Application Procedure

Names of agents and companies offering apple crop insurance are available from the local USDA Farm Service Agency office.

The insurance period normally begins on Nov. 21 and ends the following year on Nov. 5. Coverage ends earlier if the crop is harvested, abandoned or destroyed, or when a claim is finalized. First time applicants must apply for coverage by Nov. 20. Once accepted, a policy remains in effect for subsequent years, unless cancelled.

Coverage level is selected by the producer and applied to the farm's average yield to determine the yield guarantee. Apple MPCI coverage level options start at 50% and increase in 5% increments to a high 75%.

The basic farm unit equals all insurable apple acreage in the county, on the date coverage begins. At application, a producer decides if the basic farm unit can and should be divided into optional units. Optional units may be established for insurable acreage which is not contiguous, differs with respect to irrigation practices, or planted to different variety groups. Yield guarantees are calculated for each unit.

At application, a grower may also elect to add a Fresh Fruit Option which protects apples against quality loss due to hail. A grower who chooses catastrophic (CAT) coverage cannot select a Fresh Fruit Option nor divide the farm into optional units.

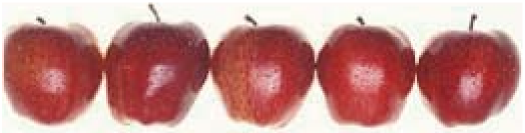
Information Needed

A farm's Actual Production History (APH) is needed to determine the yield guarantee. APH yield is an average of 4 (up to 5) consecutive years of actual farm yields. If a producer cannot provide at least four previous consecutive years of yields, then yields based on a percentage of the county average will be substituted for actual data. This substitute yield information is referred to as transitional or "T" yields.

The Production Report documents apple production for APH yield purposes. The production report lists prior acres and yields for each unit and is due by Jan. 4.

Also due by Jan. 4 each year is the Producer's Pre-acceptance Worksheet. This worksheet is a self certification form which verifies that the minimum requirements for insurability are met. The information collected includes the applicant's name, the legal description of the farm, and orchard data by block.

In addition, the producer is required to submit an Acreage Report by Jan. 31. The signed acreage report must include total apple acres, number and ages of bearing trees, and number and acres of trees damaged or removed. This information is required for each insurable unit.



Filing a Claim

The yield guarantee equals the producer's APH yield times the level of coverage times the insured acreage. If actual production harvested falls below the yield guarantee, then the grower receives a payment equal to bushels lost (yield guarantee minus actual production) times the guaranteed price. If actual average yield is equal to or exceeds the yield guarantee, no indemnity is paid.

A grower anticipating a crop loss on any unit is expected to notify the insurer at least 15 days prior to the beginning of harvest (or immediately if the damage occurs during harvest). Production damage must be inspected. If a crop is not going to be harvested, the grower must notify the insurer within 3 days of the date that harvest should have started.

A grower must also notify an insurer 15 days before any production from any unit is sold directly to customers. An appraisal will be arranged by the insurer to determine bushels to count for production sold by direct marketing.

If the Fresh Fruit Option applies, a grower must contact the insurer within 3 days of a loss in crop quality due to hail. An adjuster will determine the percent of apples which grade below US Fancy. This percent is converted to a percent of bushels guaranteed for the level of quality loss, then related to actual production and MPCI yield guarantee to determine loss payment.

How the Program Works

Apple crop insurance is a Multiple Peril Crop Insurance (MPCI) program, regulated and subsidized by the Federal government. MPCI insurance policies are available through private insurance agents.

Plantings of apple varieties adapted to an area are insurable the first year after production reaches at least 150 bushels per acre. MPCI covers unavoidable production losses due to adverse weather conditions, insect infestation and plant disease, failure of irrigation water supply, wildlife damage, fire and earthquake. An option can also be added to an apple policy to protect against reduction in fruit quality due to hail damage.

Coverage is based on a producer's past apple yields. Upon application, the producer selects the coverage level and options. Catastrophic (CAT) coverage insures 50% of a producer's average yield and pays an indemnity based on 55% of the state's established price per bushel. Additional coverage insures from 50 to 75% of a producer's yield and pays an indemnity based on 100% of the state's established price.

Farm production and losses are calculated for the entire farm or for optional farm units, not on a per acre basis. Optional farm units may be identified for noncontiguous tracts, irrigated versus non-irrigated blocks, or varietal group.

Did You Know?

Apple Crop Insurance

- Has reduced premium cost because of government participation
- Can guarantee up to 75% of a farm's average historical yields
- Allows 100% of the government set market price to be applied to bushels lost
- Allows a farm to be divided into different units for coverage purposes
- Allows units to be established by FSA farm serial numbers
- Provides optional protection against deterioration in fruit quality due to hail
- Is available throughout New England

New Hampshire
Department of Agriculture, Markets & Food

UNIVERSITY of NEW HAMPSHIRE
COOPERATIVE EXTENSION

Understanding Crop Insurance

Apples

Photo courtesy of A. Eaton, UNH Cooperative Extension

Risk Management
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