



United States Department of Agriculture  
Risk Management Agency

November 2009

## 2010 COMMODITY INSURANCE FACT SHEET

# Apples

## Minnesota and Wisconsin

### Crop Insured

The crop insured will be all the apples in the county in which you have a share, that are adapted to the area, have produced at least an average of 150 bushels per acre, and the orchard is acceptable to us.

### Counties Available

Apple insurance is available in Wabasha and Washington counties in Minnesota, and in Bayfield, Brown, Chippewa, Crawford, Dane, Door, Eau Claire, Ozaukee, Richland, Rock, Sauk, Trempealeau, Washington, and Waukesha counties in Wisconsin. Apples may be insurable in other counties by written agreement.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife

<sup>1</sup>Including hail, frost, freeze, drought, and excess precipitation.

<sup>2</sup>If caused by an insured cause of loss.

<sup>3</sup>If due to natural causes, unless weeds or undergrowth were not controlled, or pruning debris was not removed from the orchard.

<sup>4</sup>But not damage due to insufficient or improper application of pest or disease control measures.

### Insurance Period

**Coverage begins on the later date:** either 20 days after the insurance provider accepts your application or November 21. For each subsequent crop year the policy remains continuously in force, **insurance coverage** begins on the day immediately following the end of the insurance period for the prior crop year. The **calendar date for the end of insurance** period for each crop year is November 5.

### Reporting Requirements

**Acreage Report**—You must report to your insurance agent all acreage (insurable and non-insurable by type

of apples in the county in which you have a share.

### Important Dates

Sales Closing Date ..... November 20, 2009  
Acreage Reporting Date ..... December 15, 2009  
Premium Billing Date ..... September 15, 2010  
Insurance Begins ..... November 21, 2009  
Insurance Ends at harvest or ..... November 5, 2010  
Production Reporting Date ..... December 15, 2010

### Definitions

**APH Yield** — Actual production history (APH) yield used to determine the production guarantee. The APH yield is based on up to five years of actual and/or assigned yields.

**Unit** — The insurable acreage used to determine the APH yield, the production guarantee, and any indemnity (loss payment).

**Production Guarantee** — Number of bushels guaranteed per unit. Multiply your APH yield per acre  $\times$  the coverage level percentage you select  $\times$  the number of acres in the unit.

### Coverage Levels and Premium Subsidies

Apples may be insured at the coverage levels shown in the table below. Crop insurance premiums are subsidized as shown. For example if you select the 75-percent coverage level, your coverage will be 75 percent of your approved APH yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. 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.

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

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## Price Elections

Established price: \$ 10.40 per bu. (Fresh)  
 \$ 3.00 per bu. (Processing)  
 \$12.05 per bu. (Var. Group A)  
 \$ 9.10 per bu. (Var. Group B)

## 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.

## Plans of Insurance

The APH plan is the only plan of insurance available for apples. The production guarantee is based on your individual yield history.

## 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 bushels of apples produced for the unit fall below the production guarantee as a result of damage from a covered cause of loss. This example assumes an APH yield of 250 bushels per acre, 75-percent coverage level, 100 percent of the established price (fresh), and basic unit coverage.

250	bushels per acre APH yield
<u>x .75</u>	coverage level
187.5	bushel guarantee
<u>- 87.5</u>	bushels per acre actually produced
100	bushels per acre loss
<u>x \$10.40</u>	price election (fresh)
\$1040	gross indemnity per acre*
<u>- \$ 90</u>	premium per acre ( varies by county)
<b>\$950</b>	<b>net indemnity*</b>

\* Figures shown on a per acre basis; guarantees and losses paid are on a unit basis. See policy provisions.

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