United States Department of Agriculture
Risk Management Agency

March 2007

2007 COMMODITY INSURANCE FACT SHEET

Pecans

Arizona

Crop Insured

All the pecans in a county that are grown on trees, which are either at least in the twelfth growing season after either being set out or replaced by transplants, or alternatively, those that are in at least the fifth growing season after top work, and have produced at least 600 pounds of pecans in-shell per acre in at least one year after having been grafted. The orchard must be at least one contiguous acre, unless allowed by written agreement.

Counties Available

Pecans are insurable in Cochise, Graham, Greenlee, Pima and Pinal counties. Pecans in other counties may be insurable by written agreement if specific criteria are met. Contact an agent for more details.

Causes of Loss

Decline in market price
Adverse weather conditions[1]
Failure of irrigation water supply[2]
Fire[3]
Insects[4]
Plant disease[4]
Wildlife[5]

[1]Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.
[2]If caused by an insured peril during the insurance period.
[3]Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.
[4]But not damage due to insufficient or improper application of control measures.
[5]Unless wildlife control measures have not been taken.

Insurance Period

Producers must apply for coverage with a crop insurance agent before January 31 to insure the crop they plan to harvest in that year and the following year. Coverage begins on February 1 of each crop year. However, for the year of application, we will inspect all pecan acreage and will notify you of the acceptance or rejection of your application not later than 30 days after sales closing date.

Important Dates

Sales Closing .... January 31
Acreage Report Due..................................... March 1

Coverage Levels and Premium Subsidies

The amount of insurance (guarantee) is determined from your sales records. Coverage is sold in two-year modules; you must remain in the program for at least two consecutive years. The coverage level and guarantee remain the same for each year in the two-year module. Indemnity payments are calculated for each year individually. Individual approved average revenue amounts are calculated from 4-10 years of production records provided by prospective insured's to their insurance agent.

Growers can select a coverage level from 50 to 75 percent of their approved average revenue, or catastrophic (CAT) coverage based on 27.5 percent of their approved average revenue.

Guarantee Calculation

Year	Acres	Pounds per acre	Gross sales per acre
2001	100	1747	$1,660
2002	100	1204	$1,464
2003	100	1826	$1,196
2004	100	585	$778

Loss Example

Level of coverage (50-75 percent) X
Average gross sales = Amount of insurance

65 percent X $ 1,275 = $829 per acre
(amount of insurance)

In 2005 produced 500 pounds per acre with an average price of $ .75 per pound = $375 per acre

Amount of insurance $829 per acre
Value of production -$600 per acre
$229 per acre
x 100 acres
$22,900 indemnity

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