

# Avocado Crop Insurance Guide



Presented by Valley Wide Ag Insurance Services, Inc.

**A**vocado Crop Insurance can protect your operation when disaster strikes. This policy covers avocado growers against the unavoidable loss of production. Losses must be the direct result of an insured cause of loss occurring during the insurance period. Indemnities are paid when your production is below the policy guarantee.

## Availability

This insurance policy is available in the following California Counties: Orange, Riverside, San Diego, San Luis Obispo, Santa Barbara and Ventura

## Insurability Requirements

- The orchard must be irrigated.
- This insurance only applies to the Hass and Lamb Hass Avocado Varieties.
- The insured acreage must be of the 6th leaf or produced 2000 lbs of avocados per acre.

## Covered Causes of Loss

Adverse weather	Fire*	Plant Disease*	Failure of Irrigation water supply*
Insect Infestation*	Earthquake	Wildlife*	Volcanic eruption

\* Limitations apply

## Excluded Causes of Loss

Quarantine      Theft      Boycott      Phytophthora root rot

## 2010 Avocado Revenue Time Line of Events

Event	Date Due	Notes
Policy purchase and renewal	November 30, 2008	Application and Renewal completed Annually.
Insurance Period	December 1, 2008 to October 31, 2010	
Production Reporting	January 15, 2009	Report marketed pounds including No. 2 and any appraisals.
Acreage Reporting	March 1, 2009	Report insurable and uninsurable acreage.
Premium Due	October 1, 2009	

## Selecting Coverage & Policy Options

Your policies liability and loss inception point are effected by the coverage level, actual production history (APH) and unit structure. You select one coverage level per county. The APH is based on the number of years of actual production history supplied, you can supply up to ten years of production history. Unit structure you select will determine how insurable acreage is grouped for loss settlement. Basic unit structure groups cash leased and owned acreage into one unit. Any acreage farmed under a crop share agreement is grouped into a separate basic unit by share holder. If you elect optional units large basic units are sub divided into smaller optional units by Non-contiguous land and farming practice (Organic & Transitional or Conventional).

### Guide of Avocado Revenue Coverage Options

Basic Plan Type	CAT	Buy Up
Coverage Levels	CAT	50%, 55%, 60%, 65%, 70% or 75%
Unit Structure	Basic	Basic or Optional
Policy Options	OC, OT, YA	BU, HFE, OC, OT, OU, and YA

## Description of Coverage Options

- **Basic Unit Discount (BU)** - 10% discount for not electing optional units.
- **Hail & Fire Exclusion (HFE)** - Premium discount for excluding hail and fire as an insured causes of loss.

- **Organic (OC / OT)** - Provides coverage for organic acreage and provides optional unit structure if buy up is purchased.
- **Optional Unit Structure (OU)** - Allows Buy Up policy holders to subdivide basic units into optional units.
- **Yield Adjustment (YA)** - Allows insureds to substitute 60 percent of the applicable T-Yield for actual yields that are less than 60 percent of the applicable T-Yield to mitigate the effect of catastrophic year.

## Examples of Coverage and Loss

(How your policy guarantee is determined)

The follow example is based on an avocado grower with two ranches (Illustrated Below)

Grower: A & Z Farms	Acres: 47 (grower has two ranches)	Coverage Level: 70%
Unit Structure: Optional	Policy Options: YA	T-Yield: 5,366 lbs
		Indemnified Price: \$0.89

### Actual Production History Example

Unit 1 (French Creek Ranch)				Unit 2 (Home Ranch)		
Year	Production	Acres	Yield Per Acre	Production	Acres	Yield Per Acre
1	111,000 lb.	10	11,100	434,000 lb.	40	10,850
2	84,000 lb.	10	8,400	334,000 lb.	40	8,350
3	109,000 lb.	10	10,900	397,000 lb.	40	9,925
4	2,100 lb.	10	3,220 YA	99,000 lb.	40	3,220 YA
5	117,000 lb.	10	11,700	425,000 lb.	40	10,625
Average Yield Per Acre			9,064 lbs	Average Yield Per Acre		8,594 lbs
Alternate Bering			N	Alternate Bering		N
Approved Yield			9,064 lbs	Approved Yield		8,594 lbs

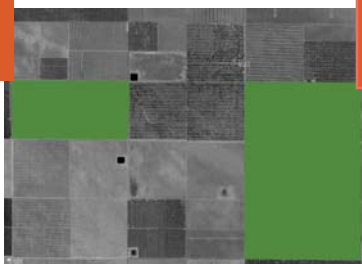
- **Production** - Marketed pounds of avocados including Standard and No. 3 grades plus any appraised production.
- **Acres** - Insurable acres harvested.
- **Average Yield Per Acre** - Simple average of yield per acre.
- **Yield Per Acre** - Production divided by acres.
- **Indemnified Price** - The price per pound to be paid for indemnified pounds of avocados.
- **Unit Guarantee** - Approved Average Revenue times coverage level times insured acres.
- **Alternate Bering** - When 40% or more of the yields provided are less than 75% of average yield then a calculation that takes into consideration the alternate bearing nature of the orchard will be used to determine the yield to be used to determine your loss trigger.

### Avocado Crop Insurance Loss Example

This policy protects against the loss of production. Claims are settled on a unit basis, each units guarantee is based on the actual production history per acre, coverage level and acres insured. This policy will pay an indemnity when the unit guarantee is greater than your production.

**French Creek Ranch**  
Acres: 10  
Production: 66,500 lbs  
Owned by insured

**Westside Ranch**  
Acres: 40  
Production: 29,000 lbs  
Cash leased by insured



### Loss Example with 70% Coverage Level and Optional Units

Item	How it's calculated	Unit 1	Unit 2
<i>Unit Guarantee</i>	Approved Yield times coverage level times insured acres.	<b>63,450 lbs</b>	<b>240,640 lbs</b>
		(9,064 x 70% x 10 = 63,450)	(8,594 x 70% x 40 = 240,640)
<i>Production</i>	Avocados harvested and sold including No. 2 plus appraised pounds.	<b>66,500 lbs</b>	<b>29,000 lbs</b>
		(66,500 + 0)	(29,000 + 0)
<i>Indemnity Due</i>	Total Unit Guarantee minus Production times indemnified price times share insured equals indemnity.	<b>\$0</b>	<b>\$188,360</b>
		(63,450 < 66,500)	(240,640 - 29,000 x \$0.89 x 1.00)

### Loss Example with CAT Coverage Level and Basic Units

Item	How it's calculated	Unit 1
<i>Unit Guarantee</i>	Approved Yield times coverage level times insured acres.	<b>217,250 lbs</b>
		(9,640 x 50% x 10) + (8,594 x 50% x 40)
<i>Production</i>	Avocados harvested and sold including No. 2 plus appraised pounds.	<b>95,500 lbs</b>
		(66,500 + 29,000)
<i>Indemnity Due</i>	Total Unit Guarantee minus Production times indemnified price times CAT price reduction (55%) times share insured equals indemnity.	<b>\$59,597</b>
		(217,250 - 95,500 x \$0.89 x 55% x 1.00)

This handout contains generalized descriptions of available insurance coverage and is not intended as an offer to issue the described insurance. Issuance of any policy of insurance described in this brochure is subject to satisfying underwriting criteria filed with the insurance department of the applicable jurisdiction. The coverage afforded is subject to the terms, conditions and exclusions stated in the actual policy as issued and may vary from the general coverage descriptions in this brochure.

Valley Wide Ag Insurance Services Inc is an Equal Opportunity Provider Specializing in Crop Insurance  
 215 South Madera Ave, Kerman, CA 93630 • P.O. Box 277, Kerman, CA 93630 • CA Lic Number OB80224  
 (800) 805-2468 • (559) 842-8590 • Fax (559) 842-8595 • Info@ValleyWideAg.com • www.ValleyWideAg.com