



United States  
Department of  
Agriculture

**BULLETIN NO.: MGR-11-016**

Farm and Foreign  
Agricultural  
Services

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

Risk  
Management  
Agency

**FROM:** William J. Murphy /s/ *William J. Murphy*  
Administrator

12/2/2011

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**SUBJECT:** 2012 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 2013 for final market prices to settle pending claims.



The Risk Management Agency Administers  
And Oversees All Programs Authorized Under  
The Federal Crop Insurance Corporation

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**ACTION:**

Effective for the 2012 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, 2013; or

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

**Table A**

<b>2012 Crop Year Texas Citrus Price Per Ton for Damaged Citrus Production Sold for Juice</b>	
<b>Citrus Crop</b>	<b>Juice Price per Ton</b>
All Oranges	\$90
All Grapefruit	\$58

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**

<b>2012 Crop Year Texas Citrus Local Market Price per ton for Fresh Citrus Production</b>	
<b>Citrus Crop/Code</b>	<b>Local Market Price per Ton</b>
Early/Mid Oranges (0224)	\$423
Late Oranges (0225)	\$433
Rio Red & Star Ruby Grapefruit (0238)	\$505
Ruby Red Grapefruit (0228)	\$385
All Other Grapefruit (0226)	\$375

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, 2013