



United States Department of Agriculture  
Risk Management Agency

May 2006

## 2006 COMMODITY INSURANCE FACT SHEET

# Processing Tomatoes

## Maryland

### Crop Insured

The policy insures tomatoes planted for harvest as **processing tomatoes** that are grown under a processor contract executed by August 20, 2006, and that are not excluded from the contract. The policy **does not cover** acreage on which tomatoes were:

- Grown in either of the previous 2 years
- Inter-planted with another crop; or
- Planted into an established grass or legume.

### Counties Available

Processing tomatoes are insurable in Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, and Worcester counties. Processing tomatoes may be insurable in other counties if certain criteria are met. Contact a crop insurance agent for details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
 Failure of irrigation water supply<sup>2</sup>  
 Fire (only if due to natural causes)  
 Insects<sup>3</sup>  
 Plant disease<sup>3</sup>  
 Wildlife

<sup>1</sup>Includes excessive moisture that prevents timely harvesting and abnormal temperatures that result in bypassed acreage because too much acreage was ready for harvest than could be feasibly harvested, or the processing of such production was beyond the capacity of the processor. <sup>2</sup>If caused by an insured cause of loss. <sup>3</sup>But not due to insufficient or improper application of control measures.

### Insurance Period

Coverage begins when the tomatoes are planted and ends at the earlier of: (1) harvest of sufficient production to fulfill your contract; (2) the date the tomatoes should have been harvested but were not; (3) abandonment of the crop; (4) harvest completion; (5) final adjustment of a claim, or (6) October 10, 2006.

Note: Any acreage of tomatoes damaged to the extent that most producers in the area would not normally further care for the tomatoes will be deemed to have been destroyed even though you may continue to care for your crop.

### Reporting Requirements

**Acreage Report**—You must report all acreage of your processing tomatoes, both insured and uninsured, and provide a copy of all processor contracts to your agent by the acreage reporting date.

### Important Dates

Sales Closing .....	March 15, 2006
Final Planting Date .....	June 15, 2006
Acreage Report Date.....	July 15, 2006

### Definitions

**Production Guarantee**— Number of **tons** guaranteed per acre determined by multiplying your average yield per acre (based on your records) times the coverage level you elect.

**Price Election**—The price used to calculate your premium or indemnity. Prices are posted on the RMA website at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

### Duties in the Event of Damage or Loss

(1) Protect the crop from further damage by providing sufficient care; (2) Notify your agent within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period); and (3) Leave representative samples intact for each field of the damaged unit.

### Price Election

**\$70 per ton**

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your historical average yield. For example, let's say your average yield is 12 tons per acre. At the 75-percent coverage level, your guarantee would be 9 tons per acre and your premium share would be 45 percent of the base premium, as shown in the table below:

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Premium Share	33	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. The cost for CAT coverage is an administrative fee of \$100, regardless of the acreage.

## Stage Guarantee

Once you have decided on your price election, the amount of the price election used to determine an indemnity for processing tomatoes depends on the stage of the plant. Stages are determined on a per acre basis:

Stage	Interval	Percent of Price Election
1	From planting until first fruit set	50
2	From first fruit set until harvest	80
3	Harvested acreage	100

## Replanting Payment

A replanting payment may be allowed if the crop is damaged by an insurable cause of loss and the acreage to be replanted has sustained a loss in excess of 50 percent of the plant stand.

## Insurance Units

Your insurable acreage will be grouped into one or more units in order to establish the approved yield, calculate a guarantee, and determine any indemnity.

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

**Optional Units:** If a basic unit consists of two or more farm serial numbers (FSN) and the records criteria are met, you may apply for optional units by FSN. The 10-percent discount will not apply.

Note: Regardless of unit structure, however, no indemnity will be paid for any loss of production on any unit if your production is sufficient to fulfill the processor contracts forming the basis for your guarantee.

## Production to Count

Production on which we do not pay a claim for loss is called production-to-count. This includes appraised production, usable harvested production, and any harvested production delivered to the processor that does not meet the quality requirements of the contract because it was not timely delivered. Once harvest begins on any acreage covered by a processor contract that specifies the number of tons to be delivered, the total indemnity payable will be limited to an amount based on the lesser of the guaranteed tons or the tons remaining unfulfilled under the processor contract.

## Loss Example

This example assumes a 75-percent coverage level, an average yield of 12 tons per acre, non-irrigated practice, and one basic unit.

$$\begin{array}{r}
 12 \text{ Tons per acre average yield (APH)} \\
 \times .75 \text{ Coverage level} \\
 \hline
 9 \text{ Tons per acre guarantee} \\
 - 3 \text{ Tons per acre produced} \\
 \hline
 6 \text{ Tons per acre loss} \\
 \times \$70 \text{ Price election} \\
 \hline
 \$420 \text{ Indemnity per acre} \\
 - \$45 \text{ Estimated premium cost to producer} \\
 \hline
 \mathbf{\$375 \text{ Net indemnity per acre}}
 \end{array}$$

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