



Crop Insurance 101

The Basics of Grape Crop Insurance Coverage





Upcoming Webinar

Crop Insurance 102 – Updates and Intricacies

Tuesday, December 7 @ 10:00am



REGISTER AT

CAWG.ORG > CALENDAR AND EVENTS > UPCOMING EVENTS AND WEBINARS



Presented By:



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75 Years Serving the Ag Industry
25 Years as CAWG's Endorsed Insurance Provider



Pan American, Our Legacy with CAWG

Commercial insurance brokerage specializing in Agriculture since 1946;
CAWG's endorsed insurance provider since 1995

1946



1995



2008



2018



2000



2014





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Why Crop Insurance

What's in it for the grower?

Financial security

- Protection against yield losses due to weather/wildlife
- Ability to continue operating after a disaster

Ability to secure ag financing

Additional tax write-off





What is Covered

- ✓ Adverse weather
- ✓ Earthquake
- ✓ Fire
- ✓ Volcanic eruption
- ✓ Wildlife
- ✓ Failure of irrigation water supply (due to a covered peril)
- ✓ Insects, plant disease (unless insufficient or improper application of control measures occurs)





What is NOT Covered

- ∅ Adverse market conditions
- ∅ Failure to secure labor
- ∅ Improper pesticide application
- ∅ Improper farming practices (not irrigating, not utilizing proper control measures for disease and pests)





Crop Insurance Hierarchy



Funds the Crop Insurance Program



Regulates Program



Establishes Pricing, Rates, and Rules



Insurance Companies
Underwrites Policies, Handles Claims



Insurance Brokerage
Administers Crop Insurance Policies



Crop Insurance Requirements

Do you qualify?

Insuring person/entity must be US citizen
or apply and qualify for a RAN



Any tax ID's associated with the policy must not
be indebted to the Federal Crop Insurance Corporation



Must not have been convicted of planting,
cultivating, harvesting or storing a controlled substance



Must not have duplicate coverage



Grape Federal Crop Insurance

Do your grapes qualify?

- ▶ Grapes must be in their 4th growing season after planted or 3rd growing season after grafting to be covered under the policy
 - Can insure the portion of the vineyard that is of age
- ▶ Grape block must have produced 2 tons per acre in one of the past 3 years
 - Insurance carriers now have the option to wave this, as long as there is at least 4 years of production history on file.

*Grape Cluster Freeze is a good option for younger vineyards
(not federally regulated, carrier specific rates and rules)*



Grape Federal Crop Insurance

“Buy-Up” Coverage Levels

- ▶ Growers select to insure a percentage of their **approved yield**:
 - Coverage levels range between **50% and 85%** (in 5% increments)
 - The coverage choice is by entity, by county, and by variety, there is a corresponding **administrative fee of \$30**
 - The price paid for claims is **100% of the established insurance price** per ton for the district and variety OR the **contracted price per ton*** (optional)
 - The approved yield is by unit/block
 - All insurable acres of a variety must be insured at the same level of coverage (by county)

Variety	County	Coverage Level	Administrative Fee
Cab Sauv (North)	Sonoma	65%	\$30
Cab Sauv (South)	Sonoma		
Cab Sauv	Napa	80%	\$30
Chardonnay	Sonoma	65%	\$30
Merlot	Sonoma	60%	\$30
Merlot	Napa	75%	\$30
Semillon	Sonoma	NONE	NONE



Grape Federal Crop Insurance

“CAT” Catastrophic Coverage

- ▶ Coverage level that is fully subsidized, growers only pay the administrative fee of **\$655 annually**
 - The coverage is by entity, by county, and by variety
 - The CAT guarantee is **50% of the approved yield**
 - The price paid for claims is **55% of the established insurance price** per ton for the district / variety (no contract price options)
 - All insurable acres of a variety must be insured at the same level of coverage
 - Growers can select CAT for one variety or county, yet insure at the buy-up levels for other varieties or counties.

Variety	County	Coverage Level	Administrative Fee
Cab Sauv (North)	Sonoma	65%	\$30
Cab Sauv	Sonoma		
Merlot	Napa	75%	\$30
Semillon	Sonoma	CAT	\$655



Establishing the Premium

Crop Insurance Premiums

All coverage options have a premium “subsidy” applied

Coverage Level	CAT	50%	55%	60%	65%	70%	75%	80%	85%
Premium Subsidy	100%	67%	64%	64%	59%	59%	55%	48%	38%
Growers Portion	0%	33%	36%	36%	41%	41%	45%	52%	62%



Establishing Your Insurance Policy

Contact a licensed crop insurance agent

- Not all brokers are licensed to sell crop insurance

Your agent will need the following, to quote coverage (by variety):

- ✓ Variety type
- ✓ County
- ✓ Crush district if there are multiple in your county
- ✓ Number of acres
- ✓ 4-10 years* of production data to generate the average yield
- ✓ Confirmation of conventional, organic, or transitional farming
- ✓ Contract price(s) (optional)



Establishing Your Insurance Policy

To Establish a policy your agent will need:

- ✓ Entity Name
 - ✓ Partnership agreement, state of incorporation, etc. may also be needed
- ✓ Entity tax ID
- ✓ Policy contact information (address, phone, email)
- ✓ Any entities and individuals that hold 10% interest in the insured entity must also be listed.
 - ✓ We must also list their corresponding tax ID's...

Example: Grapes So Good, LLC is owned 50% by Jeff, 45% Debby and 5% Ben

- ✓ *Will need Jeff and Debby's SSN's also.*

- ✓ Additional AD 1026 form needed for Farm Service Agency



Policy Quote

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

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7.3	1/31/2020											
Unit	Options	Locations	Share	Share Name	Farm Name							
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Winery Contract Price



Policy Quote

Contract Pricing is not an option at the CAT level

Established Insurance Price

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Policy Quote

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Established
Insurance Price

Coverage level
X Approved Yield
Guarantee

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Winery Contract
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Level	Plan	Price Election	APH Approved / Rate	Acres	Guarantee Per Acre	Liability Per Acre	Farmer Paid Premium Per Acre	Admin Fees	Base Premium
50% (CAT)	APH	\$376.75 / 55%	7 / 7*	100.00	3.5 TON	\$1,318.63	\$0.00	\$655.00	\$1,886.00
50%	APH	\$685.00 / 100%			3.5 TON	\$2,397.50	\$11.32	\$30.00	\$3,429.00
55%	APH	\$685.00 / 100%			3.9 TON	\$2,637.25	\$16.90		\$4,694.00
60%	APH	\$685.00 / 100%			4.2 TON	\$2,877.00	\$22.49		\$6,247.00
65%	APH	\$685.00 / 100%			4.6 TON	\$3,116.75	\$33.35		\$8,135.00
70%	APH	\$685.00 / 100%			4.9 TON	\$3,356.50	\$44.05		\$10,744.00
75%	APH	\$685.00 / 100%			5.3 TON	\$3,596.25	\$61.81		\$13,735.00
80%	APH	\$685.00 / 100%			5.6 TON	\$3,836.00	\$90.21		\$17,349.00
85%	APH	\$685.00 / 100%			6.0 TON	\$4,075.75	\$134.19		\$21,644.00

Established
Insurance Price

Price Election
X Guarantee
Liability

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

Plan	Practice/Type	Experience	Options	EU Acres	Crush District	Risk/Rate Area			
APH	IRRIGATED/ZNFNDL	100%	OUCP	0.00	11	001			
T-Yield	Sales Closing Date	Written Agreement Type	Additive Rate						
7.3	1/31/2020								
Unit	Options	Locations	Share	Share Name	Farm Name				
0001-0001-000	OU		100.00						
Level	Plan	Price Election	APH Approved / Rate	Acres	Guarantee Per Acre	Liability Per Acre	Farmer Paid Premium Per Acre	Admin Fees	Base Premium
50%	APH	CP \$900.00 / 100%	7 / 7*	100.00	3.5 TON	\$3,150.00	\$16.52	\$30.00	\$5,006.00
55%	APH	CP \$900.00 / 100%			3.9 TON	\$3,465.00	\$24.67		\$6,853.00
60%	APH	CP \$900.00 / 100%			4.2 TON	\$3,780.00	\$32.83		\$9,120.00
65%	APH	CP \$900.00 / 100%			4.6 TON	\$4,095.00	\$48.69		\$11,876.00
70%	APH	CP \$900.00 / 100%			4.9 TON	\$4,410.00	\$64.31		\$15,685.00
75%	APH	CP \$900.00 / 100%			5.3 TON	\$4,725.00	\$90.23		\$20,051.00
80%	APH	CP \$900.00 / 100%			5.6 TON	\$5,040.00	\$131.71		\$25,328.00
85%	APH	CP \$900.00 / 100%			6.0 TON	\$5,355.00	\$195.90		\$31,597.00

Winery Contract
Price



Policy Quote

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

Plan	Practice/Type	Experience	Options	EU Acres	Crush District	Risk/Rate Area						
APH	IRRIGATED/ZNFNDL	100%	BU	0.00	11	001						
T-Yield	Sales Closing Date	Written Agreement Type	Additive Rate									
7.3	1/31/2020											
Unit	Options	Locations	Share	Share Name	Farm Name							
0001-0001-000	BU		100.00									
Level	Plan	Price Election	APH Approved / Rate	Acres	Guarantee Per Acre	Total	Liability Per Acre	Total	Farmer Paid Premium Per Acre	Total	Admin Fees	Base Premium
50% (CAT)	APH	\$376.75 / 55%	7 / 7*	100.00	3.5 TON	350.00	\$1,318.63	\$131,863.00	\$0.00	\$0.00	\$655.00	\$1,886.00
50%	APH	\$685.00 / 100%			3.5 TON	350.00	\$2,397.50	\$239,750.00	\$11.32	\$1,132.00	\$30.00	\$3,429.00
55%	APH	\$685.00 / 100%			3.9 TON	385.00	\$2,637.25	\$263,725.00	\$16.90	\$1,690.00		\$4,694.00
60%	APH	\$685.00 / 100%			4.2 TON	420.00	\$2,877.00	\$287,700.00	\$22.49	\$2,249.00		\$6,247.00
65%	APH	\$685.00 / 100%			4.6 TON	455.00	\$3,116.75	\$311,675.00	\$33.35	\$3,335.00		\$8,135.00
70%	APH	\$685.00 / 100%			4.9 TON	490.00	\$3,356.50	\$335,650.00	\$44.05	\$4,405.00		\$10,744.00
75%	APH	\$685.00 / 100%			5.3 TON	525.00	\$3,596.25	\$359,625.00	\$61.81	\$6,181.00		\$13,735.00
80%	APH	\$685.00 / 100%			5.6 TON	560.00	\$3,836.00	\$383,600.00	\$90.21	\$9,021.00		\$17,349.00
85%	APH	\$685.00 / 100%			6.0 TON	595.00	\$4,075.75	\$407,575.00	\$134.19	\$13,419.00		\$21,644.00

Established Insurance Price

Base Premium is the actual cost prior to the subsidy

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

Plan	Practice/Type	Experience	Options	EU Acres	Crush District	Risk/Rate Area						
APH	IRRIGATED/ZNFNDL	100%	OUCP	0.00	11	001						
T-Yield	Sales Closing Date	Written Agreement Type	Additive Rate									
7.3	1/31/2020											
Unit	Options	Locations	Share	Share Name	Farm Name							
0001-0001-000	OU		100.00									
Level	Plan	Price Election	APH Approved / Rate	Acres	Guarantee Per Acre	Total	Liability Per Acre	Total	Farmer Paid Premium Per Acre	Total	Admin Fees	Base Premium
50%	APH	CP \$900.00 / 100%	7 / 7*	100.00	3.5 TON	350.00	\$3,150.00	\$315,000.00	\$16.52	\$1,652.00	\$30.00	\$5,006.00
55%	APH	CP \$900.00 / 100%			3.9 TON	385.00	\$3,465.00	\$346,500.00	\$24.67	\$2,467.00		\$6,853.00
60%	APH	CP \$900.00 / 100%			4.2 TON	420.00	\$3,780.00	\$378,000.00	\$32.83	\$3,283.00		\$9,120.00
65%	APH	CP \$900.00 / 100%			4.6 TON	455.00	\$4,095.00	\$409,500.00	\$48.69	\$4,869.00		\$11,876.00
70%	APH	CP \$900.00 / 100%			4.9 TON	490.00	\$4,410.00	\$441,000.00	\$64.31	\$6,431.00		\$15,685.00
75%	APH	CP \$900.00 / 100%			5.3 TON	525.00	\$4,725.00	\$472,500.00	\$90.23	\$9,023.00		\$20,051.00
80%	APH	CP \$900.00 / 100%			5.6 TON	560.00	\$5,040.00	\$504,000.00	\$131.71	\$13,171.00		\$25,328.00
85%	APH	CP \$900.00 / 100%			6.0 TON	595.00	\$5,355.00	\$535,500.00	\$195.90	\$19,590.00		\$31,597.00

Winery Contract Price



Policy Quote

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

Plan	Practice/Type	Experience	Options	EU Acres	Crush District	Risk/Rate Area						
APH	IRRIGATED/ZNFNDL	100%	BU	0.00	11	001						
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0001-0001-000	BU		100.00									
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50% (CAT)	APH	\$376.75 / 55%	7 / 7*	100.00	3.5 TON	350.00	\$1,318.63	\$131,863.00	\$0.00	\$0.00	\$655.00	\$1,886.00
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65%	APH	\$685.00 / 100%			4.6 TON	455.00	\$3,116.75	\$311,675.00	\$33.35	\$3,335.00		\$8,135.00
70%	APH	\$685.00 / 100%			4.9 TON	490.00	\$3,356.50	\$335,650.00	\$44.05	\$4,405.00		\$10,744.00
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85%	APH	\$685.00 / 100%			6.0 TON	595.00	\$4,075.75	\$407,575.00	\$134.19	\$13,419.00		\$21,644.00

Established Insurance Price

Policy holders pay the "Farmer Paid Premium Total" plus the admin fee

Crop year: 2020 State: California County: 077 - San Joaquin Crop: GRAPES

Plan	Practice/Type	Experience	Options	EU Acres	Crush District	Risk/Rate Area						
APH	IRRIGATED/ZNFNDL	100%	OUCP	0.00	11	001						
T-Yield	Sales Closing Date	Written Agreement Type	Additive Rate									
7.3	1/31/2020											
Unit	Options	Locations	Share	Share Name	Farm Name							
0001-0001-000	OU		100.00									
Level	Plan	Price Election	APH Approved / Rate	Acres	Guarantee Per Acre	Total	Liability Per Acre	Total	Farmer Paid Premium Per Acre	Total	Admin Fees	Base Premium
50%	APH	CP \$900.00 / 100%	7 / 7*	100.00	3.5 TON	350.00	\$3,150.00	\$315,000.00	\$16.52	\$1,652.00	\$30.00	\$5,006.00
55%	APH	CP \$900.00 / 100%			3.9 TON	385.00	\$3,465.00	\$346,500.00	\$24.67	\$2,467.00		\$6,853.00
60%	APH	CP \$900.00 / 100%			4.2 TON	420.00	\$3,780.00	\$378,000.00	\$32.83	\$3,283.00		\$9,120.00
65%	APH	CP \$900.00 / 100%			4.6 TON	455.00	\$4,095.00	\$409,500.00	\$48.69	\$4,869.00		\$11,876.00
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75%	APH	CP \$900.00 / 100%			5.3 TON	525.00	\$4,725.00	\$472,500.00	\$90.23	\$9,023.00		\$20,051.00
80%	APH	CP \$900.00 / 100%			5.6 TON	560.00	\$5,040.00	\$504,000.00	\$131.71	\$13,171.00		\$25,328.00
85%	APH	CP \$900.00 / 100%			6.0 TON	595.00	\$5,355.00	\$535,500.00	\$195.90	\$19,590.00		\$31,597.00

Winery Contract Price



Policy Example

100 Acres of Zinfandel grown in San Joaquin County – Crush District 11

- Established insurance price: \$685 per ton
- Growers contracted price: **\$900 per ton**

Approved yield

- **7 tons** per acre

Grower selects **75% buy-up coverage**

- $7 \times 75\% = 5.25$ TPA guaranteed by policy, or **525 total tons** over 100 acres

Growers total **liability is \$472,500**

- $525 \text{ tons} \times \$900 \text{ (price election)} = \$472,500$

Premium

- Base premium: \$20,051
- Growers portion: **\$9,023** (plus \$30 administrative fee)



Claim Example

Policy Guarantee is **525 Tons Total**

- Weather event occurs during bloom
- Grower contacts agent to notify there *may* be a loss
- Agent notifies insurance company
- The growing season continues
- Grower harvests **495 tons** of good grapes



525 Tons Total Guarantee - 495 Produced = **30 Tons Under Policy Guarantee**

30 Tons x \$900 Per Ton = **\$27,000 Claim Payment**



When to File a Claim

The policy states that a claim should be opened **within 72 hours** of potential damage occurring/being discovered

- Multiple claims can be filed through the year

It is the growers responsibility to contact their agent or the carrier to report potential claims

- Growers should call or email their agent as soon as possible

Growers have no later than **60 days after harvest** to file a claim

- Post-harvest claims often require additional documentation and paperwork

***THERE ARE NO PENALTIES FOR OPENING A CLAIM, REGARDLESS OF THE OUTCOME
LET YOUR AGENT KNOW AS SOON AS POSSIBLE!***



Grape Federal Crop Insurance

Important Grape Deadlines

January 31st Deadline to apply for, or adjust coverage

March 15th Deadline to provide prior years production

May 15th Deadline to update insured acres and provide contracts (optional)

September 30th Policy premium is due

Insurance ends for the crop on the earlier of:

- **November 10th**
- Harvest, destruction, or abandonment of the crop



Questions?