



United States Department of Agriculture  
Risk Management Agency

February 2011

## 2011 COMMODITY INSURANCE FACT SHEET

# Apples

Illinois

Indiana

Michigan

Ohio

### Crop Insured

The crop insured will be apples grown on tree varieties adapted to the area, located on insurable acreage, and for which a premium rate is provided by the actuarial table. The acreage must have produced at least an average of 150 bushels per acre in at least one of the previous four years. Apples inter-planted with another perennial crop are insurable, unless the insurance provider inspects the acreage and determines it does not meet the insurability requirements contained in the policy.

### 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.  
\* Unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard.  
\*\*But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

For the year of application, coverage begins on November 21, and for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the previous crop year. 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, (4) abandonment of the insured crop or (5) November 5.

### Reporting Requirements

**Acreage Report** - You must report annually to your insurance provider all acreage (insurable and non-insurable) by type 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

**Processing apple production** - Apples from insurable acreage failing to meet the insurability requirements for fresh apple production that are:

- (1) Sold, or could be sold for the purpose of undergoing a change to the basic structure such as peeling, juicing, crushing, etc.; or
- (2) From acreage designated as processing apples on the acreage report.

**Production Guarantee (per acre)** - The quantity of apples in bushels determined by multiplying the approved APH yield per acre by the coverage level percentage you elect. If the production of apples has been measured in bins, the amount must be converted to bushels.

**Russeting** - A defect on the surface of the apple as described in the grade standards.

**Sunburn** - A defect as described in the grade standards.

**Type** - A category of apples as designated in the Special Provisions.

### Coverage Levels and Premium Subsidies

You may select only one coverage level for all fresh apple acreage and only one coverage level for all processing apple acreage. For example, if you choose the 55-percent coverage level for all your fresh acreage (i.e., fresh, varietal group types), you may

choose the 75-percent coverage level for all your processing apple acreage.

The apple policy guarantees a certain amount of production, depending on the level of coverage selected. A producer may select different coverage levels for fresh and processing acreage. 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	\$10.75	\$10.75	\$10.75	\$10.75
Processing Fruit	\$3.40	\$3.40	\$3.40	\$3.40

### 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 type, as specified in the special provisions. The 10-percent premium discount will not apply.

### Options

Optional Coverage for Fresh Fruit Quality Adjustment\*

The **fresh fruit option** applies to acreage designated as grown for **fresh** apple production and meets the insurability requirements. The option provides quality adjustment for fresh apple production to count which, due to insurable damage, does not grade 80 percent 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 \$10.75 (fresh), and an approved 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/acre 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 \$10.75	Price election
\$86,000	Unit indemnity
x .667	Share
<b>\$57,362</b>	<b>Final indemnity</b>

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