



United States Department of Agriculture  
Risk Management Agency

April, 2008

## 2009 COMMODITY INSURANCE FACT SHEET

# Avocado

## California

### Crop Insured

All commercially - grown Hass avocados produced in the counties listed below are insurable. The insured trees must be irrigated and have reached the sixth growing season after being set out or have produced at least 2,000 pounds of avocados an acre. In addition, the grove may be subject to a company inspection to determine insurability.

### Counties Available

Hass avocados are insurable in Orange, Riverside, San Luis Obispo, Santa Barbara, San Diego and Ventura counties. Contact an agent for more details.

### Causes of Loss

Adverse weather conditions<sup>1</sup>  
Decline in price  
Failure of irrigation water supply<sup>2</sup>  
Fire<sup>3</sup>  
Insects<sup>4</sup>  
Plant disease<sup>4</sup>  
Wildlife<sup>5</sup>

<sup>1</sup>Natural perils such as hail, frost, freeze, wind, drought, and excess moisture.

<sup>2</sup>If caused by an insured peril during the insurance period.

<sup>3</sup>Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.

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

<sup>5</sup>Unless wildlife control measures have not been taken.

### Insurance Period

Producers must apply for coverage with a crop insurance agent by November 30. Then their avocado crop will be insured for a 2 - year period, from December 2007 through November 2009.

### Important Dates

Sales Closing..... November 30  
Acreage Report Due.....March 1

### Coverage Levels

Individual amounts of insurance are based on a grower's past production history, the county - average per - acre yield (given by USDA), and the season - average prices estimated each year by the California Avocado Commission. Insureds can select a coverage level ranging from 50 to 60 percent of their approved average revenue or catastrophic risk protection (CAT) equal to 27.5 percent of approved average revenue.

Growers are asked to provide 4 to 10 years of production records to their agent. Records for the most recent year are required. The approved average revenue used in determining the amount of coverage is the long - term county average revenue times the ratio of the individual - average to county - average revenue.

### Cost of Crop Insurance

The Agricultural Risk Protection Act of 2000 raised the subsidies for federal crop insurance premiums substantially. For CAT coverage, growers pay an application fee of \$100, per county with 100 percent of the premiums being subsidized. Higher coverage levels are subsidized at lower rates; USDA pays at least 50 percent of the premium. For more detailed information about the amounts of coverage and premiums, please contact a crop insurance agent or your local county FSA office for an agent listing.

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## Loss Example

A claim can be filed whenever production falls short of the guarantee selected by the insured. The amount of a loss is determined by multiplying the production shortfall by the pre-selected price.

Based on actual production history (APH) yield of 600 pounds per acre, 50-percent coverage level on 100 acres of avocados, selected price of \$.75 per pound, 100-percent share.

	Amount of insurance in dollars -
\$3,000	approved average revenue
<u>x .50</u>	Coverage level percentage
\$1,500	Coverage of dollars per acre
1,000	Pounds per acre actually produced
	Avocado industry's season average
<u>x .75</u>	price - avocado per lb.
\$750	Value of production
\$1,500	Coverage of dollars per acre
<u>- \$750</u>	Value of production
<b>\$ 750</b>	<b>Gross indemnity per acre</b>

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## Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>

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