



GRAPEVINE INSURANCE PROGRAM



SEPTEMBER, 2023

Training Module

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

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

Policy References

- References to the applicable policy language are located at the **bottom left** of the slide.
- Reference acronyms:
 - AIB: Actuarial Information Browser
<https://webapp.rma.usda.gov/apps/actuarialinformationbrowser/CropCriteria.aspx>
 - BP: Basic Provisions 24-BR
<https://rma.usda.gov/Policy-and-Procedure/General-Policies>
 - CP: Grapevine Crop Provisions 24-0270
<https://rma.usda.gov/en/Policy-and-Procedure/Crop-Policies>
 - CIH: Crop Insurance Handbook 18010 (06-2022)
<https://www.rma.usda.gov/en/Policy-and-Procedure/Coverage-Plans---1800>
 - CISH: Grapevine Crop Insurance Standards Handbook 20680U (08-2023)
<https://rma.usda.gov/en/Policy-and-Procedure/Privately-Developed-Products---20000>
 - SP: Special Provisions
<https://webapp.rma.usda.gov/apps/actuarialinformationbrowser/>

Acronyms

Additional Acronyms:

- AIP: Approved Insurance Provider
- ARD: Acreage Reporting Date
- FCIC: Federal Crop Insurance Corporation
- OLO: Occurrence Loss Option
- RMA: Risk Management Agency
- SCD: Sales Closing Date
- VRP: Vine Reference Price

Program Development

First requested by growers in October 2019 due to a need for a comprehensive risk management tool for grapevines

Other Insurance Available:

- Grape Crop Insurance Program (APH)
 - Covers loss of the fruit crop only
 - No vine coverage
- Whole Farm Revenue Protection (WFRP)
 - Covers loss of the fruit crop only
 - No vine coverage
- Tree Assistance Program (TAP)
 - Permanently authorized under the 2014 Farm Bill
 - Provides some financial assistance to growers but is limited and excludes large growers (Reimbursement type disaster program with payment limitations)



Program Development

AgriLogic Consulting (developer)

- Agricultural economic & insurance consulting firm
- Over 250 years combined experience in crop insurance program development, expert review, & administration
- Developed/revamped all federal tree crop insurance programs (TDO Plan 40) since 2004
- Successful record of developing & maintaining a broad array of sound risk management tools & insurance programs for the American agricultural producer

Program Development

Timeline:

- Concept proposal submitted to FCIC Board on July 8, 2020
- Approved for development on August 20, 2020
- Final program approved on August 18, 2022
- The Grapevine Tree Based Dollar Amount of Insurance (TDO) plan became available for purchase for the 2024 crop year (2023-24 growing season).

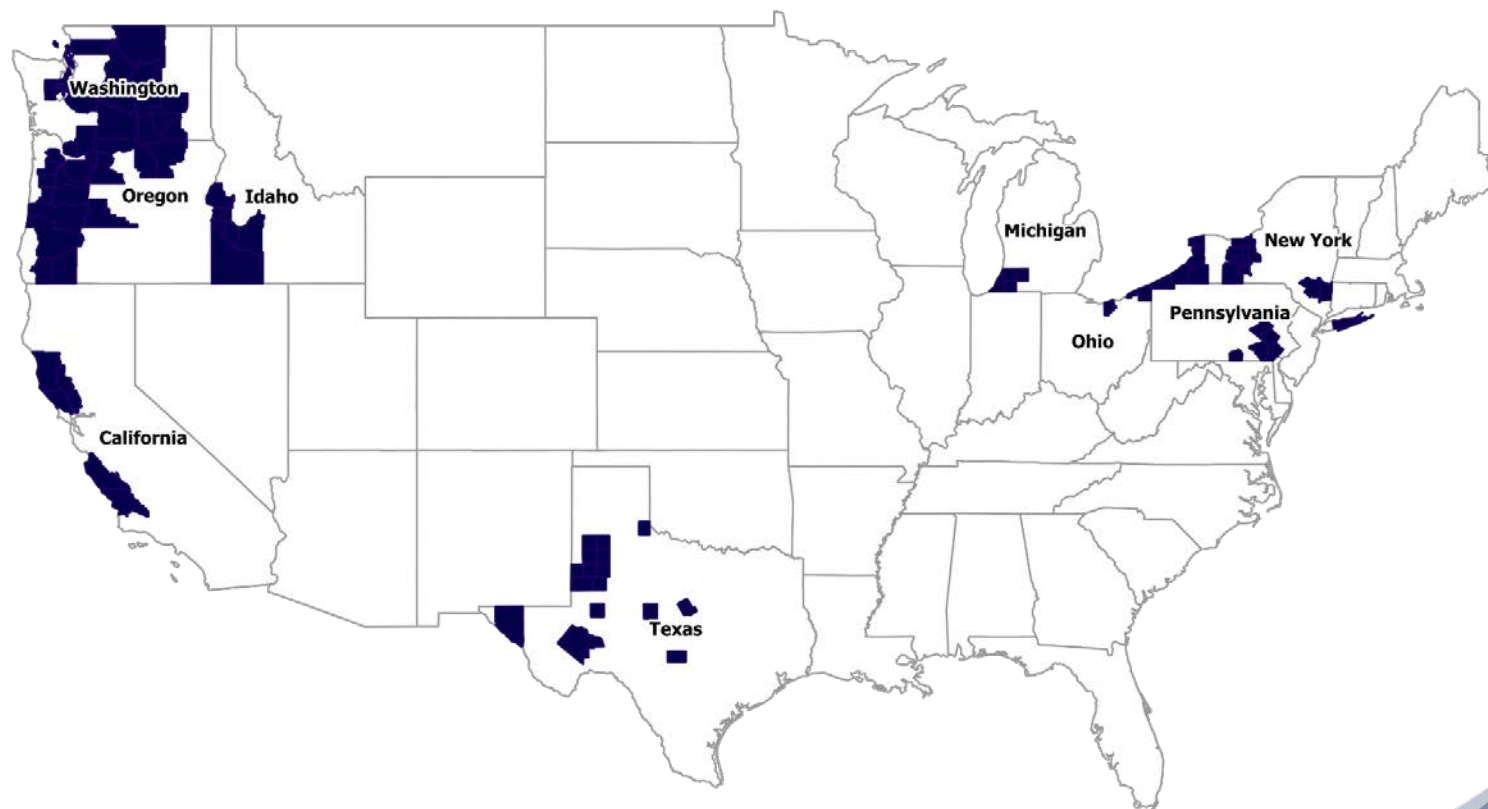
New type of risk management tool allowing insurance for grapevines



Basic Policy Information

Program Availability

The program is available for **grafted** grapevines in 91 counties across 9 U.S. states

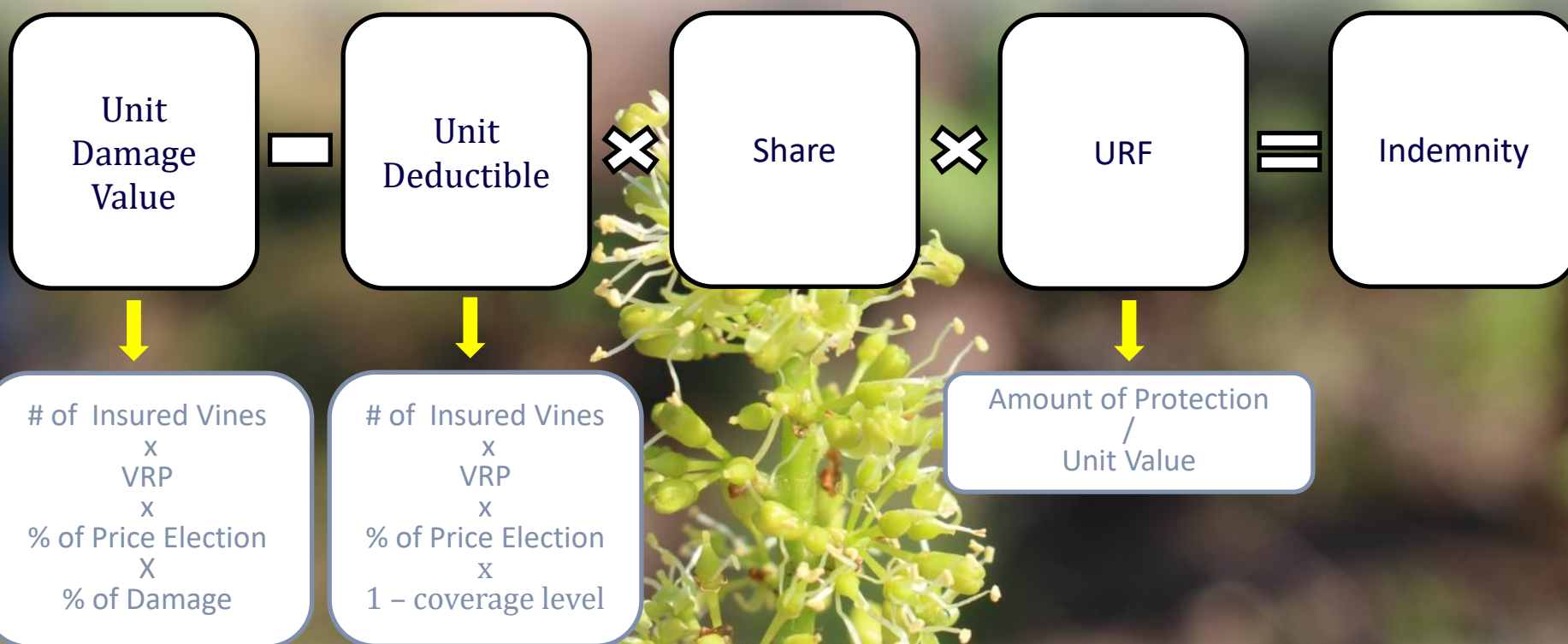


Tree Based Dollar (TDO)

- Plan 40
 - Vine Reference Price (VRP)
 - Coverage against vine mortality caused by limited named perils



Policy Basics



Important Dates

Sales Closing Date (SCD)

- **November 1**

Acreage Reporting Date (ARD)

- **November 1**

Beginning of Insurance

- **December 1**

Premium Billing Date

- **August 15**

Contract Change Date

- **August 31**



Covered Causes of Loss

- Freeze;
- Hail;
- Flood;
- Fire (unless weeds & undergrowth have not been controlled or pruning debris has not been removed from the vineyard);
- Insects, diseases, and other pathogens only if specified in the SP (none at this time); and
- Failure of the irrigation water supply if caused by an unavoidable naturally occurring event that occurs during the insurance period.

Causes of Loss Not Covered

- Act by a person (e.g. chemical drift, fire, terrorism, etc.);
- Failure to follow good farming practices;
- Failure/breakdown of irrigation unless due to insurable cause; or
- Failure to carry out good irrigation practice for irrigated acreage

Any damage other than actual damage to the vine from an insurable cause is not covered.

Insurance Period

- Coverage begins:
 - **December 1** unless the AIP notifies the insured that all or part of the vines are not insurable.
 - Vines set out after insurance attaches for the crop if:
 - A revised AR is submitted within 72 hours of set out;
 - The vines are inspected and accepted by the AIP.

Insurance Period

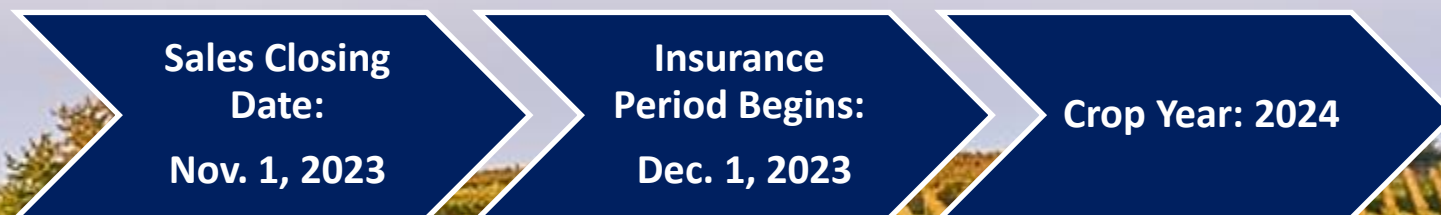
- Coverage ends on a unit or part of a unit the earlier of:
 - Destruction of the crop;
 - Final adjustment of a loss;
 - November 30th;
 - Abandonment of the crop; or
 - As otherwise specified in the CP.

Definitions

- **Amount of Protection (unit)** – The dollar amount for the unit calculated by multiplying the number of insurable vines reported by you in each stage-block by your vine reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.
- **Block** - A stand of vines of the same type on acreage sharing a common boundary with no discernable change in the planting pattern.
- **Bud union** - The location on the vine where a bud from one vine variety is grafted onto the rootstock of another variety.

Definitions

- **Crop Year** - The period beginning December 1 and extending through November 30 of the following year, designated by the year in which the insured crop is harvested.



Definitions

- **Damaged (damage)** - A destroyed vine that requires removal due to an insured cause of loss that occurs during the insurance period.
- **Damage Value** – The dollar amount determined by multiplying the actual number of insurable vines in each stage-block damaged by the most recent cause of loss by your vine reference price for each stage-block, multiplying this result for each stage-block by the percent of damage applicable to each stage-block, and totaling these values.

Definitions

- **Destroyed vine** - For damage due to insured causes, any insurable vine that, due to insured causes:
 - Is dead;
 - Has no live wood above the bud union; or
 - If the % of damage cannot be determined, it will be determined not later than 12 months after November 30th of the crop year in which the damaged occurred.


Destroyed vines are considered 100 percent damaged.

Definitions

- **Share** - In addition to the definition in section 1 of the Basic Provisions (BP), an insured tenant or operator must have a lease with the owner of the grape vineyard.
 - The lease agreement must clearly state the tenant or operator is entitled to their insured share of any indemnities.
 - A copy of the lease must be on file with the AIP at the time insurance attaches.

Definitions

- **Stage** - A vine-classification system used to determine the VRP and rates.



Stage	Number of months since set out when insurance attaches:				
I	Up to 12 months				
II	13 – 48 months				
III	48+ months				
Grapevines set out April 10, 2023	Policy Crop Year				
	2024	2025	2026	2027	2028
Whole Months After Set Out	7 months	19 months	31 months	43 months	> 48 months
Stage	I	II	II	II	III

- **Stage-block** - A block in which at least 75 percent of the vines are the same stage at the time insurance attaches

Definitions

- **Stand of damaged vines** – Area(s) within a unit where damage due to the same insurable cause of loss occurs and used to determine the damage value for the unit. If distinct areas of damaged vines within the unit cannot be established, the stand of damaged vines will be the entire unit.
- **Underreport factor (URF)** - Adjusts the indemnity when the number of insurable vines are underreported on the AR. Result of dividing the amount of protection by the unit value, rounded to three decimal places, not to exceed 1.000.

Definitions

- **Unit deductible** – The actual number of insurable vines in each stage-block in the unit on the day before the loss (but not reduced for any insured damage that occurred during the crop year) x VRP x % of price. Total the values for all the stage-blocks within the unit and multiply by the deductible (1.0 minus the coverage level).
- **Unit value** – The actual number of insurable vines in the stage-block the day before the loss x VRP x % of price. Total the values for all the stage-blocks within the unit and multiply by the coverage level.

Definitions

- **Vine reference price (VRP)** - The price per vine, by stage, type, and practice, listed in the actuarial documents for vine replacement that is used in calculating the unit value, the amount of protection, damage value, and indemnity.



Reporting Requirements

The following chart illustrates the primary reporting documents. Other documents may be required (e.g. power of attorney, lease agreement, etc.)

Document	Due Date	Establishes:
Application (initial year) Policy Change Form (subsequent years)	11/1	County, coverage level, % of VRP, options, election of Enterprise Units
Acreage Report	11/1	Insurable acres, share, liability, premium
Pre-Acceptance Worksheet (PAW)	11/1	Insurability & condition of vineyard



Application



Application/Policy Change Form

- Sales Closing Date (SCD): November 1
- Establishes coverage level election(s), price election percentage(s), options, etc.
 - Initial year: elections must be submitted on an application by SCD
 - Subsequent years: coverage changes must be submitted on a policy change form by the SCD.

Requests to increase coverage will not be accepted if a cause of loss that could or would cause damage is evident at the time the request is made.

Application

- Increased coverage for subsequent years begins December 1.
- If insured damage occurs after the SCD (11/1) but before the date insurance attaches (12/1):
 - Higher coverage levels, percent of price, or the addition of options will not be effective for the crop year.
 - Any increase in your insured share will not be effective for the crop year.
 - Additional insurable vines cannot increase by more than 10%.

Coverage Level

- Coverage levels are from 50% to 75% in 5% increments
- You may elect different coverage levels by type. For example:
 - Baco Noir (Group B) may be insured @ 75% coverage level
 - Cabernet Sauvignon (Group C) may be insured @ 70% coverage level
 - A separate administrative fee of \$30 will be applicable to each type you insure individually.

Percentage of Price

- A Vine Reference Price (VRP) will be published for each type, stage, and practice.
- You may elect to insure a different percentage of the VRP for each type. For example:
 - Chancellor Vines (Group A) insured @ 75% of the price.
 - Baco Noir Vines (Group B) insured @ 85% of the price.
 - Cabernet Sauvignon Vines (Group C) insured @ 100% of the price.

Types

There are four vine types (Group A - D) comprised of the following varieties as listed on the Special Provisions:

Group A	Castel
	Catawba
	Chancellor
	Concord
	Crimson Pearl
	Delaware
	Frontenac
	Frontenac Gris
	Geneva Red 7
	Ives
	Labrusca
	LaCrescent
	Leon Millot
	Marechal Foch
	Marquette
	Niagara
	St. Croix
	Sunbelt

Group B	Arandell	Riesling
	Aromella	Riesling Italico
	Aurore	Riesling Renano VCR
	Baco Noir	Rosette
	Cascade	Rougeon
	Cayuga White	Seyval Blanc
	Chardonel	SK77
	Corot Noir	St.Vincent
	Dechaunac	Traminette
	Diamond	Valvin Muscat
	Elvira	Vidal Blanc
	Golden Muscat	Vignoles
	Isabella	Vincent
	Landot Noir	
	Melody	
	Noiret	
	Norton	
	NY81.0315.17	

Types

Group C	Albarino (Alvarinho)	Kerner	Sauvignon Kretos
	Ambulo Blanc	Lemberger	Sauvignon Rytos
	Arneis	Malbec	Soreli
	Auxerrois	Malvasia Bianca	Villard Blanc
	Bon Noir	Merlot	
	Cabernet Franc	Meunier	
	Cabernet Sauvignon	Moscato Giallo	
	Cabernet Volos	Muller Thurgau	
	Caminante Blanc	Muscat Blanc	
	Carmenere	Muscat Hamburg	
	Chambourcin	Orange Muscat	
	Chardonnay	Parellada	
	Colobel	Pinot Blanc	
	Dornfelder	Pinotage	
	Dutchess	Regent	
	Gamay Noir	Roussanne	
	Gewürztraminer	Ruby Cabernet	
	Italia	Sauvignon Blanc	



Group D

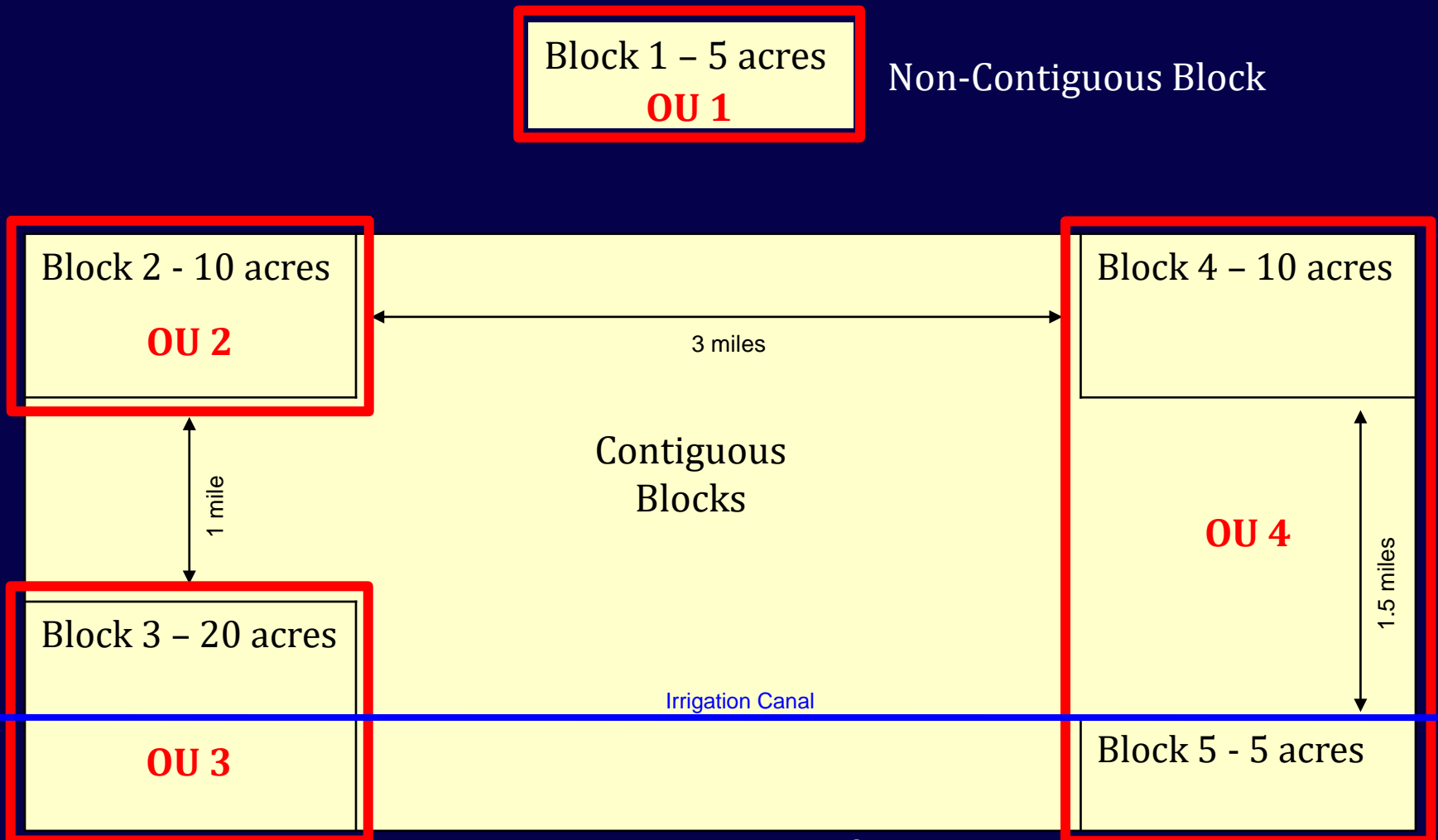
All Other Varieties

Units

- Basic – All acreage in the county by share arrangement. 10% premium discount.
- Optional – Basic units divided into optional units by:
 - Non-contiguous land
 - Insurable acreage of the same crop separated by land that is neither owned or rented by the insured.
 - Acreage separated only by a public or private right-of-way, waterway, or irrigation canal is considered contiguous.
 - Vineyards on contiguous acreage may be separated into optional units provided they each consist of at least 10 acres and are separated by at least 1 mile.

Optional Unit Example

■ Acreage owned/rented by insured ■ Neighbor's acreage



Units

- Enterprise Unit – all insurable acreage in the county
 - Must contain all of the insurable acreage of the same insured crop in:
 - Two or more optional units;
 - Two or more sections, section equivalents, or FSA farm numbers where sections, section equivalents, or FSA farm numbers are applicable for unit division purposes;
 - One optional unit, section, section equivalent, or FSA farm number that contains at least 660 planted acres of the insured crop;

cont'd

Units

- Enterprise Unit Qualifiers (*cont'd*)
 - Must have at least the lesser of 20 acres or 20% of the insured crop's planted acreage in each of at least 2:
 - optional units,
 - sections,
 - section equivalents, or
 - FSA farm numbers
 - Can be aggregated to meet the 20/20 rule.
 - 80 acres in section 1
 - 10 acres in section 2
 - 10 acres in section 3

} 20 acres

Units

Block #	Shareholder	Share	Damage Value	Deductible	DV - Ded.	x Share
1	-	100%	\$40,000	\$25,000	\$15,000	\$15,000
2	-	100%	\$20,000	\$50,000	-\$30,000	-\$30,000
3	Anna	60%	\$400,000	\$100,000	\$300,000	\$180,000
4	Anna	40%	\$20,000	\$50,000	-\$30,000	-\$12,000
5	Bill	50%	\$50,000	\$25,000	\$25,000	\$12,500
Total			\$530,000	\$250,000	\$280,000	\$165,500

Indemnity (1.0 URF)			
Block #	OU	BU	EU
1	\$15,000	\$0	\$165,500
2	\$0		
3	\$180,000	\$168,000	
4	\$0		
5	\$12,500	\$12,500	
Total	\$207,500	\$180,500	\$165,500

CAT Endorsement

The Catastrophic Risk Protection Endorsement (CAT) is available. If elected, it applies to all insured grapevines in the county.

- 50% Coverage Level
- 55% of the VRP
- Basic units only
- 100% premium subsidy
- Administrative fee of \$655 (BFR, VFR, limited resource farmer exceptions apply)

Options

There are two options available under the Grapevine Insurance Program:

- Freeze Protection
 - Allows for a premium discount if acceptable freeze protection practices are implemented.
- Occurrence Loss Option (OLO)
 - Modifies the indemnity calculation by only subtracting the deductible applicable to the destroyed vines versus subtracting the entire unit deductible.
 - Amount of insured damage must be 5% or greater of unit value.
 - Not available with CAT Endorsement
 - Applies to all types

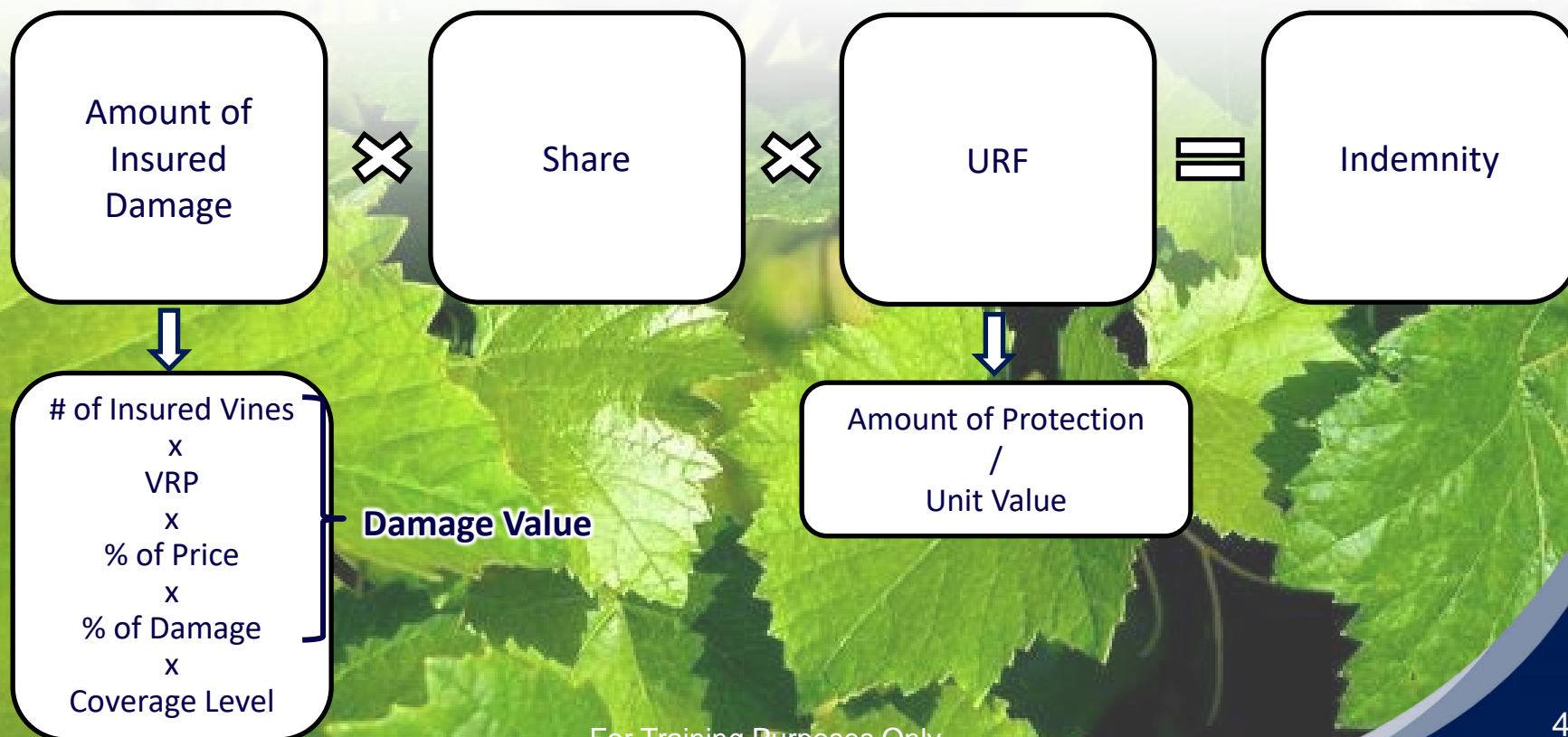
Definition - OLO

- **Amount of Insured Damage** – The dollar amount determined by multiplying the damage value by the coverage level.



OLO Basics

The amount of insured damage must be greater than 5% of the unit value or no indemnity is due.





Acreage Report & PAW

Acreage Report

- Acreage Reporting Date (ARD): Nov. 1
- Establishes:
 - Insurable & Uninsurable Acres
 - Share
 - Type and stage
 - Where the vines are located

To determine the:

- Guarantee
- Liability
- Premium

Insured Crop

All grapevines in the county of which the insured has a share that:

- are adapted to the area;
- have potential to produce a yield typical of a healthy vine of the same age as the subject vines;
- That have a minimum of 600 vines per acre; and
- are grown to produce a commodity sold as fruit, wine, or juice for human consumption.

Uninsurable Crop

Uninsurable vines:

- are unsound, diseased, or unhealthy;
- have been grafted within a 12-month period before the date insurance attaches;
- were damaged before the beginning of the insurance period; or
- are inspected by the AIP and considered uninsurable.

Pre-Acceptance Worksheet

- Must be completed annually and submitted by the ARD
- An amended or revised PAW must be submitted if any changes occur that alters the
 - Stage-block designations; or
 - Number of vines
- The AIP will conduct an inspection if the insured indicates on the PAW that one of the following has occurred that could reduce coverage:
 - Damage; or
 - Changes in practices or production methods



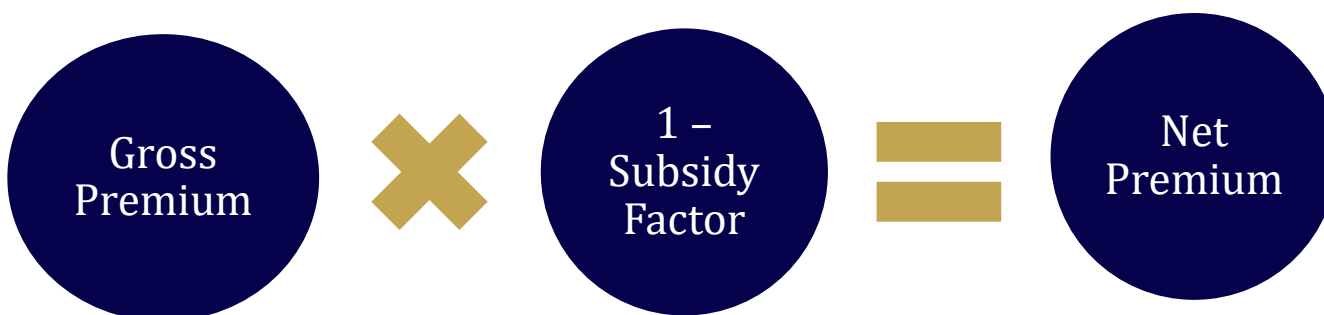
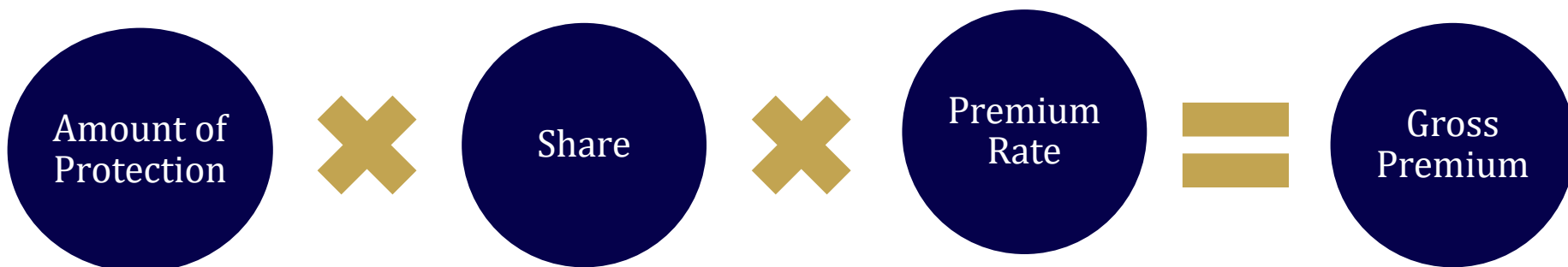
PAW

- Items reported in the PAW:
 - The number of vines to be insured in each unit by:
 - Block
 - Stage (vine age)
 - Type (cultivar)
 - Practice

Practices		
Irrigation	Cropping	Organic
Irrigated Non-Irrigated	Grafted	No Practice Specified (Conventional) Organic Transitional Organic Certified

- A Vineyard Identification Map that shows locations of vines

Annual Premium



Premium Subsidy

The subsidy factor represents the percentage of premium that will be paid by the Federal crop insurance program.

Subsidy % is based on:

- Unit structure
- Coverage level

Subsidy Factors										
Coverage Level		CAT	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85
Subsidy Factor	Basic Unit	1.000	0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
	Optional Unit		0.670	0.640	0.640	0.590	0.590	0.550	0.480	0.380
	Enterprise Unit		0.800	0.800	0.800	0.800	0.800	0.770	0.680	0.530



Claims

Notice of Loss

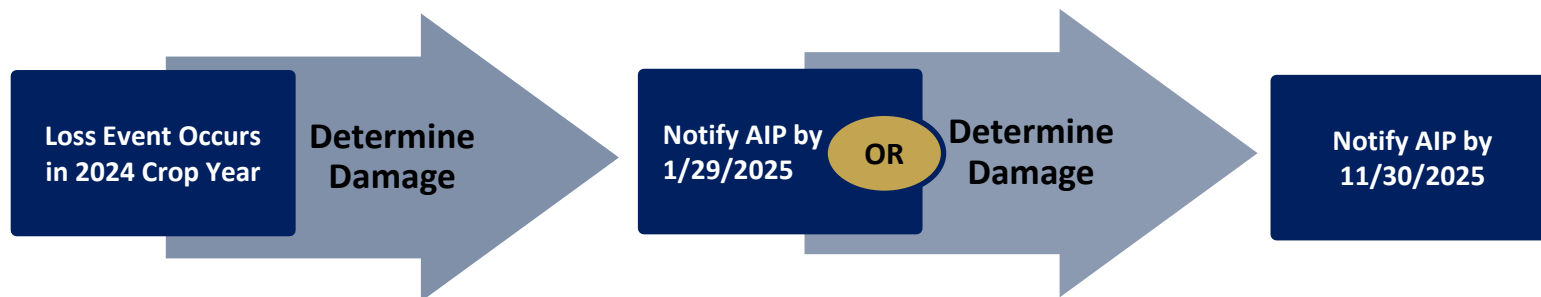
- If damage occurs, a notice of loss must be submitted to the AIP:
 - Within 72 hours of the discovery of damage;
 - But not later than 15 days after the end of the insurance period.
- No damaged vines can be removed until the AIP has inspected the unit.

Inspections occur within 10 days of the insured providing the loss notice unless the AIP informs otherwise.

Claim for Indemnity

A claim for indemnity declaring the amount of the insured's loss must be submitted not later than:

- 60 days after the calendar date for the end of the insurance period ; or
- 12 months after the calendar date for the end of the insurance period if the amount of damage cannot be determined within the 60-day period.



Acceptable Records

- May be requested by the loss adjuster at time of claim settlement to substantiate reported vine counts and stages
- Acceptable records include the following:
 - Planting records (vineyard management records)
 - AIP recorded evidence
 - includes PAIR, acreage reports, and any other documentation of vine ages that was used to establish insurance coverage for the vines.

Settlement of Claim

- Indemnities are determined on a unit basis (basic, optional, enterprise).
- The percent of damage is the percent of vines that are destroyed. If the percent of damage exceeds 80%, the stage block is considered 100% damaged.
- Damage from uninsured causes will not be included in the percent of damage.
- Damaged vines must be removed. The percent of damage will be based on the actual number of vines removed.

Indemnity Example

Acreage Report	
Number of vines reported	10,000
Share	100%
Loss Adjuster Determinations	
Actual number of vines	10,000
Percent of Damage (vines destroyed)	30%

Insurance Elections	
Coverage Level	75%
% of Price	100%
VRP	\$20
Prior Claims	\$0

1.0	Underreporting Factor	$10,000 / 10,000$
\$60,000	Damage Value	$10,000 \times \$20 \times 100\% \times 30\%$
- <u>\$50,000</u>	Unit Deductible	$10,000 \times \$20 \times 100\% \times 25\%$
\$10,000	Damage Value – Unit Deductible	$\$60,000 - \$50,000$
\$10,000	Indemnity	$\$10,000 \times 1.0 \text{ URF} \times 100\% \text{ share}$

Indemnity Example with OLO

Acreage Report	
Number of vines reported	10,000
Share	100%
Loss Adjuster Determinations	
Actual number of vines	10,000
Percent of Damage (vines destroyed)	30%

Insurance Elections	
Coverage Level	75%
% of Price	100%
VRP	\$20

1.0	Underreporting Factor	$10,000 / 10,000$
\$7,500	Qualifier: Unit Value x 5%	$10,000 \times \$20 \times 100\% \times 75\% \times 5\%$
\$60,000	Damage Value	$10,000 \times \$20 \times 100\% \times 30\%$
\$45,000	Amount of Insured Damage	$\$60,000 \times 75\%$
\$45,000	Indemnity	$\$45,000 \times 1.0 \text{ URF} \times 100\% \text{ share}$



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



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