

# Crop Insurance For Potatoes Will Protect Your Investment When Disaster Strikes

Presented By Valley Wide Ag  
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Potato crop insurance is the most cost effective production management decision you can make. Designed to indemnify growers when a loss caused by an insurable cause occurs during the insurance period.

## Covered Types of Loss

- Prevented planting coverage pay's an indemnity if you're unable to plant the crop due to an insured cause.
- Production guarantee coverage pay's an indemnity if your yield is reduced because of an insured cause of loss.

## 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.

## 2009 Potato Crop Insurance Time Line of Events

Event	Due	Notes
Policy purchase and renewal	Varies By County	Application and Renewal completed Annually
Production Reporting	Varies By County	Report or update all prior production history
Acreage Reporting	Varies By County	Report insurable and uninsurable acreage
Insurance Period	Varies By County	
Premium Due	Varies By County	

## Selecting Coverage & Policy Options

Your policy liability and loss inception point are effected by your Coverage Level, Actual Production History (APH) and Unit Structure. Each insured many select one coverage level per county. The APH is based on the number of years of actual production history supplied. Unit structure determines how insurable acreage is grouped for loss settlement. Basic unit structure groups acreage by planting period (Winter, Spring, Summer and Fall). Each planting period is also grouped by cash leased and crop share. Any acreage under crop share agreement is grouped into a separate basic units by share holder. If optional units are elected large basic units are sub divided into smaller optional units by section, township, range and farming practice (Organic & Transitional or Conventional).

### Guide of Crop Insurance Coverage Options

Policy Type	CAT	Buy Up
Coverage Levels	CAT (50% at 55% price)	50%, 55%, 60%, 65%, 70% , 75%
Unit Structure	Basic	Basic or Optional
Policy Options	OC, OT and 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.

## Description of Coverage Options (Continued)

- **Organic (OC / OT)** - Provides coverage on organic acreage and transitional organic acreage.
- **Optional Unit Structure (OU)** - Allows Buy Up policy holders to subdivide basic units into optional units.
- **Prevented Planting +5% (PF)** - Increases prevented planting coverage by 5%
- **Prevented Planting +10% (PT)** - Increases prevented planting coverage by 10%
- **Storage (ST)** - Extends the insurance period 60 days on potatoes placed into storage.
- **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.

## Example of Potato Crop Insurance Coverage (Based on Kern County California)

Summary of Actual Production History					Example of Crop Insurance Coverage			
Year	Summer Planting		Winter Planting		Coverage Overview (Coverage Level 70% / 100%)			
	Acres	Production	Acres	Production	Summer	Winter		
						Planted	Prevented	
1	100	300 cwt	100	500 cwt	Avg Production	308 cwt	510 cwt	510 cwt
2	80	280 cwt	55	510 cwt				
3	55	320 cwt	100	520 cwt				
4	100	310 cwt	100	500 cwt				
5	100	330 cwt	100	520 cwt				
6	80	297 cwt	55	510 cwt				
7	100	320 cwt	100	513 cwt				
<b>Average</b>		308 cwt		510 cwt	Coverage Level	70%	70%	17.5%
					Coverage (cwt)	216	357	89
					Acres	100	40	60
					Total Coverage (cwt)	21,600	14,280	5,340
					Price per (cwt)	\$15.75	\$9.85	\$9.85
					Maximum Liability	\$340,200	\$140,658	\$52,599

The guarantee is based on a simple average of your actual production history by planting period multiplied by the coverage level (selected by insured). The prevented planting guarantee is based on 25% of your planted per acre guarantee.

### Potato 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 unit guarantee is greater than your production to count. The total production to count is the sum of harvested cwt plus any appraisal for each unit.

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

Item	How it's calculated	Summer Planting	Winter Planting	
Field Location	Legal description of acres	36-12N-16S	35-12N-16S	11-12N-16S
Unit Guarantee	APH times coverage level times insured acres.	<b>21,600 CWT</b>	<b>14,280 CWT</b>	<b>5,340 CWT</b>
		(308 x 70% x 100)	(510 x 70% x 40)	(510 x 17.5% x 60)
Total Production To Count	Harvested production plus any appraisal.	<b>17,370 CWT</b>	<b>20,800 CWT</b>	<b>0 CWT</b>
		(17,370 + 0)	(20,800 + 0)	0
Indemnity Due	Unit guarantee minus total production to count times price election times insured share.	<b>\$66,623</b>	<b>\$0</b>	<b>\$52,599</b>
		(21,600 - 17,370 x \$15.75)	Total Production Over Unit Guarantee	(5,340 CWT x \$9.85)

\*All harvested and unharvested production grading U.S. No. 2 or better is considered production.

\*Losses are settled on a unit basis, in this example each unit was based on legal section or section equivalent.

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 handout 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.