United States Department of Agriculture
Risk Management Agency

November 2011

2012 COMMODITY INSURANCE FACT SHEET

Actual Revenue History (ARH) - Cherry
Michigan

Crop Insured
The crop insured will be all the cherries in the county for which a premium rate is provided by the actuarial documents [sweet - fresh and sweet - processing], that: 1) you have a share; 2) are of varieties (scion and rootstock) adapted to the area; 3) are irrigated, unless the Special Provisions allow a non-irrigated practice [non-irrigated is insurable]; 4) are grown in an orchard that meets the conditions of insurability contained in the Special Provisions and that, if inspected, is considered acceptable by us; 5) are not direct marketed, unless you notify us at least 15 days before any production from any unit will be sold by direct marketing.

Counties Available
Michigan: Grand Traverse and Leelanau

Insurance Period
Coverage Begins: November 21. (**Note**: For the crop year the policy is initially applied for, or for the year following a break in continuity of coverage, coverage begins on the later of ten days after a properly completed application is received or the date specified below unless we inspect the acreage during the ten day period and determine it does not meet insurability requirements or: November 21.)
End of Insurance: Coverage ends for physical damage at the earliest of: total destruction of the insured crop on the unit; harvest of the unit; final adjustment of a loss on a unit; abandonment of the crop on the unit; or August 31of the current crop year. In addition, the calendar date for the end of the insurance period for the loss of revenue due to an inadequate market price is January 15 following harvest.

Administrative Fees
Additional Coverage: The applicable administrative fee will apply. A waiver of the administrative fee may be available for limited resource farmers.

Crop Types
Actual Revenue History (ARH) Cherry Pilot Crop Insurance is available for:
Sweet Cherries (Fresh): Insurable in Grand Traverse and Leelanau Counties, and
Sweet Cherries (Processing): Insurable in Grand Traverse and Leelanau Counties.
- Type is determined by the predominant end use of the cherries from the unit using revenue from sales.
- Also, incidental income from sales of the other type is included with revenue from sales of the predominant type.

Important Dates
Sales Closing………….November 20
Revenue Reporting…….January 15
Acreage Reporting……..January 15
End of Insurance for
Physical Damage……August 31
End of Insurance for
Revenue Loss……….January 15 (following harvest)

The dates shown above apply to the Michigan counties where the ARH Cherry Pilot Crop Insurance program is available.

Causes of Loss
Adverse weather conditions; fire, unless undergrowth has not been controlled or pruning debris has not been removed from the orchard; insects and plant disease if: adverse weather conditions prevent application of control measures or cause control measures to be ineffective after application, and reapplication is not possible or permitted before damage occurs or worsens; or no pesticides effective on the insect or the plant disease are registered with the Environmental Protection Agency and labeled for use on cherries; wildlife; earthquake; volcanic eruption; failure of the irrigation water supply, if caused by a cause of loss specified in the Crop Provisions' Section 10 (a) (1) through (6) that occurs during the insurance period; and an inadequate market price according to the Crop Provisions.

Revenue Certification and Acceptability

Revenue reports must: 1) Contain the planted acreage for annual crops and insurable acreage for perennial crops for each crop year reported and your share in such acreage; 2) contain and identify production harvested, production sold, and any appraised production; 3) contain and identify the amount of your revenue realized from sales of the crop; 4) be separated by type; and 5) be supported by written, verifiable records, measurement of farm stored production, or other records approved by FCIC.

Minimum Production Requirements

The insured crop will be sweet cherries grown on acreage that has produced an average of 4,000 pounds of marketable cherries per acre in one of the five previous crop years.

Catastrophic (CAT) Crop Insurance

The Catastrophic Risk Protection Endorsement (CAT coverage) is not available.

Actual Revenue History Definitions

Annual revenue—The average revenue per insured acre expressed on a 100-percent share equivalent basis for a crop year calculated from the records submitted by you and claims for indemnities that you have signed (if applicable). The annual revenue is determined by the method described in Section 5 of the ARH Endorsement. The annual revenue may not include any costs incurred by you for cooling, sorting, culling, packing or any other activities that occur after the production has been harvested and delivered.

Base period—The number of crop years included by the acreage, production, and revenue reports you have certified, not to exceed the ten consecutive crop years immediately preceding the crop year defined in the insurance contract for which the approved revenue per acre is being established.

Expected revenue factor—A value determined by RMA that reflects RMA's assessment of the likely revenue per acre for a crop year with a normal yield and anticipated price. This variable is used to adjust your approved revenue when we determine the amount of insurance per acre. The factor will be contained in the Special Provisions.

Inadequate market price—A price that, when multiplied by the number of units per acre (lbs., bu., cwt., etc.) in a normal crop, the coverage level and your share, would result in annual revenue that is less than your amount of insurance per acre.

Loss Example

Sweet Cherries: Assume*:* 100-percent share in 10 acres of cherries, single unit; you certify revenue for five of the most recent crop years at $3,500 per acre and RMA provides an expected revenue factor of 1.00. You chose the 75-percent coverage level and a payment factor of 85 percent = $22,310 liability.

$2,231	Total amount of liability per acre ($3,500 X 1.00 X .75 X 1.00 X .85)
$2,625	Total value per acre ($3,500 X 1.00 X .75 X 1.00)

You harvest a normal crop, but an inadequate market price causes your revenue to count to be only $17,500. The indemnity is calculated as follows:

	$ 26,250	Total amount of insurance (10 X $2,625)
less	$17,500	Revenue to count
	$ 8,750	Difference
X	.85	Payment factor
	$ 7,438	**Indemnity due policyholder**

Where to Purchase

A multi-peril crop insurance policy is available from approved participating insurance agents. A list of crop insurance agents is available on the RMA Web site: http://www3.rma.usda.gov/apps/agents/

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