

Processing Tomato Salvage Benefit

The Production Insurance plan for processing tomatoes includes a salvage benefit for tomatoes affected by blossom end rot and/or hail. The salvage benefit assists insured growers by offsetting the costs associated with removing damaged fruit during harvest. The grower must notify Agricorp immediately after damage occurs. Agricorp will inspect the crop to assess the severity and extent of the damage, confirm the cause of damage, and assess a potential yield. The benefit is based on the potential yield of the crop in the field, up to a maximum of the grower's Average Farm Yield (AFY) and the level of damaged fruit, as determined by Agricorp.

To qualify for the salvage benefit:

- A minimum of three contiguous acres must be damaged; and,
- A minimum of 10 percent of the crop must be injured in the damaged area.

The benefit amount per ton depends on the percentage of damage of defective fruit and is outlined in the following table:

Percent of Damage of Defective Fruit in the Field	Salvage Benefit
10.0% - 14.99%	\$5.50/ton
15.0% - 19.99%	\$8.80/ton
20.0% - 24.99%	\$13.20/ton
>25%	\$17.60/ton

The salvage benefit is calculated using the following formula:

$$\text{Salvage Benefit} = \left(\begin{array}{l} \text{(Lesser of)} \\ \text{Potential yield/acre} \\ \text{or AFY/acre} \end{array} \right) \times \begin{array}{l} \text{Benefit/ton for} \\ \text{\% damaged} \end{array} \times \begin{array}{l} \text{Affected} \\ \text{acres} \end{array}$$

The combined value of any salvage and production claim cannot exceed the total liability for the contract. To apply for the Tomato Salvage Benefit, the grower must call Agricorp to open a damage report. An adjuster will then arrange an appointment to meet with the customer in the field and complete a *Processing Tomato Salvage Claim* form. When the damage assessment is complete, the customer will be asked to sign the form immediately before it is submitted to Agricorp.

See example on reverse.

Example

The following example is based on an insured grower whose AFY is 40 tons/acre, and who plants 90 acres of tomatoes under contract with a processor. The growing season is much drier than normal, and the grower files damage reports for drought and for blossom end rot on 24 acres.

Scenario 1: Potential yield < average farm yield

An Agricorp adjuster meets with the grower, and agrees that the average percent of damage due to blossom end rot in the 24 acres is 15 percent. The adjuster assigns a potential yield of 36 tons/acre.

Since the potential yield is less than the grower's average farm yield, the potential yield of 36 tons/acre is used in calculating the salvage benefit. The salvage benefit is calculated as follows:

Salvage benefit	= Potential yield/acre × salvage benefit × affected acres
	= 36 tons/acre × \$8.80/ton × 24 acres
	= \$7,603.20

Scenario 2: Potential yield > average farm yield

An Agricorp adjuster meets with the grower, and agrees that the average percent of damage due to blossom end rot in the 24 acres is 30 percent. The yield, including defects, is expected to be above the grower's AFY, and the adjuster assigns a potential yield of 50 tons/acre.

Since the grower's average farm yield is less than the potential yield, the average farm yield of 40 tons/acre is used in calculating the salvage benefit. The salvage benefit is calculated as follows:

Salvage benefit	= AFY/acre × salvage benefit × affected acres
	= 40 tons/acre × \$17.60/ton × 24 acres
	= \$16,896

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