

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
FLORIDA FRUIT TREE PILOT CROP PROVISIONS



If a conflict exists among the Basic Provisions, these crop provisions, and the Special Provisions, the Special Provisions will control these crop provisions and the Basic Provisions; and these crop provisions will control the Basic Provisions.

1. Definitions

- (a) **Amount of protection** - The total dollar amount chosen by you that applies to all the insured trees.
- (b) **Bud union** - The location on the tree trunk where a bud from one tree variety is grafted onto the root stock of another variety.
- (c) **Crop** - Species of trees that are grouped for insurance purposes as specified in the Special Provisions.
- (d) **Crop year** - The period beginning November 16 and extending through November 15 of the following year, which is designated by the calendar year in which the period ends.
- (e) **Damaged scaffold limb** - A scaffold limb injured within a distance from the trunk equal to one-fourth (1/4) the height of the tree and requiring dehorning.
- (f) **Deductible** - One-hundred percent (100%) minus the coverage level percentage you elect.
- (g) **Dehorning** - Cutting of any scaffold limb to a length that is not greater than one-fourth (1/4) the height of the tree before such cutting.
- (h) **Destroyed** - A tree damaged to the extent that removal is necessary.
- (i) **Excess moisture** - Rainfall greater than 8 inches in 24 hours or 10 inches in 48 hours.
- (j) **Freeze** - The formation of ice in the cells of the trees caused by low air temperatures.
- (k) **Maximum reference price** - The price listed on the actuarial table used in calculating the unit value.
- (l) **Replacement trees** - Trees set out in existing groves to replace trees that are no longer productive or that have been destroyed.
- (m) **Sales closing date** - In lieu of the definition in section 1 of the Basic Provisions, November 15 is the final date to purchase insurance that will attach on November 16. Insurance purchased after November 15 will attach on the fifteenth day after we accept your application. November 15 is also the last date for you to change the coverage level or amount of protection for the next crop year.
- (n) **Scaffold limb** - A major limb attached directly to the trunk.
- (o) **Set out** - Transplanting a tree into the grove.
- (p) **Share** - The definition contained in the Basic Provisions is amended to exclude any operator or tenant interest.
- (q) **Stage** - A tree-classification system used by us to determine the maximum reference price per tree. At the time insurance attaches, stage is determined by the greatest number of insurable trees in the unit that:
 - I. Are less than one year from having been set out or dehorned, denoted as "stage I."
 - II. No longer qualify as stage I, but do not yet qualify as stage III, denoted as "stage II."
 - III. Are able to produce at least seventy percent

(70%) of the expected yield for mature and healthy trees of the insured crop, denoted as "stage III." In no event may citrus trees qualify for "stage III" until the fourth crop year after set out or tropical fruit trees qualify for "stage III" until the second crop year after set out. If, at any time, the tree has been dehorned, a citrus tree may not qualify for "stage III" until the fifth crop year after dehorning, and a tropical fruit tree may not qualify for "stage III" until the third crop year after dehorning.

- (r) **Toppled** - A tree that is leaning and in danger of falling.
- (s) **Uprooted** - A tree with an exposed root system that causes permanent damage.
- (t) **Unit value** - Unless otherwise specified on the Actuarial Table, the amount determined by multiplying the number of insurable trees in the unit on the day before the loss by the appropriate maximum reference price per tree listed in the Actuarial Table by the coverage level selected by you and multiplying this product by your share.
- (u) **Written agreement** - Designated terms of this policy may be altered by written agreement. Each agreement must be applied for by the insured in writing no later than November 15 preceding the crop year and is valid for one year only. If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with this printed policy. All variable terms including, but not limited to, crop type, guarantee, premium rate and amount of insurance must be contained in the written agreement. All applications for written agreements submitted by the insured must contain all variable terms of the contract between the company and the insured that will be in effect if the written agreement is not approved.

2. Unit Division

In lieu of the unit definition in section 1 (Definitions) of the Basic Provisions (§ 457.8), a unit will be all insurable acreage of the insured crop in the county on the date coverage begins for the crop year in which you have a share.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

- (a) In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions, you may select an amount of protection equal to your tree replacement value for all crops under this policy. However, if at the time of loss, your selected amount of protection exceeds the sum of the unit values for all crops under this policy, the amount of protection will be limited to the sum of the unit values. At no time after damage has occurred can the amount of

- protection be increased, regardless of the unit values.
- (b) The amount of protection you select under this policy will be prorated to the insured units based on the unit value of the crop in the unit.
- (c) The coverage level you select under this policy will apply to all insured units.
- 4. Contract Changes**
In accordance with the provisions of section 4 (Contract Changes) of the Basic Provisions, the contract change date is August 31 preceding the cancellation date.
- 5. Cancellation and Termination Dates**
In accordance with section 2 (Life of Policy, Cancellation, and Termination) of the Basic Provisions, the cancellation and termination dates are November 15.
- 6. Report of Acreage**
- (a) In addition to the provisions in section 6 (Report of Acreage) of the Basic Provisions, you must report:
- (1) The amount of protection that you elect for all insured crops that you own in the county shown on your application;
 - (2) An estimate of the number of trees by insured crop; and
 - (3) The stage of each unit.
- (b) The date by which you must annually submit the acreage report is the later of November 15 of the calendar year in which insurance attaches, or the date you purchase insurance. Your signed acreage report is your certification that the amount of protection you selected represents your tree replacement cost.
- 7. Annual Premium**
In lieu of paragraphs (b) and (c) of section 7 of the Basic Provisions:
- (a) The annual premium is determined by multiplying the amount of protection selected by you by the applicable premium rate shown in the Actuarial Table, by your share at the time coverage begins, by any premium adjustment factors as specified in the actuarial tables.
- (b) If the amount of protection selected by you is determined at time of loss to be greater than the sum of all unit values, we will refund only the excess premium for that crop year if the excess is greater than 10 percent (10%) of the policy premium and at least 100 dollars.
- (c) In the event you apply for insurance for the current crop year on or after November 16, the full premium is due.
- 8. Insured Crop**
- (a) In accordance with section 8 (Insured Crop) of the Basic Provisions, the trees insured will be those:
- (1) For which you elect insurance coverage and a premium rate is quoted in the Actuarial Table;
 - (2) Grown in the county listed on your application;
 - (3) In which you have a share; and
 - (4) Grown to produce a crop intended to be fruit or juice for human consumption.
- (b) In addition to the exclusions listed in section 8 (Insured Crop) of the Basic Provisions, we do not insure any trees that:
- (1) Have been grafted within a one year period before the date insurance attaches;
 - (2) Are unsound, diseased, or unhealthy;
 - (3) No longer have the potential to produce at least 70 percent of the expected yield for the insured crop, unless such trees are citrus trees dehorned within five years or other trees that have been dehorned within three years;
 - (4) Are toppled;
 - (5) Are grown on acreage designated in the Special Provisions as uninsurable for a specific peril; or
 - (6) That were damaged before insurance attached.
- 9. Insurance Period**
- (a) In accordance with the provisions of section 11 (Insurance Period) of the Basic Provisions, coverage begins:
- (1) On November 16 for new applications submitted by November 15;
 - (2) On the fifteenth day after we accept your application for applications submitted after November 15. Applications submitted after November 15 may affect your eligibility for other farm program benefits;
 - (3) On November 16 of each crop year for renewal policies; or
 - (4) Upon set out for replacement trees or trees set out on new acreage. A revised acreage report is required if you wish to increase the amount of protection.
- (b) The insurance period ends at the earlier of:
- (1) November 15 of the crop year; or
 - (2) Upon our determination of the total destruction of insured trees.
- 10. Causes of Loss**
In accordance with the provisions of section 12 (Causes of Loss) of the Basic Provisions, insurance is provided only against the following causes of loss that occur within the insurance period:
- (a) Freeze;
 - (b) Wind; and
 - (c) Excess moisture.
- 11. Duties in the Event of Damage or Loss**
- (a) In addition to the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions, if you intend to claim an indemnity, you must not prune, dehorn, or remove any damaged trees until we have inspected the unit. Such inspections will occur within 10 days of the notice of loss.
- (b) In lieu of subsection 14(c) of the Basic Provisions you must submit a claim for indemnity declaring the amount of your loss not later than 60 days after the end of the insurance period or six months after damage occurred. This claim must include all the information we require.
- 12. Settlement of Claim**
- (a) The indemnity for each unit will be determined by:
- (1) Calculating the percent of damage;
 - (2) Subtracting any percent damage paid previously in the current crop year;
 - (3) Subtracting the deductible from this percentage;
 - (4) Dividing this result by your coverage level percentage; and
 - (5) Multiplying this result by the lesser of:
 - (i) the unit value; or
 - (ii) the amount of protection you elected prorated for the crop using the ratio of the unit value for the subject crop relative to

the sum of the unit values for all crops insured under this policy.

- (b) The percent of damage will be determined based on representative samples as follows:
- (1) For damage occurring during the year of set out:
 - (i) Any tree with no live wood above the bud union will be considered one-hundred percent (100%) damaged;
 - (ii) Any tree with less than eight inches of live wood above the bud union will be considered eighty percent (80%) damaged;
 - (iii) Any tree with eight inches or more of live wood above the bud union will be considered undamaged.
 - (2) For damage occurring in any year following the year of set out:
 - (i) Any tree with no live wood above the bud union will be considered one-hundred percent (100%) damaged;
 - (ii) Any tree with damaged scaffold limbs will have the damage determined by dividing the number of damaged scaffold limbs by the number of scaffold limbs on that tree before the damage occurred. If the damage is eighty percent (80%) or greater, the tree will be considered one-hundred percent (100%) damaged.
 - (3) Damage for the unit will be based on our assessment of the average tree damage.
- (c) Any unit that sustains average damage of eighty percent (80%) or greater will be considered to be one-hundred percent (100%) damaged.
- (d) Any damage due to uninsured causes will not be included in the damage for the unit.
- (e) The percent of damage will be determined at the earlier of:
- (1) One hundred percent destruction of the trees; or
 - (2) The end of the insurance period, or if the amount of damage cannot be determined until after the insurance period, not later than six months after the damage occurred.
- (f) The maximum that we will pay for multiple losses occurring to a unit within any crop year will not exceed the lesser of the unit value or the amount of protection that applies to the unit.

EXAMPLE # 1

Grove owner A:

- Buys 75 percent coverage level (25 percent deductible)
- Crops covered under the policy
 - unit 0100 - limes
 - unit 0200 - avocados
 - unit 0300 - carambola trees
- Reports \$18,000 amount of protection under the policy for all three units.
- 100 percent interest in all crops
- Premium rate - 4.3%
- Maximum reference price
 - limes - \$26.00/tree
 - avocados - \$35.00/tree
 - carambola trees - \$35.00/tree
- Premium
 $(\$18,000 \times 100\% \text{ (share)} \times .043 \text{ (premium rate)}) = \774

A's grove is hit by a hurricane and sustains a 50 percent loss on the lime trees. An adjuster determines that, at the time of loss, there were 380 lime trees in unit 0100, 230 avocado trees in unit 0200, and 121 carambola trees in unit 0300.

A's indemnity for unit 0100 is calculated as follows:

- (1) 50 percent of damage minus 25 percent deductible = 25 percent.
- (2) 25 percent divided by the 75 percent coverage level = .333.
- (3) .333 times the lesser of \$7410 unit value (380 trees x \$26.00 price per tree x .75 coverage level selected x 100 percent share) or \$8023 amount of protection prorated for the crop ($\$18,000 \text{ amount of protection} \times (\$7410 \text{ unit value} \div \$16,624 \text{ sum of all unit values})$) = \$2468 indemnity payment.

EXAMPLE # 2

Grove owner B:

- Buys 75 percent coverage level (25 percent deductible)
- Crops covered under the policy
 - unit 0100 - limes
 - unit 0200 - mangos
- Reports \$12,800 amount of protection under the policy for both units
- 100 percent interest in all crops
- Premium rate - 4.3%
- Maximum reference price
 - limes - \$26.00/tree
 - mangos - \$35.00/tree
- Premium
 $(\$12,800 \times 100\% \text{ (share)} \times .043 \text{ (rate)}) = \550

Owner B's grove is hit by a hurricane and sustains a 75 percent loss on the mango trees. An adjuster determines that, at the time of loss, there were 210 lime trees in unit 0100, 120 mango trees in unit 0200.

B's indemnity for unit 0200 is calculated as follows:

- (1) 75 percent of damage minus the 25 percent deductible = 50 percent.
- (2) 50 percent divided by 75 percent coverage level = .667
- (3) .667 x the lesser of \$3150 unit value (120 insurable trees x \$35.00 maximum value per tree x 75 percent coverage level x 100 percent share) or \$5565 amount of protection prorated for the crop ($\$12,800 \times (\$3150 \div \$7245)$) = \$2101 indemnity payment

Owner B's sum of all unit values is \$7,245 and the amount of protection is \$12,800. B has purchased \$5,555 of excess protection and may be due a refund of part of this year's premium for the excess coverage. The premium for this amount of excess protection is \$211 ($\$5,555 \times 100\% \text{ share} \times .043 \text{ rate} \times .885 \text{ (factor in actuarial table)}$). Since \$211 is more than 10 percent of the policy premium (\$550), and at least \$100, the \$211 excess premium will be refunded to owner B.