



United States Department of Agriculture  
Risk Management Agency

February 2009

## 2009 COMMODITY INSURANCE FACT SHEET

# Apples

Illinois

Indiana

Michigan

Ohio

### Crop Insured

The crop insured will be apples grown on trees adapted to the area, located on insurable acreage, which have produced at least an average of 150 bushels per acre, in at least one of the previous four years, and for which a premium rate is provided by the actuarial table.

### 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 other natural causes of loss that cannot be prevented

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 begins for each crop year on November 21 and ends the earliest of: (1) total destruction of the apples, (2) harvest of the unit, (3) final adjustment of a loss, or (4) November 5.

### Reporting Requirements

**Acreage Report** - You must report annually to your insurance provider all acreage of apples in the county 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 approved 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 apple 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 \$300 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.

State	IL	IN	MI	OH
Fresh Fruit	\$10.40	\$10.40	\$10.40	\$10.40
Processing Fruit	\$3.00	\$3.00	\$3.00	\$3.00

## Insurance Units

**Basic Unit:** A basic unit includes all of your insurable apple acreage in the county by share arrangement. Premiums are reduced by 10 percent for a basic unit.

**Optional Unit:** A basic unit may be divided into optional units if each optional unit is (1) located on non-contiguous land, or (2) by varietal group. The 10-percent premium discount will not apply.

## Options

Optional Coverage for Quality Adjustment\*

The **fresh option** applies to **fresh** apples damaged to the extent that 20 percent or more of the apples do not grade U.S. Fancy or better.

\*Not available with the catastrophic risk protection (CAT) endorsement.

## 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 75-percent coverage level and a 100-percent price election of \$10.40 (fresh), and an average APH yield of 300 bushels per acre with .667 share.

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

300	Bushels APH yield
x .75	Coverage level
225	Bushels per acre guarantee
x 40	Acres
9,000	Bushels unit guarantee
- 1,000	Bushels production
8,000	Bushels loss
x \$10.40	Price election
\$83,200	Unit indemnity
x .667	Share
<b>\$55,494</b>	<b>Final indemnity</b>

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