United States Department of Agriculture
Risk Management Agency

March 2007

2007 REVENUE INSURANCE FACT SHEET

FIXED DOLLAR PLAN

Arizona

Fixed Dollar Plan (DOL)

DOL provides protection against declining revenues due to damage that causes a yield shortfall and there is no price increase in the market. DOL is available in many counties for the following states and crops:

	AZ	CA	UT
Cherries		*	*
Chile Peppers	*		
Navel Oranges		*	
Strawberries		*	

A loss occurs when the annual value of crop is less than the amount of insurance. The amount of insurance is based on the cost of growing a crop in a specific area. The maximum dollar amount of insurance is stated on the actuarial document. The insured may select a percent of the maximum dollar amount equal to CAT (catastrophic level of coverage at 50 percent), or additional coverage levels up to 75 percent.

Causes of Loss

Adverse weather conditions[1]
Failure of irrigation water supply[2]
Harvest price is less than the base price[3]
Fire[4]
Insects[3]
Plant disease[3]
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]But not damage due to insufficient or improper application of control measures.
[4]Unless weeds and undergrowth are not controlled or unmulched pruning debris is not removed.
[5]Unless wildlife control measures have not been taken.

Insurance Period

Coverage usually begins when the insured crop is planted and ends the earliest of:

- Total destruction of the crop
- Final adjustment of a loss
- Harvest of the crop
- Abandonment of the crop

Important Dates

Sales Closing Dates:
Cherries ....January 31 (CA)
Cherries .... November 20 (UT)
Chile Peppers ....January 31
Navel Oranges.................................... November 20
Strawberries...July 31
Final Planting Dates:
Chile Peppers .... ***April 15th / *May 15**
Strawberries.. September 30
Acreage Reporting Dates:
Cherries ....January 31 (CA)
Cherries ....January 15 (UT)
Chile Peppers ....July 1
Navel Oranges..January 10
Strawberries.. October 31

*April 15th for Long Red New Mexican and Cayenne.
*May 15th for Long Green New Mexican and Jalapenos.

Definitions

Allowable Cost: The dollar amount per pound for harvesting and handling.
Amount of Insurance: The amount shown on the actuarial documents for the corresponding coverage level percentage you select.
Minimum Value: A dollar amount per pound we will use to value marketable production
Reference Maximum Dollar Amount: The amount that is multiplied by the coverage level to determine the amount of insurance.

Loss Example

The amount of loss is determined by subtracting the value of production-to-count from the amount of insurance. For example, if a grower decided to insure 50 acres of cherries for $1,500 per acre, the total amount of insurance (the guaranteed revenue) would be $75,000. Assume all marketable cherries from all the insured acreage were harvested, but only 100,000 pounds could be sold, and the grower received $90,000 from the packing house.

To calculate the grower's net return, the allowable cost of picking and hauling is subtracted from the average price received:

($90,000 ÷ 100,000 pounds) -25¢ per pound = 65¢ per pound

This result, the average net price received, or a pre-selected minimum value (whichever is more) will be multiplied by the pounds sold to determine the value of production-to-count against the guarantee.

In this example: 100,000 lbs. x 65¢ per pound = $65,000 which is the total value of production to count. The value of production is subtracted from the amount of insurance $75,000 - $65,000 = $10,000.
Thus the amount of loss and the indemnity paid to the insured would be $10,000.

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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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