United States Department of Agriculture

Farm and Foreign Agricultural Services

Risk Management Agency

1400 Independence Avenue, SW
Stop 0801
Washington, DC 20250-0801

BULLETIN NO.: MGR-11-002

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: William J. Murphy *\/s/ William J. Murphy* *3-1-2011*
Administrator

SUBJECT: 2011 Crop Year Texas Citrus Fruit Claims

BACKGROUND:

Citrus processors in the Rio Grande Valley of Texas begin juice operations in December when harvest commences and terminate in May when harvest ends. When insured citrus fruit is damaged during this six month period, market prices are readily available for settling claims. When insured citrus fruit is damaged during the six month period when processors are idle, market prices are unavailable for settling claims.

The provisions of Section 12(e) of the Texas Citrus Crop Provisions states that, "Where the actuarial documents provide, and you elect, the fresh fruit option, citrus fruit that is not marketable as fresh fruit due to insurable causes will be adjusted by: (1) Dividing the value per ton of the damaged citrus by the price of undamaged citrus fruit; and (2) Multiplying the result by the number of tons of such citrus fruit. The applicable price for undamaged citrus fruit will be the local market price the week before damage occurred." When citrus fruit policyholders elect the fresh fruit option and sell the damaged fresh fruit for juice processing, such juice price from the week before damage occurred, if available, will be used to calculate claims for indemnity.

Approved Insurance Providers (AIPs) requested RMA to provide market prices for settling claims for fruit damage that occurs when market prices are unavailable; otherwise, AIPs and insureds have to wait until May 2012 for final market prices to settle pending claims.

ACTION:

Effective for the 2011 crop year, for the purposes of section 12(e) above, the applicable price per ton for damaged Texas citrus fruit and the local market price per ton for citrus fruit will be the prices in Table A and Table B, respectively.

Value per Ton for Damaged Citrus Production. Use either option 1 or 2 as required by the policy to determine the value per ton for damaged citrus production (juice price).

Option 1: Use the local market juice price per ton for oranges or grapefruit from area processors as the price for damaged fresh fruit when such price becomes available May, 2012; or if the AIP and policyholder agree,

Option 2: Use the orange or grapefruit juice price per ton in Table A as the price for damaged fresh citrus production.

Table A

2011 Crop Year Texas Citrus Price Per Ton for Damaged Citrus Production Sold for Juice	
Citrus Crop	**Juice Price per Ton**
All Oranges	$91
All Grapefruit	$63

If option 2 is selected, the policyholder must agree in writing to settle these claims using the applicable juice price per ton from Table A. AIPs must retain this agreement in the policyholder's claim file.

Local Market Price per Ton for Fresh Citrus Fruit Production. The local market price per ton for fresh Texas citrus will be the applicable price listed in Table B.

Table B

2011 Crop Year Texas Citrus Local Market Price per ton for Fresh Citrus Production	
Citrus Crop/Code	**Local Market Price per Ton**
Early/Mid Oranges (0224)	$386
Late Oranges (0225)	$396
Rio Red & Star Ruby Grapefruit (0238)	$482
Ruby Red Grapefruit (0228)	$382
All Other Grapefruit (0226)	$367

Calculate the amount of citrus fruit that is not marketable as fresh fruit and sold as juice by dividing the applicable price for damaged production in Table A by the applicable market price in Table B; and multiplying the result by the number of tons of such citrus fruit.

DISPOSAL DATE:

May 31, 2012