



United States Department of Agriculture  
Risk Management Agency

December 2010

## 2012 COMMODITY INSURANCE FACT SHEET

# Avocado

## California

### Crop Insured

All commercially grown Hass and Lamb-Hass avocados produced in the counties listed below are insurable. The insured trees must be irrigated and have reached the sixth growing season after being set out or have produced at least 2,000 pounds of avocados an acre. In addition, the grove may be subject to an inspection to determine insurability.

### Counties Available

Avocados are insurable in Orange, Riverside, San Luis Obispo, Santa Barbara, San Diego and Ventura counties. Contact an agent for more details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Volcanic eruption  
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 other forms of undergrowth have not been controlled or pruning debris has not been 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 ..... November 30  
Acreage Report Due ..... March 1

### Insurance Period

Producers must apply for coverage with a crop insurance agent by November 30. The avocado crop will be insured for a 2-year period, for example, from December 2010 through October 31, 2012. The insurance period can end earlier when:

- Total destruction of the crop
- Harvest of the crop
- Abandonment of the crop
- Final adjustment of a loss

### Coverage Levels and Premium Subsidies

The guarantee is based on an individual's production history. Growers are asked to provide 4 to 10 years of production records to their agent. When you initially apply for insurance you must certify your production records for at least the most recently completed crop year.

Growers can select a coverage level from 50 to 75 percent of their approved average yield and 55 to 100 percent of a price announced by USDA, or catastrophic (CAT) coverage based on 50 percent of their approved yield and 55 percent of the price election.

### Price Elections

The price used to calculate your premium and indemnity. Price elections are re-calculated each year. Consult your insurance agent for the current price election.

2012 price election: \$0.86 per pound

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## Cost of Crop Insurance

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, per county with 100 percent of the premiums being subsidized. 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 or your local county FSA office for an agent listing.

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## Loss Example

A claim can be filed whenever production falls short of the guarantee selected by the insured. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

Based on an actual production history (APH) yield of 8,000 pounds per acre, 65-percent coverage, 100 percent of the Price Election of \$.86 per pound, 100-percent share.

	8,000	pounds per acre average yield (APH)
x	<u>.65</u>	coverage level percentage
	5,250	pounds per acre guarantee
	<u>4,000</u>	pounds per acre actually produced
	1,250	pounds per acre loss
x	<u>\$.86</u>	price election
	\$1,075	<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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