

# Grapes Fact Sheet



## 1. Pennsylvania Crop Insurance Webinars

The objective of the Pennsylvania Crop Insurance Webinar series is to help Pennsylvania farmers and ranchers manage risk understand a variety of crop insurance products to make informed insurance decisions.

## 2. Pennsylvania Grapes – Scheduled for September 17, 2019

Webinar objectives:

- Review the Federal crop insurance structure and key basic provision and crop provision tenets.
- Discuss where coverage is available.
- Review types and practices insured and options available.
- Discuss documents and your duties when a loss occurs.

## 3. The Insured Crop

Grapes insurable under the Federal crop insurance grape crop provisions are those grapes that are grown in a vineyard for wine, juice, raisins, or canning. To be insurable, all native and hybrid grape varieties must have reached four growing seasons after initial set-out or grafting.

Additionally, your vines must have produced an average of two tons per acre in at least one of the three crop years immediately preceding the insured crop year, unless your crop insurance company inspects the vineyard and allows insurance on lower-producing acreage.

Grapes are insured under the Actual Production History plan of insurance, where your historic production is used to develop a production (yield) -based guarantee in tons.

## 4. Coverage Availability

**For the 2020 crop year**, grapes are insurable in Adams, Berks, Chester, Erie, Lancaster, and Schuylkill counties in Pennsylvania. Insurance may be available in other counties through a written agreement if specific criteria are met.

**Details** of the coverage offered in each county, including types, practices, rates, prices, dates, options, coverage levels, and special provisions of insurance, are available through the Risk Management Agency's **Actuarial Information Browser** at <https://bit.ly/2NZo44f>. Work with a licensed crop insurance agent to explore your coverage options.

## 5. Policy Definitions

### Graft

To graft is to unite a shoot or bud (scion) with a rootstock or an existing vine in accordance with recommended practices to form a living union.

### Harvest

Harvest is removing the mature grapes from the vines either by hand or machine.

### Interplanted

Interplanted means acreage on which two or more crops are planted in any form of alternating or mixed pattern.

### Set Out

Set out is physically planting the grape plants in the vineyard.

### Type

A type is a category of grapes (one or more varieties) identified as a type in the Special Provisions.

### Variety

A variety is a kind of grape that is distinguished from any other by unique characteristics such as, but not limited to, size, color, skin thickness, acidity, flavors and aromas. Examples in Pennsylvania include Catawba, Delaware, Geneva Red, Niagara, and Vidal Blanc. In the Special Provisions, these 'varieties' are listed as *types*.

## 6. Insurance Period

Insurance on grapes **begins** on November 21. In the initial year of application, however, insurance will attach on the 20<sup>th</sup> day after your insurance company receives your application (a 'waiting period'), unless your company inspects the acreage during that waiting period and determines it does not meet the policy insurability requirements.

Insurance on grapes **ends** the earliest of:

- Date the grapes are destroyed, abandoned, or harvested;
- Final loss adjustment; or
- November 20.

## 7. 2020 Crop Year Important Dates

- Sales Closing Date = 11/20/2019
- Production Reporting Date = 1/15/2020

- Acreage Reporting Date = 1/15/2020
- Premium Billing Date = 8/15/2020
- Premium Due = 9/30/2020
- End of Insurance = 11/20/2020

## 8. Prices

The price election is a price published in the Federal crop insurance actuarial documents.

Grapes are priced by ton, and each grape type (variety) has a different established and catastrophic price. In Pennsylvania, 2020 crop year prices do not differ between conventional, organic certified, and transitioning to organic practices.

Pennsylvania grape price actuarial documents also include a "harvest cost amount." This is used to reduce your price when calculating an indemnity on unharvested acreage.

### 2020 prices – Chardonal Type

- Established price = \$750.00/ton
- Catastrophic (CAT) price = \$412.50/ton
- Harvest cost amount = \$35.00/ton

### 2020 prices – Labrusca Type

- Established price = \$213.00/ton
- Catastrophic (CAT) price = \$117.15/ton
- Harvest cost amount = \$35.00/ton

## 9. Coverage Levels and Premium Discounts

Coverage levels range from 50% to 85% of your average yield and are discounted as shown in the table below. For example, an average yield of 6.2 tons per acre results in a guarantee of 5.18 tons at the 75% coverage level.

| Item               | Percent |    |    |    |    |    |    |    |
|--------------------|---------|----|----|----|----|----|----|----|
| Coverage Level     | 50      | 55 | 60 | 65 | 70 | 75 | 80 | 85 |
| Premium Discount   | 67      | 64 | 64 | 59 | 59 | 55 | 48 | 38 |
| Your Premium Share | 33      | 36 | 36 | 41 | 41 | 45 | 52 | 62 |

Catastrophic Risk Protection (CAT) coverage is fixed at 50% of your average yield and 55% of the price election. The 2020 cost for CAT coverage is an administrative fee of \$655.

## 10. Available Unit Structure

Grapes can have a basic or optional unit structure.

A basic unit is always available and covers all acreage in a county you own/operate 100% and a Basic Unit for each

share arrangement you have with another person or entity. Basic units offer an additional premium discount.

An optional unit is available by section, section equivalent, or FSA farm number. For grapes in Pennsylvania, an optional unit may also be established when on non-contiguous land or by type.

## 11. Endorsements & Options

If you want one or more of the available endorsements or options on your grape policy, you need to select it by the sales closing date.

**Supplemental Coverage Option (SCO)** is available for processing beans in some counties. If elected, SCO provides additional coverage for a portion of your underlying crop insurance policy deductible. **For the 2020 crop year, only available in Erie and Lancaster Counties.**

**Actual Production History (APH) Yield Exclusion (YE)** is available in some processing bean counties. YE allows you to exclude yields in exceptionally bad years from your production history when calculating yields used to establish your crop insurance coverage. **For the 2020 crop year, only available in Erie County.**

## 12. Perils Protected Against

You are protected against the following:

- Adverse weather conditions, including natural perils such as hail, frost, freeze, wind, drought, and excess precipitation;
- Failure of irrigation water supply, if caused by an insured peril during the insurance period;
- Fire, if caused by an insured peril during the insurance period;
- Insect damage and plant disease, unless due to insufficient or improper application of control measures;
- Wildlife;
- Earthquake; and
- Volcanic eruption.

This policy does not cover any loss of production due to damage from Phylloxera (regardless of cause) or the inability to market grapes for any reason other than actual physical damage for an insurable cause of loss.

## 13. Acreage Reporting Requirements

An acreage report is a report of all grape acreage in the county, insurable and uninsurable, in which you have a

share. Report your acreage by type. A report must be submitted to your crop insurance agent on or before the acreage reporting date.

## 14. Losses

The grape policy covers production loss indemnities.

**If you believe you have a loss, you should:**

- Protect the crop from further damage by providing sufficient care.
- Notify your crop insurance agent:
  - Within 72 hours of your initial discovery of damage but not later than 15 days after the end of the insurance period, even if you have not harvested the crop;
  - Within three days of the date harvest should have started if the crop will not be harvested;
  - If the crop was damaged during the growing season and you previously provided notice, and you intend to claim an indemnity as a result of the previously-reported damage, provide notice at least 15 days prior to beginning harvest.
- Provide any documentation the adjuster needs.
- Allow the adjuster to access to your vineyards.
- If requested by your adjuster, leave representative samples in the damaged vineyard.

### Your Adjuster's Actions

Your crop insurance adjuster will determine the loss using RMA Loss Adjustment procedures, and your crop insurance company will ensure timely payment after you and the company reach an agreement.

Your adjuster will:

- Set up an appointment to visit your farm location(s) to inspect the damaged acreage
- Count and weigh samples from representative parts of the vineyard to determine the amount of damage
- Consider different factors based on the maturity of the crop
- Identify any disease, consider if good farming practices were followed, and perform quality adjustment as applicable – this may include mature grape quality adjustments
- Photograph the damage, often with a ruler or other measurable object in the picture for scale
- Your adjuster may request paperwork from you (contract, production records, and sales, etc.)
- Determine the causes of loss and how many acres are damaged by each

- Defer the loss adjustment if appropriate and revisit and reinspect after the deferral period
- Complete all needed paperwork
- Explain what he or she did and the findings and walk you through the adjustment worksheet
- You and the adjuster will sign documents in agreement of the loss adjustment findings

### Basic Indemnity Calculation Components

- Acres
- Total production guarantee (in tons)
- Price
- Your share in the crop
- Production to count (PTC)

### Indemnity Calculation

All calculations are computed by grape type for a unit. Note the interim summing below.

1. Insured acreage of type x production guarantee of type = Type Total Guarantee
2. Type total guarantee x price for type = Type Value of Guarantee
  - If multiple types, sum all value of guarantees for a Total Value of Guarantee
3. Total production to count for type x price for type = Type Value of PTC
  - If multiple types, sum all PTC amounts for a Total Value of PTC
4. Total Value of Guarantee – Total Value of PTC = Gross loss
5. Gross loss x your share = indemnity payment

### Basic Indemnity Calculation Example

100% share in 100 acres of Labrusca grapes (no other types in unit)

518.0 ton total production guarantee for the unit

\$213.00 price per ton

All acres harvested, with 469.0 tons harvested from the unit

1.  $518.0 \times \$213.00 = \$110,334$  value of guarantee
2.  $469.0 \times \$213.00 = \$99,897$  value of PTC
3.  $\$110,334 - \$99,897 = \$10,437$  gross loss
4.  $\$10,437 \times 1.000$  share = \$10,437 indemnity payment

## 15. Get Covered: Find an Agent

A crop insurance agent is your local expert and best resource on how, when, and what kind of crop insurance coverage to add to your risk management toolkit.

Crop insurance is available through independent crop insurance agents licensed in your state. Most Federal crop insurance agents also offer private crop-hail and other named peril policies. If you need an agent, review the Risk Management Agency's Agent Locator (<https://bit.ly/2sohz1f>).

## 16. View the Recorded Webinar

A recording of this Pennsylvania Northern Potato webinar will be viewable after the live presentation concludes. To view the recording, visit <https://cropinsuranceinamerica.org/pennsylvaniacrop-insurance-webinars/>