



United States Department of Agriculture
Risk Management Agency

November 2010

2011 COMMODITY INSURANCE FACT SHEET

Apples

Missouri

Crop Insured

The crop insured will be all apples grown in the county for which a premium rate is provided by the actuarial table: (a) in which you have a share; (b) that are grown on tree varieties that are adapted to the area and have, in at least one of the previous four years, produced 150 bushels of apples per acre; (c) that are grown in an orchard that, if inspected, is considered acceptable by us; and (d) that are grown for fresh apple production or processing apple production.

Counties Available

Apples are insurable in the following Missouri Counties: Andrew, Barry, Cape Girardeau, Cooper, Howard, Jackson, Lafayette, Lawrence, and Saline.

Coverage in other counties may also be available by individual written agreement if certain criteria are met, including records for at least three years of production history.

Causes of Loss

Adverse weather conditions
Earthquake
Failure of irrigation water supply, if caused by an insured peril that occurs during 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

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 prior crop year. Coverage ends the earliest of: (1) total destruction of the insured crop; (2) harvest of the insured crop; (3) final adjustment of a loss on a unit; (4) November 5; (5) abandonment of the insured crop; or (6) as otherwise specified in the Special Provisions.

Reporting Requirements

Acreage Report — A report of all your apple acreage in the county is due to your crop insurance agent by the Acreage Reporting Date.

Important Dates

Sales Closing.....	November 20, 2010
Production Report.....	January 15, 2011
Acreage Report.....	January 15, 2011
Cancellation.....	November 20, 2010

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 Guarantees 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.

Russetting - 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 apple 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. 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.

Subsidy Factor		Percent						
Coverage Level	CAT	0.50	0.55	0.60	0.65	0.70	0.75	
Basic Unit	1.000	0.670	0.640	0.640	0.590	0.590	0.550	
Optional Unit		0.670	0.640	0.640	0.590	0.590	0.550	

Catastrophic Coverage

Catastrophic coverage (CAT) is available at 50 percent of your APH yield and 55 percent of the established price election. The total cost for CAT coverage will be an administrative fee of \$300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are \$30 per crop per county.

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.

The established price for apples in Missouri is:

Fresh Fruit — \$10.75

Processing Fruit — \$3.40

Varietal Group A — \$14.70

Varietal Group B — \$9.10

Insurance Units

Basic Unit: A basic unit includes all of your insurable apples acreage in the county by share arrangement. Premiums are reduced 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.

Options

Optional Coverage for Quality Adjustment*

This option will apply to all your apple acreage designated in your acreage report as grown for fresh apple production and that meets the insurability requirements specified in the Apple Crop Insurance Provisions, except any acreage specifically excluded by the actuarial documents.

*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 fruit), 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)

$$\begin{array}{r} 300 \text{ bushels/acre APH yield} \\ \times .75 \text{ coverage level} \\ \hline 225 \text{ bushels/acre guarantee} \\ \times 40.0 \text{ acres} \\ \hline 9,000 \text{ bushels unit guarantee} \\ - 1,000 \text{ bushels harvested production} \\ \hline 8,000 \text{ bushels loss} \\ \times \$10.75 \text{ price election} \\ \hline \$86,000 \text{ unit indemnity} \\ \times .667 \text{ share} \\ \hline \mathbf{\$57,362.00 \text{ Final indemnity}} \end{array}$$

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