United States Department of Agriculture
Risk Management Agency

February 2009

2009 COMMODITY INSURANCE FACT SHEET

Sweet Cherries

California

Actual Revenue History (ARH)

- Protects growers against losses from low yields, low prices, low quality, or any combination of these events.
- Grower's coverage based on their own net revenue history.
- Revenue is determined after harvest at the point of first delivery.
- Utilization determined by predominant end use.
- Incidental income from sales of other uses included in revenue.

Crop Insured

- All varieties of sweet cherries that are adapted to the area;
- Fresh use only;
- Irrigated;
- Produced at least 2,300 pounds of cherries per acre in one of the three previous crop years; and
- Growers must insure all of their cherry acreage in the county at the same coverage level.

Counties Available

Contra Costa	Fresno	Kern	Sacramento	San Benito
San Joaquin	Santa Clara	Stanislaus	Tulare	

Causes of Loss

Adverse weather conditions[1]
Failure of irrigation water supply[2]
Fire[4]
Inadequate market price
Insects[3]
Plant disease[3]
Wildlife[5]

[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]Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.
[4]But not damage due to insufficient or improper application of control measures.
[5]Unless wildlife control measures have not been taken.

Important Dates

Sales Closing .... January 31, 2009
Acreage Report Date........................ March 01, 2009
Billing Date…………………… September 15, 2009

Insurance Period

- Coverage begins
  - February 1, 2009 (except for the year of application);
  - Subsequent years: August 1, 2010

- Continuous coverage begins September 1, 2009
- Ends in the calendar year in which cherries are:
  - Physical damage:
    - Normally harvested, or
    - July 31, 2009.
  - Inadequate price:
    - January 15, 2010.

Coverage Levels and Premium Subsidies

- Coverage levels range from 50 to 75 percent.
- Catastrophic (CAT) Risk Coverage is unavailable.
- Select a payment factor ranging from .67 to 1.0
  - Reduces amount of insurance without changing the point at which indemnities trigger
  - Reduces premium and indemnity amount paid

Cost of Crop Insurance

- 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 the amounts of coverage and premiums, please contact a crop insurance agent.

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.

Loss Example

- Approved revenue = $5,410
- Producer selects:
  - 75-percent coverage level
  - Payment factor of 1.0
- 100-percent share
- Amount of insurance = $4,058/acre

  $5,410 /acre * .75 * 1.00 *1.00

- Producer markets 3,200 pounds of fresh cherries per acre and receives $1.00/pound net

$5,410	Approved revenue
X .75	Coverage level
X 1.00	Payment factor
$4,058	Amount of insurance

3,200	Pounds
X $1.00	Per pound net price
$3,200	Revenue to count

$4,058	Amount of Insurance
$3,200	Revenue to count
$858	
X 1.0	Payment factor
$858	Indemnity per acre

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/

Download Copies from the Web

Visit our online publications/fact sheets page at:
http://www.rma.usda.gov/aboutrma/fields/ca_rso/.

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