



United States Department of Agriculture
Risk Management Agency

February 2006

2006 COMMODITY INSURANCE FACT SHEET

Cherries

Michigan

Crop Insured

All the cherries that are grown in the county on insurable acreage and of an insurable type (fresh sweet cherries and processing sweet cherries), which have produced at least 4,000 pounds per acre, and have been inspected and considered acceptable by us. The same acres harvested for both fresh cherries and processing cherries will be considered as processing cherries for crop insurance program purposes.

Counties Available

Cherry insurance is available in 2006 crop year pilot counties of Grand Traverse and Leelanau only.

Causes of Loss

Adverse weather conditions
Earthquake
Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period
Fire
Insects*
Plant disease*
Volcanic eruption
Wildlife

All specified causes of loss must be due to a naturally occurring event.

*But not damage due to insufficient or improper application of pest or disease control measures.

Excluded Causes of Loss

Inability to market cherries (due to quarantine, boycott, or refusal of any entity to accept production)
Untimely harvest
Mechanical damage

Insurance Period

Coverage begins the date we accept your application, or November 21 of the calendar year prior to the year the insured crop normally blooms, and ends the earliest of: (1) total destruction of the crop; (2) harvest of the unit; (3) final adjustment of loss; or (4) August 31.

Reporting Requirements

Acreage Report—You must report to your insurance provider all acreage of the insured crop in the county in which you have a share.

Important Dates

Sales Closing November 20
Acreage Report January 15
Cancellation..... November 20

Definitions

Production Guarantees - The dollar amount of insurance selected by you (as shown on the county actuarial documents) times the coverage level percentage you elect times your share of the crop.

Orchard Inspection: A pre-acceptance orchard inspection is required for all new applications.

Coverage Levels and Premium Subsidies

Instead of guaranteeing production, the cherry policy guarantees a dollar amount of coverage, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown on the reverse side. For example, if you select the 75-percent coverage level, the premium subsidy is 55 percent and your premium share is 45 percent of the base premium.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Share	33	36	36	41	41	45

The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee

Reference Maximum Dollar Amounts

Type and Practice	Fixed Dollar Amount
Fresh/IRR	\$1,840
Fresh/Non-IRR	\$1,680
Proc/IRR	\$1,420
Proc/Non-IRR	\$1,310

Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a 75-percent coverage level selection for irrigated sweet cherries (fresh) at \$1,380 per acre with .667 share. **(Fixed dollar amount x unit acres - value of production x share)**

\$1,380	Dollar per acre guarantee
<u>x 100</u>	Acres
\$138,000	Dollar unit guarantee
- \$60,000	Value of production-to-count
\$78,000	Unit indemnity
<u>x .667</u>	Share
\$52,026	Final indemnity

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