



United States Department of Agriculture  
Risk Management Agency

April 2010

## 2010 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<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Inadequate market price  
Insects<sup>4</sup>  
Plant disease<sup>3</sup>  
Wildlife<sup>5</sup>

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

<sup>2</sup>If caused by an insured peril during the insurance period.

<sup>3</sup>Unless weeds and 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.

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

### Important Dates

Sales Closing ..... January 31, 2010  
Acreage Report Date..... March 01, 2010  
Billing Date..... September 15, 2010

### Insurance Period

- Coverage begins
  - February 1, 2010 (except for the year of application);
  - Subsequent years: August 1, 2011
- Continuous coverage begins September 1, 2010
- Ends in the calendar year in which cherries are:
  - Physical damage:
    - Normally harvested, or
    - July 31, 2010.
  - Inadequate price:
    - January 15, 2011.

### 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.

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## Loss Example

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

$$\$5,410 / \text{acre} * .75 * 1.00 * 1.00$$

- Producer markets 3,200 lbs of fresh cherries per acre and receives **\$1.00** / lb net

\$5,410	Approved revenue
X .75	Coverage level
X <u>1.00</u>	Payment factor
\$4,058	Amount of Insurance

3,200	Pounds
X <u>\$1.00</u>	Per pound net price
\$3,200	Revenue to count

\$4,058	Amount of insurance
<u>\$3,200</u>	Revenue to count
<u>\$858</u>	
X <u>1.0</u>	Payment factor
<u>\$858</u>	Indemnity per acre

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## 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](mailto:rsoca@rma.usda.gov)

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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/>