Crop Insurance for Fruit Growers
Why Purchase Crop Insurance?

• Crop insurance helps producers manage risk.

• In exchange for annual premiums, crop insurance plans provide payments called "indemnities" when yields or revenues fall below covered levels.

On average, over the past five years, New York producers received $2.39 in indemnities for every $1 they paid in premiums.
Insurance Options for Tree Fruits – ENYCH Counties

Policies via Private Insurers Available
APH, Actual Production History (limited crops)
WFRP, Whole Farm Revenue Protection

USDA/FSA:
NAP, Non-Insured Crop Disaster Assistance Program
APH Policy Basics:

Only available for certain fruit crops (based on level of production in the county)

- (Mostly Apples in E. NY)
- Private insurers offer a standardized product
- Grower and USDA share premiums
- There are various levels of coverage
- Policies are generally based on a farms’ production history
### Insurance Programs for Tree Fruits – Eastern NY Counties

<table>
<thead>
<tr>
<th>Crop</th>
<th>Product</th>
<th>Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apples</td>
<td>Actual Production History</td>
<td>Albany, Clinton, Columbia, Dutchess, Essex, Fulton, Orange Rensaelear, Rockland, Saratoga, Schoharie, Ulster, Washington</td>
</tr>
<tr>
<td>Peaches</td>
<td>Actual Production History</td>
<td>Columbia, Dutchess, Rockland, Ulster</td>
</tr>
<tr>
<td>Coverage Level</td>
<td>CAT</td>
<td>50%</td>
</tr>
<tr>
<td>---------------</td>
<td>------</td>
<td>-----</td>
</tr>
<tr>
<td>Federal Subsidy</td>
<td>100%</td>
<td>67%</td>
</tr>
<tr>
<td>Farmer Share</td>
<td>$300</td>
<td>33%</td>
</tr>
</tbody>
</table>
Apples and APH

For acreage to qualify: apples grown on tree varieties that are adapted to the area and has produced at least 150 bushels per acre in one of the past 4 years.
Apple APH Unit Structure Options

Take Away: The use of multiple units where possible may be beneficial to the producer

Optional units may be established by:

- Non-contiguous land
- Farm Serial Numbers
- Irrigated and Non-irrigated practices
- Type: Varietal Groups A,B and C
- Type: Fresh and Processing
Apple Quality Option Adjustment Table

- If more than 20% of your apples do not grade U.S. Fancy due to a covered peril, a quality adjustment will be made to your apple production.
- If 40% of your apples do not grade U.S. Fancy due to a covered peril, it is a 40% loss.
- If 50% of your apples do not grade U.S. Fancy due to a covered peril, it is a 70% loss.
- If 65% of your apples do not grade U.S. Fancy due to a covered peril, it is a 100% loss.
APH - Loss Example

Acres: 40 (all in 1 Unit)  
Production History: 20,000 bushels  
Coverage Level: 60%  
Guarantee: 12,000 bushels

Orchard experienced 50% hail damage and fruit will not grade U.S. Fancy. (= 70% loss)

Gross Production: **18,000 bushels** (U.S. NO. 1 Processing or Better) Harvested and/or Appraised
Indemnity Calculation:

Average Hail Damage: 50%
Adjusted Damage: 70%

18,000 bu. X 70% = 12,600 bu. loss
18,000 bu. – 12,600 bu. = 5,400 Net Bushels

5,400 bu. = Undamaged Production to Count
12,000 bu. – 5,400 bu. = 6,600 Bushels Below Guarantee
6,600 bu. X $12.90 = $85,140 Indemnity Payment

However: You must discuss what you can do with the fruit after it has been adjusted for this option. Failure to do so can adversely affect the outcome of the claim.
NEW: Supplemental Coverage Option (SCO)

• SCO is an option that provides additional coverage for a portion of your underlying crop insurance deductible.

• It must be purchased as an “endorsement” to APH

• The Federal Government pays 65% of the premium cost for SCO.

• SCO increases the level of coverage to 86% of Producer’s APH Yield (additional 11%)

• SCO results in additional premium and an additional administrative fee
Non Insured Agricultural Product (NAP) Basics:

Available from USDA-FSA for commercially produced crops in which crop insurance is not available – all tree fruit except apples and peaches in covered counties

Eligible causes of loss: damaging weather (drought, freeze, hail, excessive moisture, excessive wind)
Non Insured Agricultural Product (NAP) Basics:

NAP basic coverage is equivalent to the CAT level protection plan of insurance coverage (Loss exceeding 50% of expected production at 55% of the average market price)

However

NAP now offers levels of coverage up to 65% production and 100% of market price
NAP Basic Coverage

Basic coverage – Receive payments when there is more than 50% yield loss at 55% of market value

**No premium**, Fees are $250 per crop or $750 per producer (in one county)

Maximum payment $1,875 if you farm in multiple counties

10 acres Bosc Pears in Rensaelear County, NY

Basic coverage – Fee $250
NAP Additional Coverage Premium

50% - 65% coverage full market value
10 acres Bosc Pears in Rensaelear County, NY

• The producer’s share of the crop; (100%) \( \times \)
• The number of eligible acres devoted to the crop; (10) \( \times \)
• The approved yield per acre; (7) \( \times \)
• The coverage level; (65%) \( \times \)
• The average market price; ($610.33) \( \times \)
• A 5.25 percent premium fee. (5.25%) \( \times \)

Premium = $1,457.93
### Basic Payment

<table>
<thead>
<tr>
<th>Yield</th>
<th>Payment</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>($250)</td>
<td>$42,723.33</td>
</tr>
<tr>
<td>5.60</td>
<td>($250)</td>
<td>$34,178.67</td>
</tr>
<tr>
<td>4.20</td>
<td>($250)</td>
<td>$25,634.00</td>
</tr>
<tr>
<td>3.50</td>
<td>($250)</td>
<td>$21,361.67</td>
</tr>
<tr>
<td>3.15</td>
<td>$924.89</td>
<td>$19,225.50</td>
</tr>
<tr>
<td>2.10</td>
<td>$4,449.57</td>
<td>$12,817.00</td>
</tr>
<tr>
<td>0</td>
<td>$8,914.15</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

### 65% Coverage Payment

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<tr>
<td>0</td>
<td>$20,523.54</td>
<td>$0.00</td>
</tr>
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Whole Farm Revenue Protection (WFRP)

Revenue-based option for diversified farms.

Premium subsidies are higher for more diversified farms.

Available for all NY counties and for some crops and livestock not currently available under single-crop policies.
Whole Farm Revenue Protection (WFRP)

Comparison to AGR and AGR-light

- 50-85 percent coverage
- Higher liability limit ($10 million revenue)
- Payments for replanting
- Getting product ready for market is an included expense
- Provision for expanding operations
- Higher federal subsidy rate – up to 80%
$150,000 revenue

<table>
<thead>
<tr>
<th>Fruit</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>Apples</td>
<td>$50K</td>
</tr>
<tr>
<td>Blueberries</td>
<td>$50K</td>
</tr>
<tr>
<td>Raspberries</td>
<td>$25K</td>
</tr>
<tr>
<td>Pumpkins</td>
<td>$15K</td>
</tr>
<tr>
<td>Pears</td>
<td>$10K</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>50%</th>
<th>65%</th>
<th>75%</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apples</td>
<td>75K</td>
<td>97.5K</td>
<td>112.5K</td>
<td>127.5K</td>
</tr>
<tr>
<td>Blueberries</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>56%</td>
</tr>
<tr>
<td>Raspberries</td>
<td>$915</td>
<td>$1540</td>
<td>$2318</td>
<td>$6844</td>
</tr>
<tr>
<td>Pumpkins</td>
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<td></td>
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</tr>
<tr>
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NAP insurance for 65% pears was $1,457
Good Record Keeping is Critical

Picking Records:
- Records by picker, by unit
- Records of price paid and payments
- Must be able to calculate production

Sales Records:
- Individual Receipts (packing shed, processor, cooperative, sales broker etc.)
- Must show total marketable production in bushels, bin counts or weight by variety

These records must be provided for each insured unit.
Call to Action!

Research the available programs & options (CAT, Buy-Up, Fresh Option, Whole Farm Revenue Protection, etc.)

Contact a crop insurance agent to assist you in creating your risk management plan.

Evaluate the risk exposure on your farm (production, revenue, quality, etc.)

Identify the plan that fits your needs.
Estimate your costs

Premium Calculator

• Estimate your annual premium costs using the Crop Insurance Premium Calculator tool at Ag-Analytics.org/CropInsurance
Sign-up

Fill out your location and yield information based on your production history
Sign-up

Then the tool will show you premium estimates for different levels of coverage...

As a graph
Sign-up

Then the tool will show you premium estimates for different levels of coverage...

And a chart
Additional Information

Crop insurance information and web tools, including quote estimator

www.ag-analytics.org/cropinsurance

USDA Risk Management Agency (RMA)
To find a crop insurance agent, go to

www.rma.usda.gov/tools/agent.html

Whole Farm Revenue Program


NAP-Noninsured Crop Disaster Assistance Program
