

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

<u>Policies via Private Insurers Available</u> 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

Crop	Product	Counties
Apples	Actual Production History	Albany, Clinton, Columbia, Dutchess, Essex, Fulton, Orange Rensaelear, Rockland, Saratoga, Schoharie, Ulster, Washington

Peaches



Actual Production Columbia, Dutchess, History Rockland, Ulster



APH Federal Government Subsidy

Coverage Level	CAT	50%	55%	60%	65%	70%	75%
Federal Subsidy	100%	67%	64%	64%	59%	59%	55%
Farmer Share	\$300	33%	36%	36%	41%	41%	45%



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

0



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 <u>basic coverage</u> 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

<u>No premium</u>, 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%) X
- The number of eligible acres devoted to the crop; (10) X
- The approved yield per acre; (7) X
- The coverage level; (65%) X
- The average market price; (\$610.33) X
- A 5.25 percent premium fee. (5.25%) =

Premium = \$1,457.93



NAP Additional Coverage Premium

Basic Payment

Yield	Payment	Revenue
7	(\$250)	\$42,723.33
5.60	(\$250)	\$34,178.67
4.20	(\$250)	\$25,634.00
3.50	(\$250)	\$21,361.67
3.15	\$924.89	\$19,225.50
2.10	\$4,449.57	\$12,817.00
0	\$8,914.15	\$0.00

65% Coverage Payment

Yield	Payment	Revenue
7	(\$1,457.93)	\$42,723.33
5.60	(\$1 <i>,</i> 457.93)	\$34,178.67
4.20	\$678.23	\$25,634.00
3.50	\$4,950.57	\$21,361.67
3.15	\$7,086.73	\$19,225.50
2.10	\$15,631.40	\$12,817.00
0	\$20,523.54	\$0.00



Whole Farm Revenue Protection (WFRP)

<u>Revenue-based</u> 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%





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.







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

Ag-Analyt	ics				
Â	(Crop, Location, and Quote Inputs	Historical Yield Form		
		Commodity Year:	2014 🔹		
		Crop:	Corn 41	*	
		Location			
		State:	New York 36		
		County:	Tompkins 109		
		Quote Inputs			
		Туре: 🕜	Silage 26 🜲		
		Practice: 🕜	Non-Irrigated 3	\$	
		Acres:	100]	
		Approved Yield:	16	TON	
		Yield Worksheet			



Sign-up

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

Ag-Analyti	cs		
Â		Producer Premium Per Acre	
		Revenue Protection	
		Revenue Protection with Harvest Price Exclusion Yield Protection	
		Revenue Protection 30.0 22.5 22.5	
As a gra	.ph	15.0	
		0.0 55% 60% 65% 70% 75% 80% 85% Coverage Level %	



Sign-up

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

Ag-Analytics							
	Producer Pre	Producer Premium Per Acre					
	Graphs	Tables s	Show Total P	remium	Show Premium for	All Acres	
	Individual Farm Leve	Policies					
	Coverage Level	Yield Protection			Yield Revenue Protec Guarantee (TON/Acre)		
		Enterprise	Basic	Optional		Enterprise	Basi
	50%	\$1.40	\$2.32	\$3.48	8.00	\$1.43	\$2.3
	55%	\$1.93	\$3.47	\$4.97	8.80	\$1.95	\$3.5
	60%	\$2.57	\$4.62	\$6.32	9.60	\$2.60	\$4.6
And a chart	65%	\$3.34	\$6.85	\$8.95	10.40	\$3.38	\$6.9
	rt 70%	\$4.26	\$8.73	\$10.93	11.20	\$4.31	\$8.8
	75%	\$6.14	\$12.02	\$14.43	12.00	\$6.22	\$12.
	80%	\$10.56	\$17.16	\$19.80	12.80	\$10.68	\$17.
	85%	\$18.91	\$24.94	\$27.71	13.60	\$19.11	\$25.



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 <u>www.rma.usda.gov/tools/agent.html</u>

Whole Farm Revenue Program <u>http://www.rma.usda.gov/pubs/rme/wfrpfactsheet.pdf</u>

NAP-Noninsured Crop Disaster Assistance Program

https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/NAP_for_2015_and_Subsequent_Years.pdf



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