

## Davis Regional Office - Davis, CA

Revised January 2014

# Chile Peppers

## Arizona

### Crop Insured

Long Green New Mexican, Long Red New Mexican, Cayenne, and Jalapeno chile peppers are insurable. Only peppers that will be planted to fulfill a written contract with a processor can be insured. The contract must specify the quantity (in delivered weight or planted acres) of chilies the processor agrees to buy and the base price the processor will pay you. In addition, you must have experience growing chile peppers. The fields must be irrigated and not have been planted with chile peppers, tomatoes, beets, cucurbits, eggplant, spinach, or beans in either of the 2 previous crop years or cotton the previous year.

### Counties Available

Chile peppers are insurable in Cochise County only.

### Causes of Loss

You are protected against the following:

- Adverse weather conditions;
- Earthquake;
- Failure of irrigation water supply, if caused by an insured peril during the insurance year;
- Fire;
- Insects or plant disease, but not damage due to insufficient or improper application of control measures;
- Volcanic eruption; or
- Wildlife.

### Insurance Period

You must apply for coverage with an insurance agent before January 31 to insure the peppers you plan to plant and harvest that year. Insurance attaches when the chile peppers are planted and ends with the earliest occurrence of one of the following:

- Total destruction of the crop;
- Fulfillment of processor contract;
- October 15 for New Mexican Long Green,

Jalapeno and Cayenne chile peppers; or

- December 31 for New Mexican Long Red chile peppers.

### Important Dates

Sales Closing/Cancellation .....	January 31, 2014
Final Planting	
Long Red New Mexican & Cayenne .....	April 15, 2014
Long Green New Mexican & Jalapeno .....	May 15, 2014
Acreage/Production Reporting .....	July 15, 2014
Premium Billing .....	August 15, 2014
Termination .....	January 31, 2015

### Coverage Levels and Premium Subsidies

You can select your own revenue guarantee from among seven fixed-dollar insurance amounts, determined by USDA as shown in the table below.

Maximum Dollar Amount

$\$1,415 \times \text{Coverage Level} = \text{Amount of Insurance}$

The coverage levels offered are intended to help you recover a percentage of your out-of-pocket costs.

Item	Fixed Dollar Amount of Insurance						
	CAT	50	55	60	65	70	75
Guarantee	\$390	\$708	\$778	\$849	\$920	\$991	\$1061

Catastrophic Risk Protection (CAT) coverage is fixed at 50 percent of your approved yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you. There is, however, an administrative fee of \$300 per crop, per county regardless of the acreage.

The amount of insurance is progressive by vegetative stages (see table at the top of page 2).

STAGE	Amount of Insurance	Stage Description
1	75%	For seeded acreage, until thinning.
2	85%	From thinning or transplanting to fruit set.
3	100%	From fruit set until harvest or end of insurance.

### Loss Example

The amount of loss that can be claimed is the difference between the amount of insurance and the value of production-to-count. Assume you select \$1,061.00 of insurance coverage at the 75-percent coverage level and have a contract on 60 acres. All the chile peppers from 50 acres were harvested but 10 acres were not. The appraised production on the unharvested acreage was 10,000 pounds and harvest production amounted to 100,000 pounds. To calculate the value of harvested chilies (Long Red), the allowable cost of picking and hauling is subtracted from the base contract price.

\$1061	Insurance per acre
x 60	Acres of production
\$63,660	Guarantee revenue
x 1.00	Stage 3 coverage percent
\$63,660	
\$0.66	Base contract price
- \$0.25	Allowable cost of picking
\$0.41	Value of harvested chilies
x 100,000	Number of pounds harvested
\$41,000	Value of harvested chilies
10,000	Pounds of unharvested chilies
x \$0.66	Base contract price
\$6,600	Value of unharvested chilies
\$63,660	Guarantee revenue
- \$47,600	Value of harvested & unharvested chilies
<b>\$16,060</b>	<b>Indemnity paid</b>

Price used above is for example only. Contact a crop insurance agent for current information.

### Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at: [www3.rma.usda.gov/apps/agents/](http://www3.rma.usda.gov/apps/agents/).

### Contact Us

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