



United States Department of Agriculture  
Risk Management Agency

February 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Peaches

## Illinois Michigan

### Crop Insured

The crop insured will be any of the types or varieties of peaches (including nectarines) which are grown for the production of fresh or processing peaches that have reached at least the fourth growing season after being set out.

### 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 applicant of pest or disease control measures.

### Insurance Period

Insurance attaches for each crop on November 21 and ends the earliest of: (1) total destruction of the crop; (2) harvest of the crop; (3) the date harvest of peaches should have ended, as determined by us; (4) final adjustment of a loss; or (5) September 30.

### Reporting Requirements

**Acreage Report** - An acreage report is due to your agent and includes all acreage (insurable and uninsurable) in which you have a share.

### Important Dates

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

### Definitions

**Production Guarantees** - Number of bushels guaranteed per acre, determined by multiplying your average yield per acre times the coverage level percentage you elect. Yields are based on actual production history (APH) records reported to your insurance provider.

### Coverage Levels and Premium Subsidies

The peach policy guarantees a certain amount of production, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. 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.

## Price Elections

The price at which you are compensated per bushel in the event of a loss, based on the percentage of the established price you have selected. Price election percentage choices for this crop year are 55 percent to 100 percent of the prices shown below.

### Established Prices:

	<u>Illinois</u>	<u>Michigan</u>
Fresh	\$16.50	\$11.00
Processing	\$ 2.50	\$ 6.75

## Loss Example

A loss occurs when the crop production falls below the guaranteed bushel amount as a result of damage from a covered cause of loss. This example assumes 65-percent coverage level and a Michigan 100-percent price election of \$11.00 (fresh), and an average APH yield of 100 bushels per acre with .667 share.

**APH yield x coverage level x unit acres -  
production x price election x share**

	100	Bushels APH yield
x	<u>.65</u>	Coverage level
	65	Bushels per acre guarantee
x	<u>100</u>	Acres
	6,500	Bushels unit guarantee
-	<u>1,200</u>	Bushels production
	5,300	Bushels loss
	<u>X\$11.00</u>	Price election
	\$58,300	Unit indemnity
x	<u>.667</u>	Share
	<b>\$38,886</b>	<b>Final indemnity</b>

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