



United States Department of Agriculture
Risk Management Agency

March 2008

2008 COMMODITY INSURANCE FACT SHEET

Cherries

Michigan

Crop Insured

All the cherries that are grown in the county on insurable acreage and of an insurable type (fresh sweet cherries and processing sweet cherries), which have produced at least 4,000 pounds per acre, and have been inspected and considered acceptable by us. The same acres harvested for both fresh cherries and processing cherries will be considered as processing cherries for crop insurance program purposes.

Counties Available

Cherry insurance is available in the pilot counties of Grand Traverse and Leelanau only.

Causes of Loss

Adverse weather conditions
Earthquake
Failure of irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period
Fire
Insects*
Plant disease*
Volcanic eruption
Wildlife

All specified causes of loss must be due to a naturally occurring event.

*But not damage due to insufficient or improper applicant of pest or disease control measures.

Excluded Causes of Loss

Inability to market cherries (due to quarantine, boycott, or refusal of any entity to accept production)
Untimely harvest
Mechanical damage

Insurance Period

Coverage begins the date we accept your application, or November 21 of the calendar year prior to the year the insured crop normally blooms, and ends the earliest of: (1) total destruction of the crop; (2) harvest of the unit; (3) final adjustment of loss; or (4) August 31.

Reporting Requirements

Acreage Report—You must report to your insurance provider all acreage of the insured crop in the county in which you have a share.

Important Dates

Sales Closing November 20
Acreage Report January 15
Cancellation..... November 20

Definitions

Production Guarantees - The dollar amount of insurance selected by you (as shown on the county actuarial documents for the corresponding coverage level percentage you choose) times your share of the crop.

Orchard Inspection: A pre-acceptance orchard inspection is required for all new applications.

Coverage Levels and Premium Subsidies

Instead of guaranteeing production, the cherry policy guarantees a dollar amount of coverage, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown on the reverse side. 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.

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

The total cost for CAT coverage will be an administrative fee of \$100 per crop per county, regardless of the acreage. All other coverage levels require a \$30.00 administrative fee

Reference Maximum Dollar Amounts

Type and Practice

| | |
|---------------|---------|
| Fresh/IRR | \$2,120 |
| Fresh/Non-IRR | \$1,935 |
| Proc/IRR | \$1,465 |
| Proc/Non-IRR | \$1,325 |

Loss Example

A loss occurs when the crop value falls below the guaranteed dollar amount as a result of damage from a covered cause of loss. This example assumes a 75-percent coverage level selection for irrigated sweet cherries (fresh), with a dollar amount of insurance per acre of \$1,590 (using a reference maximum dollar amount of \$2,120 times .75) with .667 share.

Reference max dollar amount x percent coverage level x unit acres - value of production x share

| | |
|-------------------|------------------------------|
| \$2,120 | Ref. max dollar amount |
| <u>x .75</u> | Percent coverage |
| \$1,590 | Dollar per acre guarantee |
| <u>x 100</u> | Acres |
| \$159,000 | Dollar unit guarantee |
| <u>- \$60,000</u> | Value of production-to-count |
| \$93,000 | Unit indemnity |
| <u>x .667</u> | Share |
| \$62,031 | Final indemnity |

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