



United States Department of Agriculture  
Risk Management Agency

February 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Processing Tomatoes

## Indiana Michigan Ohio

### Crop Insured

The crop insured will be tomatoes which are planted for harvest as processing tomatoes grown under contract executed with a processor prior to August 20. Tomatoes which have been grown in either of the previous two crop years on the same acreage, are not insurable unless a written agreement is in force.

### 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.

### Insurance Period

Coverage usually begins when the tomatoes are planted and ends at the earlier of the following: (1) sufficient production is harvested that fulfills an amount if so stipulated in your contract, (2) the date the tomatoes should have been harvested but were not, (3) tomatoes were abandoned, (4) harvest was completed, (5) final adjustment of a loss, or (6) October 10.

### Reporting Requirements

**Acreage Report** - You must report to your insurance provider all acreage of the insured and uninsured crop in the county in which you have a share, the practice, and your share at the time of planting. Also, you must provide a copy of all processor contracts by the acreage reporting date.

### Important Dates

Sales Closing ..... March 15  
Final Planting..... June 15  
Acreage Report ..... July 15  
Cancellation..... March 15

### Definitions

**Production Guarantees** - Number of tons 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 processing tomato 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

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

### Established Price:

\$70.00 per ton

For indemnity calculations, the price election used progresses by stages and increases at specified intervals. The stages and price elections are as follows:

- (1) First stage (planting until first fruit set) uses 50 percent of the price
- (2) Second stage (first fruit set until harvest) uses 80 percent of the price
- (3) Third (final) stage (harvested acreage) uses 100 percent of the price.

## Replant Provisions

A replanting payment is available if we determine it is practical to replant on a unit and our appraisal determines the crop sustained a loss exceeding 50 percent of the plant stand, and you replant at least 20 acres or 20 percent of the unit. The replanting payment will be the lesser of 20 percent of the production guarantee or three tons times your final price election, multiplied by your share. Replant payments are not available on the catastrophic coverage endorsement.

## Late and Prevented Planting

Late and prevented planting provisions are not applicable to this crop.

## Loss Example

A loss occurs when crop production falls below the guaranteed tonnage amount as a result of damage from a covered cause of loss. This example assumes 65-percent coverage level and a 100-percent price election of \$70.00 and an average yield of 22 tons per acre with 100-percent share.

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

22	Tons APH yield
x .65	Coverage level
14.3	Tons per acre guarantee
x 70	Acres
1,001	Tons unit guarantee
- 300.5	Tons production
700.5	Tons loss
x \$70	Price election
\$49,035	Unit indemnity
x 1.000	Share
<b>\$49,035</b>	<b>Final indemnity</b>

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