



Coffee and Coffee Tree USDA-BACKED CROP INSURANCE



Coverage, Loss Reports, Records and Claims



HawaiiCropInsurance.com



COFFEE CROP INSURANCE: Two Policy Forms

1. Hawaii Tropical Fruit Policy

- ▶ Guarantees coffee cherry production under an Actual Production History approved yield

2. Hawaii Tropical Tree Policy

- ▶ Tree-based Dollar Coverage

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COFFEE CROP INSURANCE

COVERAGE OVERVIEW

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Hawaii Tropical Fruit Policy - Coffee Cherry



Insurability Requirements:

- ▶ Coffee Trees must be 25+ months old on 12/31 (Coffee Cherry Insurance)

Hawaii Tropical Fruit Policy - Coffee Cherry



Production Guarantee Policy

Guarantees production based upon a grower's cherry pound APPROVED YIELD, which may be:

- ▶ Actual average production
- ▶ USDA transitional yields
- ▶ A combination of actual and transitional
- ▶ May also be USDA-adjusted higher or lower for upward or downward-trending farms.

Hawaii Tropical Fruit Policy – Coffee Cherry



Production Guarantee Policy

Growers elect:

- ▶ Guarantees of 50-75% of the approved yield
- ▶ 55% - 100% of the price election, or an approved Contract Price for Organic Coffee

Hawaii Tropical Fruit Policy - Coffee Cherry



Catastrophic Coverage Level:

- ▶ 50% Guarantee, 55% of the Price
- ▶ \$300 Administrative Fee with no additional Premium

Buy-up Levels:

- ▶ 50%-75% Guarantee, 100% of the established price, or approved contract price for organic coffee
- ▶ \$30 fee plus premium

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EXAMPLE Approved Yield Example : Actual + Transitional

	Total Production	Acres	Yield	Yield Type
2016		5	5520	Transitional
2017	30000	5	6000	Actual
2018	40000	5	8000	Actual
2019	27500	5	5500	Actual
Total			25,020	
Divide By Years			4	
Simple Avg			6255	
Approved Yield			6255	

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COST EXAMPLE Assume Approved Yield of 6255 lbs

Coverage Level	Guarantee per acre	Price Election % of \$1.66	Subsidized Premium per acre	Unsubsidized Premium per acre
*CAT	3128 lbs	55	\$ 0	\$ 9
50%	3128 lbs	100	\$ 11	\$ 32
55%	3440 lbs	100	\$ 16	\$ 45
60%	3753 lbs	100	\$ 22	\$ 60
65%	4066 lbs	100	\$ 32	\$ 77
70%	4379 lbs	100	\$ 44	\$ 107
75%	4691 lbs	100	\$ 65	\$ 145

Administrative Fees are added to above

Hawaii Tropical Tree Policy - Coffee Tree



TREE BASED DOLLAR GUARANTEE

- ▶ Based upon tree age and tree count
- ▶ Growers can select 50% - 100%
- ▶ Growers can choose 55% -100% of the price election (price per tree)

Hawaii Tropical Tree Policy - Coffee Tree



INSURABILITY REQUIREMENTS:

- ▶ Must provide evidence of at least 4 consecutive years experience of growing the crop (excluding year of set-out)
- ▶ Coffee Trees must be planted prior to 12/31

Hawaii Tropical Tree Policy



OPTIONS (Not available on CAT Level Policies)

Occurrence Loss Option OLO

- ▶ Changes the deductible to “per tree” once the loss exceeds 3%
- ▶ Rate Revision expected for 2019, so take a look at this option

Hawaii Tropical Tree Policy



OPTIONS(Not available on CAT Level Policies)

Comprehensive Tree Value CTV

Provides an additional benefit:

- ▶ 50% payable at the time land has been cleared and the soil treatment (for land being replanted to coffee) has been completed;
- ▶ 50% payable at the time the land has been replanted to coffee trees, another tropical tree crop, or any perennial crop.

General Info

Subsidized Premium Rate Qualification

- ▶ Must have a current, up-to-date Highly Erodible and Wetland Conservation Compliance Certification on file at the Farm Service Agency by the Billing Date of August 15 after coverage starts.
- ▶ Contact FSA or NRCS for more information

Hawaii Tropical Fruit Policy - Coffee Cherry



PRODUCTION RECORDS

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Hawaii Tropical Fruit Policy - Coffee Cherry



Acceptable Records For Approved Yields And Claims:

Statements from your processor showing:

- ▶ Crop
- ▶ Quantity of Production
- ▶ Your Name
- ▶ Processor Name
- ▶ Date of delivery or transaction

Hawaii Tropical Fruit Policy - Coffee Cherry



Acceptable Records For Approved Yields And Claims:

Statements from your processor should include (these details may be added by you):

- ▶ Unit, block or location
- ▶ Practice (organic or conventional)
- ▶ Crop year

Hawaii Tropical Fruit Policy - Coffee Cherry



Records Requirements For Direct Marketed Production:

Direct Marketing Defined

- Crop is sold directly to consumers
- No outside intermediary such as a wholesaler, retailer, packer, processor, shipper, buyer or broker
- Examples include farm or roadside stand, or a farmer's market, internet sales.

Hawaii Tropical Fruit Policy - Coffee Cherry



Records Requirements For Direct Marketed Production:

- Daily farm log that includes quantity sold and price received on a unit basis; or
- Pick records with pickers identification number and amount picked daily on a unit basis; or
- Cash register receipt with quantity sold and price received on a unit basis

Hawaii Tropical Fruit Policy - Coffee Cherry



Records Requirements For Vertically Integrated Producers:

Vertically Integrated Producer Defined

A producer is vertically integrated when all stages of production of a crop, from acquisition of materials to the retailing or use of the final product, are controlled by one person, or by different persons that are related.

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Records Requirements For Vertically Integrated Producers:

- ▶ Pick Records
- ▶ Machine Harvest Records
- ▶ Daily Sales Records
- ▶ Pre-harvest appraisals if direct marketed, may be waived by the Risk Management Agency
- ▶ Tax Records to substantiate pick records or direct sales

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Records Requirements For Vertically Integrated Producers:

Pick Records Requirements

- ▶ Legibility (use a spread sheet, ledger or journal)
- ▶ Include name, date, location, price per pound picked, picker ID #,
- ▶ Verifiable by proof of payment to picker or tax paid on behalf of picker

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Records Requirements For Vertically Integrated Producers:

Pick Records requirements (cont.):

- ▶ Must be able to reconcile amount of production reported for the location to the pick records
- ▶ May use a summary that itemizes each picker's total with an example of the pick records used to calculate the total.



NOTICES OF LOSS & CLAIMS

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General Info

Notice of Loss Requirements Basic Policy

- ▶ Give notice, by unit, within 72 hours of initial discovery of damage or loss of production
- ▶ Give notice not later than 15 days after the end of the insurance period, even if you have not harvested
- ▶ Report by telephone or in person to your agent and confirm in writing within 15 days.

Hawaii Tropical Fruit Policy - Coffee Cherry



Notice of Loss Requirements Hawaii Tropical Fruit Provisions

- ▶ Notify us within 48 hours upon determination that a disease has infected the unit that will require the trees to be destroyed.
- ▶ Notify us within three days of the date harvest should have started if the crop will not be harvested.
- ▶ Notify us at least 15 days prior to the beginning of harvest or immediately if damage is discovered during harvest.
- ▶ Submit a claim not later than 60 days after the date the insurance period ends.

Hawaii Tropical Fruit Policy - Coffee Cherry



Notice of Loss Requirements Hawaii Tropical Fruit Provisions

- ▶ **You must notify us (by calling your agent) at least 15 days before any production from any unit will be sold by direct marketing or sold for cash**

Hawaii Tropical Tree Policy - Coffee Tree



Notice of Loss Requirements

Hawaii Tropical Tree Provisions

- ▶ Allow us to inspect all insured acreage before chipping or mulching any dead trees, or destroying live trees.
- ▶ Submit a claim for indemnity not later than 30 days after the end of the insurance period, or if the amount of loss cannot be determined by us until after the insurance period, not later than twelve full calendar months after notification of loss.

General Info

CLAIMS

- ▶ Claims determinations, loss inspections and record review for claims are done by company loss adjuster, not the agent.
- ▶ Agents are *prohibited* from participating in loss inspections and claim preparation.
- ▶ All specific claim questions should be directed to the company claims loss adjuster.

Hawaii Tropical Fruit Policy - Coffee Cherry



CLAIM EXAMPLE

1 acre farm, 100% share, 75% Coverage Level

	5,000	Pounds per acre approved yield
x	.75	Coverage level percentage
=	3,750	Pounds guaranteed
-	1,000	Pounds production to count
=	2,750	Pounds per acre loss
x	\$1.66	Price election per pound
=	\$4,565	Gross indemnity

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Claim Example 75% Coverage Level		
	500	Total insured trees
x	\$ 40.30	Tree reference price at Stage 4
=	\$ 20,150.00	Value of insured trees
	300	Total dead trees
x	\$ 40.30	Tree reference price at Stage 4
=	\$12,090.00	Value of dead trees

Hawaii Tropical Tree Policy- Coffee Tree



Claim Example 75% Coverage Level			
	\$ 12,090.00		Value of dead trees
÷	\$ 20,150.00		Value of insured trees
=	60%		Damage
-	25%		1-75% = Deductible
=	35%		Payable Loss
	\$ 20,150.00		Value of insured trees
x	35%		Loss
=	\$7,053		Gross Indemnity

SUMMARY

- ▶ Keep legible and complete records. Keep detailed records of delivery to processors/buyers and sales.
- ▶ Pick records are a must for VIP or DM.
- ▶ Call your agent to advise when harvest begins if you Direct Market.
- ▶ Report damage immediately even if you are not sure damage is severe enough to result in claim.

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Deadline to Apply

12/31/19 for 2018 crop year
Coffee Cherry and Coffee Trees

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Mahalo!



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Request a Quote and Details:
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