



United States  
Department of  
Agriculture

APRIL 13, 2012

Risk Management  
Agency

**INFORMATIONAL MEMORANDUM**

Valdosta  
Regional Office

TO: Approved Insurance Providers Servicing Florida

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FROM: Diane Amera /s/ *Diane Amera*  
Director

SUBJECT: Guidance for the Administration of the Pre-Acceptance Inspection Report (PAIR) for Florida Citrus Fruit Insurability Determinations

**BACKGROUND:**

The Risk Management Agency (RMA) 2012 FCIC 18010-01 Crop Insurance Handbook (CIH) requires producer certification through the annual completion of a Producer's Pre-Acceptance Worksheet (PAW) to determine the status and condition of the insured's citrus fruit groves. An Informational Memorandum was issued on February 24, 2012, to clarify procedures in completing the PAW. Sec. 20A(4) of the 2012 CIH establishes triggers for when a Perennial Crop Pre-Acceptance Inspection Report (PAIR) must be completed and a Regional Office (RO) Determined Yield requested. The PAIR is designed to assist an AIP in determining the insurability of the crop and verify information provided by the insured on the PAW.

The Valdosta RO recently received inquiries for guidance regarding the administration of this procedure; specifically when a PAIR requires an RO Determined Yield to be requested. In order to provide guidance for Approved Insurance Providers (AIPs) in this region, the following guidelines have been issued.

**ACTION:**

1. Perennial Pre-Acceptance Inspection Report. When the PAIR is triggered by the policyholder's answer of "YES" to the PAW question(s) [see Sec. 16D(3) & (4) and Sec. 20A(4)], the AIP must conduct a PAIR and adjust the crop's insurable acres [see Sec. 20A(6)].
  - (a) Acreage Adjustments. When a PAIR is triggered and the AIP determines the crop's production potential has been reduced by 15 percent or more as a result of the unit containing dead, damaged, missing, unproductive or uninsurable trees, the AIP must adjust the crop's insurable acres [see Sec. 20A(6)]. AIPs should also use, but are not limited to, additional determinations and/or methods by which a reduction in the crop's production potential may be based after the



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AIP has adjusted the crop’s insurable acres [see Sec. 20A(6)], such as, but not limited to:

- 1 If the tree canopy is damaged or diseased to the extent that at least 15 percent or more of the insurable acres must be removed (e.g. due to tree removal, top-working or buck-horning);
  - 2 The density of foliage is determined to be one-sixth of a full canopy density, the potential production of the unit (grove or sub-grove) may be reduced by 15 percent or greater;
  - 3 The percent of damage to the overall canopy in the unit (grove or sub-grove) may reduce the crop’s production potential by 15 percent or greater if the damage is:
    - a An average of one of six scaffold limbs (equivalent to 16 percent of the canopy);
    - b An average of one of four scaffold limbs (equivalent to 25 percent of the canopy); and/or
    - c Half of the top third of the canopy (equivalent to 16 percent of the canopy).
2. PAIR requiring an RO Determined Yield Request, adjustment to the dollar amount of insurance consistent with Section 3(d) of the crop provisions. A reduction of the crop’s production potential and/or an adjustment to the crop’s insurable acres, generally results in a comparable loss in yield. If the AIP has adjusted the policyholder’s insurable acres and determines that a reduction in the crop’s production potential of at least 15 percent or more on the remaining acres still exists (due to canopy damage that can be remediated through severe pruning or other cultural measures), a RO Determined Yield request is required .
3. PAIR not requiring an RO Determined Yield Request. If the AIP adjusts the crop’s insurable acres and determines the crop’s production potential on the remaining acres does not result in a reduction greater than 15 percent, any AIPs adjustment to the crop’s insurable acreage will not require a RO Determined Yield request.
4. PAIR Deadlines. The PAIR must be completed within 30 calendar days after the ARD. A PAIR being submitted with an RO Determined Yield Request will be accepted by the RO at any time after the ARD.

However, as stated in Sec. 20A(4)(a)2, acreage reports cannot be processed until any insurability determinations have been completed.

5. RO Determined Yield Request Requirements.

The RO Determined Yield Request must include:

- (a) The PAW, in addition to the plat map (color satellite imagery if available);
- (b) The Acreage Report;
- (c) The PAIR;
- (d) Color photos representative of the condition of the grove or sub-grove(s);
- (e) If not already documented on the PAIR, a narrative providing details addressing:
  - 1 the health or condition of trees in the grove or sub-grove(s);
  - 2 the causes (insured or uninsured) and estimated dates of the tree canopy damage or change in cultural practice;
  - 3 the expected production of the grove (i.e., more specific than indicating that production will exceed the 100 boxes threshold for acreage exclusion); and
- (f) Any additional supporting documentation (e.g., letters from agricultural experts, lab reports, etc.) that may be useful in aiding the RO in determining the appropriate amount of insurance on which the premium and any indemnity will be based.

6. Policy Acceptance and Storage System (PASS)

Any unit (groves or sub-groves) that have had a reduction to their dollar amount of coverage by the RO must be reported to PASS with the Guarantee Adjustment Factor of “D”.

In addition to assigning a Guarantee Adjustment Factor of “D”, Guarantee Adjustment Factor will also be assigned by the RO; the Guarantee Adjustment Factor must be multiplied by the Reference Maximum Dollar Amount by the AIP.

If you have any questions, or if we can be of any assistance, please contact the Valdosta RO at (229) 219-2200.

**DISPOSAL DATE:**

December 31, 2012, or when incorporated into the CIH.