



United States Department of Agriculture
Risk Management Agency

February 2009

2009 COMMODITY INSURANCE FACT SHEET

Tropical Tree Pilot

Hawaii - Banana

Crop Insured

The crop insured will be all banana trees 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 evidence of at least four consecutive crop years of experience growing the crop excluding year set out;

Tree age will be determined on December 31st 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 conditions¹
 Destruction of trees²
 Disease³
 Earthquake
 Fire⁴
 Insects³
 Tsunami
 Volcanic eruption
 Wildlife⁵

¹Natural perils such as frost, wind, drought, and excess moisture.

²If authorized by the insurance provider to contain the spread of disease.

³But not damage due to insufficient or improper application of control measures.

⁴Unless weeds and undergrowth are not controlled.

⁵Unless 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 1st for carryover policies and 30 days after we receive your application for new insureds, but no earlier than January 1st. The insurance period ends the earlier of December 31st 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..... February 15

Coverage Levels and Premium Subsidies

Growers can select coverage level options ranging from 50 to 75 percent of the reference maximum price per tree or catastrophic coverage risk protection which offers a producer a 50-percent level of coverage, indemnified at 55 percent of the established price shown on the price addendum.

Tree Reference Maximum Price - Value used to calculate your premium and indemnity.

Growth Stage Year 1.....\$27 per tree
 Growth Stage Year 2.....\$27 per tree

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.

Loss Example

Farmer has 500 insured banana trees and 75-percent level of coverage. The reference price is \$27 per tree for growth stage year 2. Three hundred trees are dead after a hurricane.

Step 1

500	Total insured trees.
<u>x \$27</u>	Tree reference price at stage 2.
\$13,500	Value of insured trees.

Step 2

300	Total dead trees.
<u>x \$27</u>	Tree reference price at stage 2.
\$ 8,100	Value of dead trees.

Step 3

$(8,100 \div 13,500) = 60$ percent damage
 $(1.0 - .75) = 25$ percent deductible
 $(60 \text{ percent} - 25 \text{ percent}) = 35$ percent loss
 $\$13,500 \times 35 \text{ percent} = \$4,725$ indemnity

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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