



United States Department of Agriculture
Risk Management Agency

December 2010

2011 COMMODITY INSURANCE FACT SHEET

Pecans

Arizona

Crop Insured

All the pecans in a county that are grown on trees, which are either at least in the twelfth growing season after either being set out or replaced by transplants, or alternatively, those that are in at least the fifth growing season after top work, and have produced at least 600 pounds of pecans in-shell per acre in at least one year after having been grafted. The orchard must be at least one contiguous acre, unless allowed by written agreement.

Counties Available

Pecans are insurable in Cochise, Graham, Greenlee, Maricopa, Pima and Pinal counties. Pecans in other counties may be insurable by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

- Adverse weather conditions¹
- Decline in market price
- Failure of irrigation water supply²
- Fire³
- Insects⁴
- Plant disease⁴
- Volcanic eruption
- Wildlife⁵

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

²If caused by an insured peril during the insurance period.

³Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.

⁴But not damage due to insufficient or improper application of control measures.

⁵Unless wildlife control measures have not been taken.

Insurance Period

Coverage is sold in two-year modules; you must remain in the program for at least two consecutive years. Producers must apply for coverage with a crop insurance agent before January 31 to insure the crop they plan to harvest in that year and the following year. Coverage begins on February 1 of each crop year. However, for the year of application, we will inspect all pecan acreage and will notify you of the acceptance or rejection of your application not later than 30 days after sales closing date.

Important Dates

Sales Closing	January 31
Acreage Report Due	March 1

Coverage Levels and Premium Subsidies

The amount of insurance (guarantee) is determined from your sales records. The coverage level and guarantee remain the same for each year in the two-year module. Indemnity payments are calculated for each year individually. Individual approved average revenue amounts are calculated from 4-10 years of production records.

Growers can select a coverage level from 50 to 75 percent of their approved average revenue, or catastrophic (CAT) coverage based on 27.5 percent of their approved average revenue

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. For CAT coverage, growers pay an application fee of \$300 with 100 percent of the premiums being subsidized. Higher coverage levels are subsidized at lower rates but USDA pays at least 50 percent of the premium. For more information about coverage levels and premiums, please contact a crop insurance agent or your local county Farm Service Agency office for an agent listing.

Example Producer's Records

Year	Acres	Pounds per acre	Gross sales per acre
2007	100	1747	\$1,680
2008	100	1204	\$1,464
2009	100	1826	\$1,196
2010	100	585	\$780
Average			\$1,280

Guarantee Calculation

Level of coverage (50-75 percent) X
Average gross sales = Amount of insurance

65 percent X \$ 1,280 = \$832 per acre
(amount of insurance)

Loss Example

Produced in 2009, 800 pounds per acre with an average price of \$.75 per pound = \$600 per acre

Amount of insurance \$832 per acre
Value of production - \$600 per acre
Indemnity \$232 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/>

Regional Contact for RMA
USDA/Risk Management Agency
Davis Regional Office
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