



United States Department of Agriculture  
Risk Management Agency

March 2008

## 2008 COMMODITY INSURANCE FACT SHEET

# Grapes

## Michigan Ohio

### Crop Insured

The crop insured will be all insurable varieties of grapes which are grown for wine, juice, raisins or canning and have produced an average of two tons per acre during one of the three last crop years.

### 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 application of pest or disease control measures.

### Insurance Period

Coverage begins for each crop year on November 21 and ends at the earliest of: (1) total destruction of the grapes, (2) harvest of the unit, (3) final adjustment of a loss, or (4) November 20.

### 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 and Production Report..... January 15  
 Cancellation..... November 20

### Definitions

**Quality Adjustment** - Quality adjustment is an important feature of the grape endorsement. Grapes which, due to insurable causes, have a value less than 75 percent of the average market price of undamaged grapes of the same variety will be eligible for quality adjustment. For this important feature, consult your insurance provider for further details.

**Production Guarantees** - Number of tons guaranteed per acre, determined by multiplying your average yield per acre times the coverage level percentage you elect. Yields are based on actual production history (APH) records reported to your insurance provider.

### Coverage Levels and Premium Subsidies

The grape policy guarantees a certain amount of production, depending on the level of coverage selected. Crop insurance premiums are subsidized as shown below. 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.

## Price Elections

Price at which you are compensated per ton in the event of a loss, is based on the percentage of the established price you have selected. Price election percentage choices for this crop year are 55 percent to 100 percent of the prices shown below.

### Established Prices:

	<u>Michigan</u>	<u>Ohio</u>
Group A:	\$200.00	\$200.00
Group B:	\$900.00	\$215.00
Group C:	\$215.00	NA

### Michigan:

**Type (161) Group A** covers varieties:

Buffalo, Clinton, Concord, Elvira, Fredonia, Missouri Riesling and Steuben.

**Type (261) Group B** covers varieties:

Catawba, Delaware, Diamond, Dutchess, French Hybrids, Isabella, and Ives.

**Type (361) Group C** covers only the Niagara variety.

### Ohio:

**Type (161) Group A** covers varieties:

Buffalo, Clinton, Concord, Elvira, Fredonia, Missouri Riesling and Steuben.

**Type (261) Group B** covers varieties:

Catawba, Delaware, Diamond, Dutchess, French Hybrids, Isabella, Ives and Niagara.

## Loss Example

A loss occurs when the crop production falls below the guaranteed ton amount as a result of damage from a covered cause of loss. This example assumes 75-percent coverage level and a Michigan 100-percent price election for Type 161 Group A of \$200.00 per ton, and an average APH yield of 4.2 tons per acre with 100 percent share.

**APH yield x coverage level x unit acres - production x share**

4.2	Tons APH yield
x .75	Coverage level
3.15	Tons per acre guarantee
x 10	Acres
31.5	Tons unit guarantee
- 25.0	Tons production
6.5	Tons loss
x \$200	Price election
\$1,300	Unit indemnity
x 1.000	Share
<b>\$1,300</b>	<b>Final indemnity</b>

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