

# Grape Crop Insurance

**G**rape crop insurance can protect your operation when disaster strikes. This policy will cover grape growers against the unavoidable loss of production caused by an insurable cause of loss occurring during the insurance period. Indemnities are paid when your production is below the policy guarantee.



## Insurability Requirements

- Acreage must be at least four years old, three years if grafted.

## Covered Causes of Loss

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

\* Limitations apply

## Excluded Causes of Loss

Quarantine                      Boycott                      Phylloxera (regardless of cause)

## Covered Types of Loss

Loss of and or reduction in production  
 Reduction in production quality (must cause a reduction in price paid by grape buyer)

## Upcoming Time Line of Events

Event	Due	Notes
Policy purchase and renewal	January 31, 2009	Application and Renewal completed Annually
Production Reporting	March 15, 2009	Report or update all prior production history
Acreage Reporting	April 30, 2009	Report insurable and uninsurable acreage
Insurance Period	February 1, 2009 through January 31, 2010	
Premium Due	October 1, 2009	

## Selecting Coverage & Policy Options

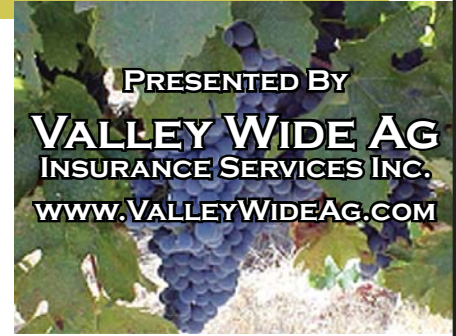
Your Policies liability and loss inception point are effected by the Coverage Level you select, Actual Production History (APH) and Unit Structure. Growers elect coverage by insurable grape type; each insured grape type can have a different level of coverage. Your APH is based on the number of years of actual production history supplied, you can supply up to ten years of production history. Your policies unit structure determines how insurable acreage is grouped for loss settlement. Losses are first grouped by grape type (variety); then all cash leased and owned acreage of each grape type is grouped into a basic unit; Any acreage farmed under a crop share agreement is grouped into a separate basic unit by share holder. If you elect optional unit structure large basic units are sub divided into smaller optional units by Non-contiguous land and farming practice (Organic & Transitional or Conventional).

## Guide of Grape Crop Insurance Coverage Options

Policy Type	CAT	Buy Up
Coverage Levels	CAT (50% at 55% price)	50%, 55%, 60%, 65%, 70% , 75%
Loss Settlement	Basic Unit	Basic or Optional Units
Policy Options	OC, OT and YA	BU, CPE, HFE, OC, OT, OU, and YA

- **Basic Unit Discount (BU)** - 10% discount for not electing optional units.
- **Contract Price Election (CPE)** - High value grapes under written contract with a winery can elect that the insurance indemnified price be based on the written winery contract price minus dollar harvest costs. The maximum price allowed under this election can not exceed 150% of the standard insurance price.

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## Description of Coverage Options

- **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.

## Actual Production History Calculation Example

Unit Structure: Optional		Policy Options: YA		T-Yield: 4.0 Ton		Price Election: \$900	
Field: Merlot at Westside Ranch				Field: Merlot at Home Ranch			
Year	Reported Production	Acres	Per Acre	Reported Production	Acres	Per Acre	
1	600 Ton	100.0	6.0	247 Ton	40.0	6.2	
2	120 Ton	100.0	1.2 / 2.4YA	172 Ton	40.0	4.3	
3	702 Ton	100.0	7.0	255 Ton	40.0	6.4	
4	625 Ton	100.0	6.3	249 Ton	40.0	6.2	
5	615 Ton	100.0	6.2	250 Ton	40.0	6.3	
<b>Average Production Per Acre (APH)</b>			5.6	<b>Average Production Per Acre (APH)</b>			5.9

**Acres** - Total insurable acreage of the unit harvested.

**Reported Production** - All harvested production plus any appraisals.

**Per Acre** - Production to divided by Acres.

## Grape Crop Insurance Loss Example

Claims are settled on a unit basis, the unit guarantee is based on the units average production history per acre, coverage level and acres insured. This policy will pay an indemnity when the units loss inception point (Unit Guarantee) is greater than your production to count. The total production to count is the sum of harvested grapes from the unit (after adjustment for insured quality loss) plus any appraisal.

**Home Ranch**  
Acres: 40  
Production: 185 Tons  
Cash leased by insured



**Westside Ranch**  
Acres: 100  
Production: 240 Ton  
Cash leased by insured

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

Item	How it's calculated	Unit 1 (Westside Ranch)	Unit 2 (Home Ranch)
<i>Loss Inception Point (Unit Guarantee)</i>	APH times coverage level times insured acres.	<b>390 Tons</b>	<b>164 Tons</b>
		(5.6 x 70% x 100)	(5.9 x 70% x 40)
<i>Total Production To Count</i>	Harvested production plus any appraisal.	<b>240 Tons</b>	<b>185 Tons</b>
		(240 + 0)	(185 + 0)
<b>Indemnity Due</b>	Unit guarantee minus total production to count times price election times insured share.	<b>\$135,000</b>	<b>\$0</b>
		(390 - 240 x 900 x 100%)	No Indemnity Due Total Production greater then Unit Guarantee

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

Item	How it's calculated	Unit 1 (Home & Westside Ranch)
<i>Loss Inception Point (Unit Guarantee)</i>	Actual production history times coverage level times insured acres.	<b>392 Tons</b>
		(5.5 x 50% x 140)
<i>Total Production To Count</i>	Harvested production marketed as fresh packed fruit plus any appraisal.	<b>425 Tons</b>
		(185 + 240 + 0)
<b>Indemnity Due</b>	Total unit guarantee minus total production to count times price election times insured share equals indemnity.	<b>\$0</b>
		No Indemnity Due Total Production greater then Unit Guarantee

**Valley Wide Ag  
Insurance Services, Inc.**

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.