

# *New York Crop Insurance Education Program*



Risk Management Agency, USDA  
New York State Department of Agriculture & Markets



## **2011 New York APPLES**

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**November 2010**

**Collaborating Partner:  
Cornell University  
Cooperative Extension  
Cortland, & Steuben**



# New York Crop Insurance Education Program

- Funding for the New York Crop Insurance Education Program was provided to the New York State Department of Agriculture and Markets through a competitively awarded PARTNERSHIP from the USDA Risk Management Agency through the Targeted States Program

# Coverage and Price Election Choices:

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Guarantees U.S. #1 Processing Apple  
Catastrophic Coverage

MINIMAL RISK MANAGEMENT PLAN!

50% of your average yield and 55% of the  
Price Election

Additional Coverage

50 to 75% of your average yield and up to  
100% of the Price Election

# Federal Government Subsidy

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<b><u>Coverage Level</u></b>	<b><u>CAT</u></b>	<b><u>50%</u></b>	<b><u>55%</u></b>	<b><u>60%</u></b>	<b><u>65%</u></b>	<b><u>70%</u></b>	<b><u>75%</u></b>
Federal Subsidy	100%	67%	64%	64%	59%	59%	55%
Your portion of the premium	\$300	33%	36%	36%	41%	41%	45%

# Important Crop Insurance Dates:

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<b>Sales Closing, Policy Change, Cancellation, and Termination Date</b>	<b>November 20, 2010</b>
<b>Production Report Due Date:</b>	<b>January 31, 2011</b>
<b>Acreage Report Due Date:</b>	<b>January 31, 2011</b>
<b>Premium Billing Date:</b>	<b>September 15, 2011</b>
<b>Notice of Loss:</b>  <b>Harvest</b>  <b>Discovery</b>  <b>No Harvest</b>	<b>- 15 days prior to</b> <b>-Within 72 hours</b> <b>- 3 days prior to when</b> <b>harvest should have</b> <b>started</b>
<b>End of Insurance Period</b>	<b>November 5, 2011</b>

# 2011 Price Elections

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**APH:**

**Maximum**

**Catastrophic**

**Fresh:**

**\$10.10 bushel**

**\$5.56 bushel**

**Processing:**

**\$3.05 bushel**

**\$1.68 bushel**

**Varietal Group A (Fresh): \$12.45 bushel**

**Fuji, Braeburn, Gala, Jonagold, Crispin, Pink Lady,  
Cameo, Honeycrisp, Somerfeld, Royal Gala, Macoun**

**Varietal Group B (Fresh): \$9.25 bushel**

**All other apple varieties not specified in Group A**

# Perils Insured Against:



- ❖ *Adverse Weather Conditions*
- ❖ *Insects (but not damage due to insufficient or improper application of pest control measures)*
- ❖ *Plant disease (but not damage due to insufficient or improper application of disease control measures)*
- ❖ *Wildlife, Fire, Earthquake, Failure of Irrigation Water Supply and all other natural causes of loss that cannot be prevented*

# Unit Structure Options:

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**Optional units may be established by:**

**Non-contiguous land**

**Varietal groups**

**Farm Serial Numbers**

**Irrigated and Non-irrigated practices**

**Type: Fresh and Processing**

**(Not Available With CAT Coverage)**

**Take Away:**

**Optional units will be collapsed at loss time if records can not be supplied to support unit structure.**

# Quality and Production Appraisals:

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Quality and production appraisals will be completed at fruit maturity for each variety. This means that the claims adjusting procedure may require 3 to 4 farm visits by an adjuster before the claim is finalized. Most appraisals are near maturity appraisals. Early season appraisals are not common.

# Direct Marketing Operations:

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**You must notify the insurance provider 15 days prior to any production from any unit that will be sold by direct marketing.**

## **Take Away:**

**Failure to give timely notice will result in an appraised production to count of not less than the production guarantee.**

# Optional Coverage for Quality Adjustment

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- Additional protection for loss of quality to apples grown for fresh fruit that do not grade U.S. fancy or Better
  - This option may be applied to apple acreage that you certify, and, if requested by us provide verifiable records to support that at least 50% of the production from acreage reported as fresh apple acreage from each unit, was sold as fresh apples in one or more of the four most recent crop years
  - Apple acreage grown and maintained for processing is not eligible under this option. Note: verifiable fresh apple records must also be available to be eligible for the fresh price election.
  - This option is not available under a CAT policy

## Acceptable Records of Production Sold to or Stored by a Disinterested Third Party

- Certified records including printouts or receipts from each first handler of the fruit for that crop year must show total marketable production (in bushels, bin count, or weight delivered) by variety for each insured unit. A printout or receipt from a packing shed, processor, auction, marketing cooperative, jobber, commission merchant, sales broker, pick records or a warehouse receipt which shows total quantity of production and date of transaction is acceptable.
- This record must be provided for each insured unit.

# Pick Records

- If a pre harvest appraisal is required, pick records alone are not sufficient to substantiate production certified by the insured.
- Pick records for each insured unit must meet all of the following to be acceptable
  - Legible and understandable
  - Name of individual(s) paid
  - Price paid per volume picked for picking the crop
  - Photocopy of all pick records
  - Calculation to determine total production
  - Verifiable proof of payment to picker(s)
    - Photocopy of cancelled check(s) or
    - Photocopy of payments made to Social Security

# Daily Sales Records

- If a pre-harvest appraisal is required, daily sales records alone are not sufficient to substantiate production certified by the insured.
- Regardless of whether a pre-harvest appraisal is required, daily sales records must meet both of the following to be acceptable for each insurable unit.
  - Photocopy of daily account ledger. A photocopy of the insured's actual daily account ledger is required.
  - Verification of income. Daily sales records must be accompanied by tax forms or other receipts verifying of income from the sale of the crop.

# Unacceptable Records

- Production summaries or estimates of production are not acceptable regardless of who provides the summary or estimate.

# Optional Coverage for Quality Adjustment

- Additional protection is available for loss of quality (as a result of natural perils) to apples grown for fresh fruit that do not grade U.S. Fancy or better
- This option may be applied only to apple acreage designated and certified for fresh fruit production on your acreage report
- Any block of apple acreage grown and maintained for processing is not eligible for optional coverage under this option
- This option is not available under a CAT policy
- You certify at least 50% of the acreage reported as fresh apples was sold as fresh apples in one of the four most recent crop years.

# Apple Quality Option Adjustment Table

- If 20% or less of your apples do not grade U.S. Fancy due to a covered peril, no adjustment will be made to your apple production
- If 40% of your apples do not grade U.S. Fancy due to a covered peril, it is a 40% loss
- If 50% of your apples do not grade U.S. Fancy due to a covered peril, it is a 70% loss
- If 65% of your apples do not grade U.S. Fancy due to a covered peril, it is a 100% loss

# Fresh Fruit Option Loss Example:

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<b>Acres:</b>	40 (1 Unit)
<b>Production History:</b>	20,000 bushels
<b>Coverage Level:</b>	60/100
<b>Guarantee:</b>	12,000 bushels

Orchard experienced 50% hail damage and fruit will not grade U.S. Fancy

**Gross Production (U.S. NO. 1 Processing or Better) Harvested and/or Appraised: 18,000 bushels**

# Example 1: 50% Damage

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Average Hail Damage: 50%

Adjusted Damage: 70%

18,000 bu. X 70% = 12,600 bu. Insured Damage

18,000 bu. – 12,600 bu. = 5,400 Net Bushels

5,400 bu. = Production to Count

12,000 bu. – 5,400 bu. = 6,600 Bushels Deficient

6,600 bu. X \$10.10 = \$66,660 Indemnity Payment

## Take Away:

You must discuss what you can do with the fruit after it has been adjusted for this option.  
Failure to do so can adversely effect the outcome of the claim.

## Example 2: 65% Damage

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Average Hail Damage: 65%

Adjusted Damage: 100%

18,000 bu. X 100% = 18,000 bu. Insured Damage

18,000 bu. – 18,000 bu. = 0 Net Bushels

0 bu. = Production to Count

12,000 bu. – 0 bu. = 12,000 Bushels Deficient

12,000 bu. X \$10.10 = \$121,200 Indemnity Payment

### Take Away:

You must discuss what you can do with the fruit after it has been adjusted for this option.  
Failure to do so can adversely effect the outcome of the claim.

# New York State Apple Crop Insurance Performance

<u>Crop Year</u>	<u>Losses Paid</u>	<u>Producer Premium</u>
2009	\$11,576,684	\$2,294,653
2008	\$13,158,259	\$1,728,317
2007	\$4,608,507	\$1,440,000
2006	\$4,482,533	\$1,284,434
2005	<u>\$4,727,462</u>	<u>\$1,256,238</u>
Totals:	\$38,553,445	\$8,003,642
CAT Loss payments during this period:		\$149,901
Buy-Up Loss payment during this period :		\$38,403,544
		Producer Benefit:\$4.82

Do not assume that CAT coverage will cover your expenses in a loss situation.

# New York State Crop Insurance Performance

## Does it really work?

<u>Crop Year</u>	<u>Losses Paid</u>	<u>Producer Premiums</u>	
• 2009	\$29,633,680	\$8,499,500	
• 2008	\$21,648,345	\$8,772,954	
• 2007	\$15,046,780	\$7,194,830	
• 2006	\$20,181,398	\$6,195,863	
• 2005	\$12,711,736	\$5,836,370	
• 2004	\$19,930,442	\$5,542,678	
• 2003	\$15,651,995	\$3,765,722	
• 2002	\$19,683,899	\$2,933,282	
• 2001	\$ 7,336,336	\$2,737,503	Producer
• 2000	\$10,234,325	\$2,167,398	Benefit
• <b>Totals:</b>	<b>\$172,058,936</b>	<b>\$53,646,100</b>	<b>\$3.21</b>



# SURE

## Supplemental Revenue Assistance Payment

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- ❖ Permanent Crop Disaster Program.
- ❖ To be eligible producers must sign up for crop insurance (at least CAT coverage) or NAP on all crops produced.
- ❖ Producers who choose higher crop insurance levels of coverage and price elects may get higher SURE guarantees.
- ❖ Details can be obtained from your Local Farm Service Agency.

# Call to Action!

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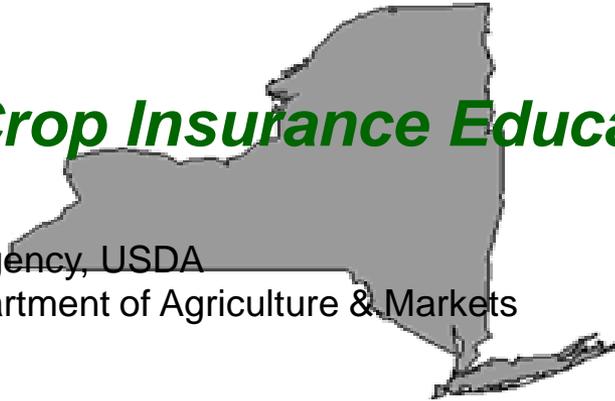
- ❖ Research the available programs & Options  
(CAT, Buy-Up, Fresh Option, AGR, AGR-Lite, etc.)
- ❖ Evaluate the risk exposure on your farm  
(production, revenue, quality, etc.)
- ❖ Identify the plan that fits your needs
- ❖ Contact a crop insurance agent to assist you in  
creating your risk management plan

# Additional Information can be found at:

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<http://www.rma.usda.gov/policies/2011policy.html>

<http://www.rma.usda.gov/tools/agent.html>

[www.agmkt.state.ny.us/AP/CropInsurance.html](http://www.agmkt.state.ny.us/AP/CropInsurance.html)

1-800-544-4501

# Crop Insurance

*Guarantees  
a pay day*

either a  
**CROP YIELD**  
or

