POMEGRANATE CROP INSURANCE PROGRAM

Agent Training

Photo Source: University of California Agriculture & Natural Resources

Training Module

- The purpose of this webinar is to provide an overview of the Pomegranate APH Insurance Program for the 2023 crop year to Approved Insurance Providers.
- We will cover content from the:
  - Crop Provisions (CP);
  - Special Provisions (SP);
  - Crop Insurance Standards Handbook (CISH); and
  - Loss Adjustment Standards Handbook (LASH).

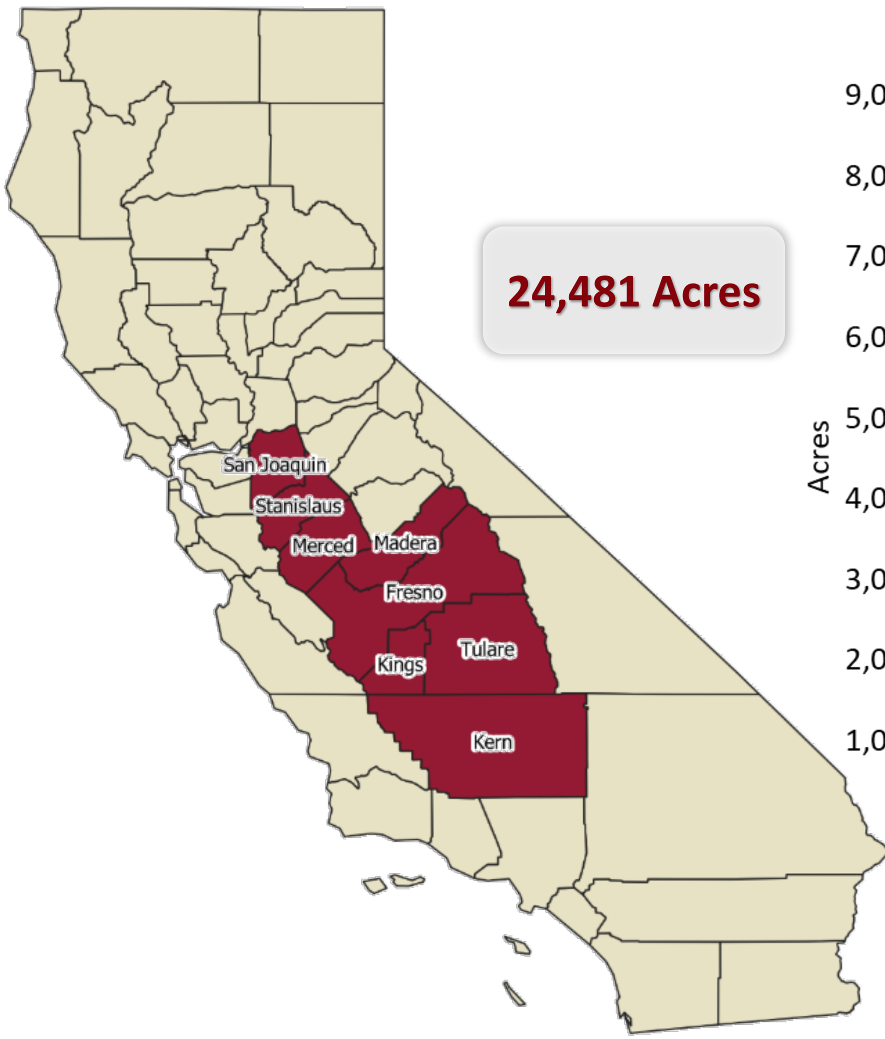
The content of this webinar does not supersede policy provisions and is for informational purposes only.

Industry Overview

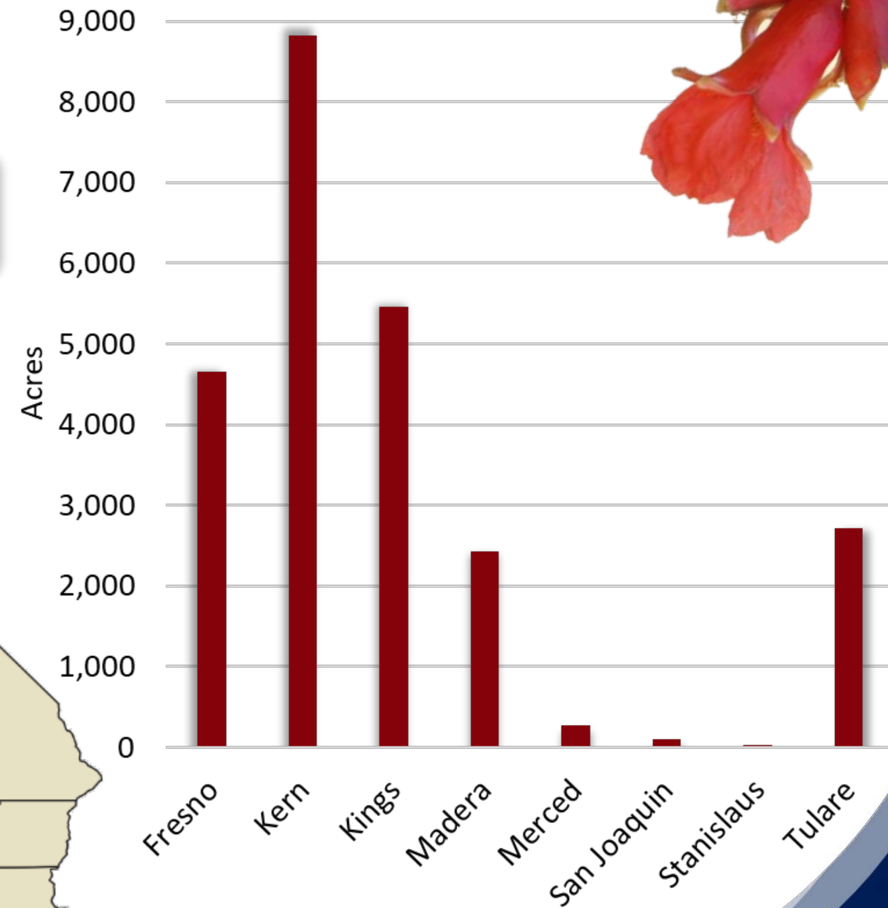
- 98% of US pomegranates grown in California
  - Stable acreage for the last decade
- Three primary utilizations: Fresh, Arils, & Juice
  - Fresh has a significant price premium; producers try to maximize production in this category
  - Fruit not meeting quality standards for fresh will be sold in the processed (juice or arils) market

Photo Sources: Special Fruit nv; Purefresh Sales; Very Well/A. Tretiak

Pomegranate Coverage Area



24,481 Acres

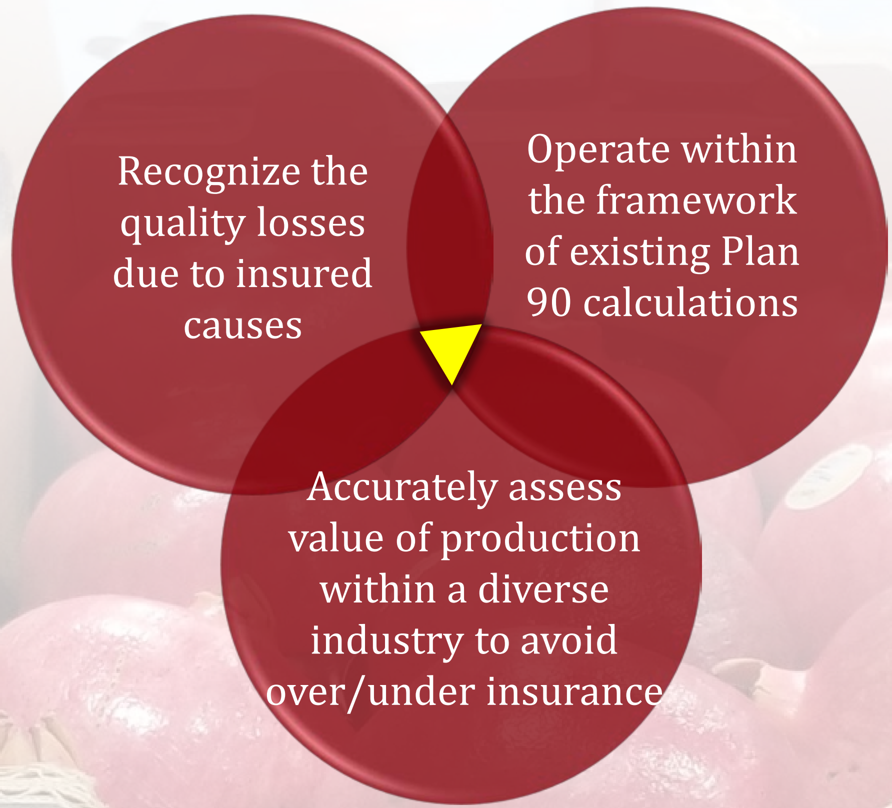


Data Source: California Department of Food and Agriculture County Agricultural Commissioners and Sealers

Photo Source: University of California Agriculture & Natural Resources

Program Design Requirements

Program designed to satisfy needs of all stakeholders



Pomegranate Insurance Program
Overview

- APH yield-based crop insurance program which recognizes quality losses
- Coverage based on 4 to 10 years of the insured's actual production; T-yields will be available
- Most recent 4 years of pack out records are required for full quality adjustment
- 50% to 85% coverage levels plus Catastrophic (CAT) coverage, with standard subsidies
- Basic, Optional, and Enterprise Units available
- Irrigated practice only; conventional & organic
- Coverage for two types: Varietal Group A (early varieties) & Varietal Group B ('Wonderful' and all others)

Photo Source: UC Davis

Covered Perils

- **Adverse weather conditions**
- **Fire**, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard
- **Earthquake**
- **Volcanic eruption**
- **Failure of irrigation water supply**, if caused by an insured peril that occurs during the insurance period
- **Insects**, but not damage due to insufficient or improper application of pest control measures
- **Plant disease**, but not damage due to insufficient or improper application of disease control measures

Pomegranate Insurance Timeline
2023 Commodity Year

Harvest	Nov	
Dormancy	Dec	**12/31/22 - Sales Closing Date**
	Jan	**01/01/23 - Beginning of Insurance Period** **01/15/23 – Acreage Reporting Date; Production Reporting Date** *(lag year)*
Bud Break	Feb	
	Mar	
Flowering/Fruit Set	Apr	
	May	
	Jun	
Fruit Development	Jul	
	Aug	**8/15/23 - Premium Billing** **8/31/23 - Contract Change**
	Sep	
Fruit Maturation	Oct	**10/15/23 - Group A End of Insurance Period**
Harvest	Nov	**11/20/23 – Termination Date; Cancellation Date** **11/30/23 - Group B End of Insurance Period**

Data Source: Day & Wilkins, 2009

Photo Source: University of California Agriculture & Natural Resources

Pomegranate Insurance Timeline

2024 and Subsequent Commodity Years

Harvest	Nov	11/20/23 - Sales Closing Date
	Dec	
Dormancy		
	Jan	01/01/24 - Beginning of Insurance Period 01/15/24 – Acreage Reporting Date; Production Reporting Date *(lag year)*
Bud Break	Feb	
	Mar	
Flowering/Fruit Set	Apr	
	May	
	Jun	
Fruit Development	Jul	
	Aug	8/15/24 - Premium Billing 8/31/24 - Contract Change
	Sep	
Fruit Maturation		
	Oct	10/15/24 - Group A End of Insurance Period
Harvest	Nov	11/20/24 – Termination Date; Cancellation Date 11/30/24 - Group B End of Insurance Period

Data Source: Day & Wilkins, 2009

Photo Source: University of California Agriculture & Natural Resources

Established Price

- Separate Price Elections established for Varietal Group A and Varietal Group B
  - The price estimates the weighted value of a ton of pomegranates and accounts for fresh and processed production.

- Use of contract prices are not allowed

Quality Coverage

- Quality coverage is triggered when the commodity year harvested packout is at least 10% less than the historical average packout.
  - The historical average pack out is the average of the most recent four-year period of pack outs. All four pack outs must be from the same packing house.
- A Standardized Fresh Pack Out Percent is used to adjust the producer's expectations to the program average pack out of 35%.

$$Standardized\ Fresh\ Pack\ Out = \frac{Current\ Year's\ Fresh\ PO}{Historical\ Fresh\ PO} \times 35\%$$

Quality Coverage, cont.

- This coverage is built into the base program, growers may elect not to have quality coverage and receive a premium discount via the Quality Exclusion option.
- Quality assessments will trigger when a pack out percentage (by type and unit) is less than 90% of the average historic pack out percentage.
  - When a quality loss is triggered, the value of the production to count will be calculated using applicable fresh and processed prices, which are published in the Special Provisions.

Quality Exclusion Option

- Producers may elect to only insure their gross tons of production (not quality of production) by electing the Quality Exclusion (QX) option.
  - Rate discount applicable for QX
  - This is especially important for growers who do not have the records required to qualify for the quality adjustment.
- Note that pack out records are not reported until the Production Report Date, but this election must be made at Sales Closing Date. Agents need to check producer’s pack out records at sign up and determine if they meet packout record requirements.

Unit Structure

- Basic Units
  - According to Section 1 of the Basic Provisions
- Optional Units
  - By non-contiguous land
- Enterprise Units
  - Two or more:
    - Optional Units
    - Section equivalents or FSA farm number where sections, section equivalents, or FSA farm numbers are applicable for unit division purposes
- Excluded Units include:
  - Written Unit Agreements and Whole Farm Units.

Approved Yield Determination

- Unit of measure is total tons of pomegranates.
- Minimum of 4 years, maximum of 10 years of history.
  - APH databases with less than 4 years of actual yields will be established using variable T-yield procedures.
- Yield Substitution (YA) and Yield Cups are applicable
- The following provisions from Part 15 & 17 of the Crop Insurance Handbook (CIH) are excluded by the Pomegranate CISH:
  - Trend Adjusted APH (TA)
  - Yield Exclusion (YE)
  - Yield Floor

Example

Without Quality Exclusion Selection

Producer

- 100 acres pomegranates
- 100% share
- 65% coverage level
- 11.0 ton per acre APH
  - 40% Avg. fresh Packout
- 6.0 ton per acre harvested production
  - 20% fresh packout on harvested production

Program

(based on industry average price & packout per ton)

- $480 per ton weighted average price
  - $ 1,000 Fresh Price (Published via SP)
  - $200 Processed Price (Published via SP)

Photo Sources: Special Fruit nv, sacramentogardening.blogspot.com

Wind and rain during bloom reduces yield; rain during harvest causes fruit splitting.

Example

Without Quality Exclusion Selection

Guarantee

- 11.0 tons per acre APH × 100 acres × $480 per ton price × 65% coverage level = **$343,200 value of production guarantee**

Quality Evaluation

- (20% Crop Year Packout ÷ 40% Historical Fresh Average Packout) × 35% Fresh Program Packout Percent = **17.5% Standardized Actual Fresh Packout**
- 17.5% Standardized Actual Fresh Packout < 32% Packout Threshold. Quality adjustment procedures are
  - 35% Program Packout Percent × 90% = 32% Packout Threshold

Photo Sources: UC Davis; University of California Agriculture & Natural Resources

Example

Without Quality Exclusion Selection

<u>Production to Count</u>

- 6.0 tons per acre harvested production × 100 acres × 17.5% Standardized Actual Packout × $1,000 fresh price = **$105,000 Value of Fresh Production**
- 6.0 tons per acre harvested production × 100 acres × 82.5% processing (100% - 17.5% standardized actual fresh packout) × $200 Processed Price= **$99,000 Value of Processed Production**
- ($105,000 Value of Fresh Production + 99,000 Value of Processed Production) ÷ $480 Price Election = **425.1 Total Adjusted Tons Production to Count**

<u>Value of Production to Count</u>

- 425.1 total production to count × 100 acres × $480 per ton price = **$204,048 value of production to count**

Total Value
$343,200
Production Guarantee

Total Value
$204,048
Production To Count

Indemnity
$139,152

Example

With Quality Exclusion

Producer

- 100 acres pomegranates
- 100% share
- 65% coverage level
- 11.0 ton per acre APH
- 6.0 ton per acre harvested production

Program

(based on industry average price & packout per ton)

- $480 per ton weighted average price
  - $ 1,000 Fresh Price (Published via SP)
  - $200 Processed Price (Published via SP)

Photo Sources: Special Fruit nv, sacramentogardening.blogspot.com



Wind and rain during bloom reduces yield; rain during harvest causes fruit splitting.

Example

With Quality Exclusion Election

Guarantee

- 11.0 tons per acre APH × 100 acres × $480 per ton price × 65% coverage level = **$343,200 value of production guarantee**

Production to Count

- 6.0 tons per acre harvested production

Value of Production to Count

- 6.0 tons per acre total production to count × 100 acres × $480 per ton price = **$288,000 value of production to count**

Total Value
$343,200
Production Guarantee

Total Value
$288,000
Production To Count

Indemnity $55,200

AgriLogic Consulting, LLC

Photo Source: Stock.XCHNG, Case IH, & USDA ARS

Clif Parks • President & CEO

- P: (913) 982-2441
- CParks@AgriLogic.com

Keith Schumann• Senior Vice President

- P: (913) 982-2442
- KSchumann@AgriLogic.com

Bill Smith • Vice President, Policy and Procedure

- P: (817) 504-8316
- BSmith@AgriLogic.com

Brandon McDonald • Senior Policy Analyst

- P: (913) 982-4256
- BMcDonald@AgriLogic.com

Madilyn Nunez • Policy Analyst

- P: (913) 333-4385
- MNunez@AgriLogic.com

Ethan Bredemeyer • Policy Analyst

- P: (913) 982-2453
- EBredemeyer@AgriLogic.com

AgVersity

AgriLogicConsulting.com