

UMass Extension Risk Management/Crop Insurance Education Program



USDA Risk Management Programs for Apples



Multi Peril Crop Insurance Apple Policy VS Adjusted Gross Revenue (AGR) & Adjusted Gross Revenue Lite (AGR-Lite) Policies



A quick comparison!



Policy Information

	MPCI Apples	AGR	AGR-lite
Sales closing date	Nov. 20	Jan. 31	March 15
Yield (producers records)	4-10 years*	N/A	N/A
Payment rate options	67%-100%	90% or 75%	90% or 75%
% guarantee (yield/revenue)	55/60/65/70/75%	65%/75%/80%**	65%/75%/80%**
Premium Subsidy	55% to 67%	48% to 59%	48% to 59%
Optional Units	Yes	No	No

*County Transitional yield may be substituted for missing years

** 80% requires 3 or more commodities *



Example

Joe Farmer: 25 acres of apples 853bu/ac = 21325 bushels @

\$16.00/bu = \$341,200 Expected Income

	75%		65%	
	MPCI Apple	AGR/AGR lite	MPCI Apple	AGR/AGR lite
Liability 90% Payment Rate (\$14.40)	\$230,328	\$230,310	\$199,627	\$199,602
Trigger Level (Guarantee)	15,994 bu	\$255,900	13861 bu	\$221,780
Total Premium	\$36,561.47	\$16,563.77	\$24,091.10	\$7,806.48
Premium Subsidy	\$23,064.47	\$10,448.77	\$15,988.10	\$5,180.48
Producer Premium +Admin Fee	\$13,527.00	\$6,145.00	\$8,133.00	\$2,656.00
cost per \$100 of coverage	\$ 5.87	\$2.67	\$4.07	\$1.33

These are estimates calculated using the RMA “cost estimator”. Review your information with your agent for actual rates.



Losses based on production of 21,325bu and \$341,200 Income
 Potential indemnity payments
 75% Guarantee @ 90% payment rate

	Guarantee	Production /income	Qualifying Loss	Indemnity Amount
30 % loss				
MPCI Apple (\$13,527)	15,995 bu	14,928 bu	1,067 bu	\$15,365
AGR/AGR-lite (\$6,145)	\$255,900	\$238,840	\$17,060	\$15,354
40% Loss				
MPCI Apple	15,995 bu	12,795 bu	3,200 bu	\$46,080
AGR/AGR-lite	\$255,900	\$204,720	\$51,180	\$46,062
50% loss				
MPCI Apple	15,995 bu	10,663 bu	5,332 bu	\$76,781
AGR/AGR-lite	\$255,900	\$170,600	\$85,300	\$ 76,770
60 % loss				
MPCI Apple	15,995 bu	8,530 bu	7,465 bu	\$107,496
AGR/AGR-lite	\$255,900	\$136,480	\$122,832	\$107,478

Example 2: Comparison for growers with multiple crops

Frank Farmer: 25 acres of apples 853bu/ac = 21325 bushels values at \$500,000 plus \$550,000 from 4 additional non insured crops for total expected income of \$1,050,000.

	75%		65%	
	MPCI Apple	AGR/AGR lite	MPCI Apple	AGR/AGR lite
Liability 90% Payment Rate	\$230,328	\$708,750	\$199,627	\$614,250
Trigger Level (Guarantee)	15,994 bu	\$787,500	13861 bu	\$628,500
Total Premium	\$36,561.47	\$19,870.95	\$24,091.10	\$11,231.87
Premium Subsidy	\$23,064.47	\$12,535.92	\$15,988.10	\$7,453.87
Producer Premium +Admin Fee	\$13,527.00	\$7,335.00	\$8,133.00	\$3,778.00

These are estimates calculated using the RMA “cost estimator”. Review your information with your agent for actual rates.



Pros and cons of the MPCl Apples and Adjusted Gross Revenue (AGR) & Adjusted Gross Revenue-lite (AGR-lite) Policy and

Pros

Cons

MPCl Apples

Optional Units
 More yield options (50, 55, 60, 65, 70, 75%)
 More payment rate options (67% to 100%)
 Fresh Fruit Option
 CAT Policy
 Indemnities paid after loss appraisal

Sales closing Date Nov. 20
 Policy covers 1 crop
 Established price is for whole sale apples

AGR & AGR-lite

Covers revenue from all crops (insured & uninsured)
 Sales closing date (AGR 1-31 & AGR-lite (3-15)
 Multiple crops/minimal records (IRS Schedule F)

Indemnities adjusted after taxes are filed.
 Whole Farm (No Units)
 No CAT policy
 Entity must be established for 7 years
 No adjustment for growth

How to Find a Federal Crop Insurance Agent

Federal Crop Insurance can only be purchased from an agent authorized by the Federal Crop Insurance Corporation to sell Federal Crop Insurance. A list of authorized agents is available at:

<http://www3.rma.usda.gov/apps/agents/>

“The UMass Extension Agricultural Risk Management/Crop Insurance Education Program is a joint effort with the USDA - Risk Management Agency to provide information to agricultural producers in Massachusetts on products and programs that can assist managing risk on their agricultural operations.”

For further information contact Agricultural Risk Management Specialists:

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Website: <http://ag.umass.edu/risk-management>

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