



United States Department of Agriculture  
Risk Management Agency

December 2010

## 2012 COMMODITY INSURANCE FACT SHEET

# Quarantine Endorsement Pilot for California Avocado and Citrus

### Crops Insured

Avocados produced in California and insured under the Pilot Avocado Crop Provisions.

Citrus produced in California and insured under the AZ-CA Citrus Crop Provisions or the Actual Revenue History (ARH) Pilot Crop Provisions (Navel Oranges only).

### Counties Available

Avocados may be insured with the Quarantine Endorsement only in the counties where the Pilot Avocado Crop Provisions are applicable: Orange, Riverside, San Diego, San Luis Obispo, Santa Barbara, Ventura. No written agreements are available.

Navel Oranges insured under ARH Pilot provisions in Fresno, Kern, and Madera counties. No written agreements are available.

Citrus insured under the AZ-CA Citrus Crop Provisions may be in any county for which an insurance offer is made. The endorsement may be attached to written agreements.

### Quarantine Definition

An action taken by an appropriate authority (APHIS or CDFA) to control a specific pest that:

- requires the destruction of your insured crop or the plants on which your insured crop is growing or
- does not permit the insured crop to be harvested, sold, transported, transferred, or otherwise restricts it from movement from the location where it was produced to the location of any buyer.

### Coverage

This endorsement is attached to and made part of the Crop Provisions for the eligible crop.

This endorsement overrides language in the crop provisions which preclude coverage of losses related to quarantines.

The Quarantine Endorsement does not increase insured liability.

Indemnities are payable if due to a quarantine there is a mandatory destruction of fruit or the plants or an unavoidable deterioration of the insured production during the term of the quarantine.

Costs associated with tree replacement or any additional requirements of the quarantine order, including disposal, treatment or labor are not covered.

The endorsement is not available for CAT coverage.

### Important Dates

You must elect this Endorsement in writing on or before the **sales closing date** for the crop year that you wish to modify the terms of the Crop Provisions for an eligible crop.

#### Sales Closing Dates

- Avocados.....November 30, 2010
- Citrus.....November 20, 2010

## Cost of Quarantine Endorsement

An additional one percentage point is added to the applicable base rate of each crop insured.

### Example

For the 2011 crop year, a producer of navel oranges elects the Quarantine Endorsement to an Arizona-California Citrus Crop Provisions.

400 cartons	Approved Yield
x 50 acres	
<u>x 75</u>	Coverage Level
15,000	Yield Guarantee

Price Election: \$5.80/carton

A quarantine is declared after the producer has harvested 10,000 cartons from the unit. Of these 10,000 cartons, a total of 1,000 cartons are in a warehouse on the farm and the producer is not permitted to move that production to the location of any buyer or processor. The fruit in these 1,000 cartons is marketable as defined by the Crop Provisions at the time the quarantine is declared. All remaining fruit on the trees and the harvested fruit in the warehouse deteriorates during the period of the quarantine and becomes unmarketable as fresh fruit. Under the terms of the Arizona-California Citrus Crop Provisions, navel oranges that are not marketable as fresh fruit are not included in production to count.

Insurance ended on the 1,000 cartons when this quantity was removed from the field in which it was grown. Therefore, this quantity must be included in the production to count since it was marketable during the insurance period. There is no production to count for the fruit that was not harvested since it is not marketable. The indemnity would be calculated as follows:

Production to count = 9,000 delivered + 1,000 in the warehouse = 10,000 cartons  
Unit deficiency = 15,000 cartons – 10,000 cartons = 5,000 cartons  
Indemnity = 5,000 cartons X \$5.80 X 1.000 share = \$29,000.

## Where to Purchase Crop Insurance

All multi-peril crop insurance, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site at:

<http://www3.rma.usda.gov/tools/agents/>

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