre.

4500	Pounds per acre average yield (APH)
<u>x .65</u>	Coverage level percentage
2925	Pounds per acre guarantee
<u>- 1000</u>	Pounds per acre actually produced
1925	Pounds per acre loss
<u>x \$0.48</u>	Price election, per pound
<b>\$924.00</b>	<b>Gross indemnity per acre</b>

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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/>

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