



UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
AVOCADO AND MANGO TREE PILOT CROP PROVISIONS

If a conflict exists among the Basic Provisions, these Crop Provisions, the Special Provisions, and the Catastrophic Risk Protection Endorsement; the Special Provisions will control these Crop Provisions and the Basic Provisions; these Crop Provisions will control the Basic Provisions; and the Catastrophic Risk Protection Endorsement will control all provisions of this policy.

1. Definitions

Amount of protection - The dollar amount by unit chosen by you that applies to all the insured trees, not to exceed the unit value. Your amount of protection cannot exceed the amount determined by multiplying the number of insurable trees in the unit 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.

Buckhorning - Cutting any scaffold limb to a length that is not greater than 1/4 the height of the tree before such cutting.

Bud union - The location on the tree trunk where a bud from one tree variety is grafted onto the root stock of another variety.

Canopy - All of the three-dimensional space occupied by the above-ground structural parts of the tree except the leaves.

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.

Deductible - The amount determined by subtracting the coverage level you selected from 100 percent. For example, if you selected the 65 percent coverage level, your deductible will be 35 percent.

Destroyed - A tree damaged to the extent that removal is necessary.

Excess moisture - Rainfall greater than 8 inches in 24 hours or 10 inches in 48 hours.

Freeze - The formation of ice in the cells of the trees caused by low air temperatures.

Good farming practices - The cultural practices generally used in the county for the insured trees to have normal growth and vigor and recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

Maximum reference price - The price listed on the actuarial table used in calculating the unit value.

Replacement trees - Trees set out in existing groves to replace trees that are no longer productive or that have been destroyed.

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.

Scaffold limb - A major limb attached directly to the trunk.

Set out - Transplanting a tree into the grove or grafting new buds on to existing trees.

Share - The definition of "share" contained in the Basic Provisions is amended to exclude any operator or tenant interest.

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 buckhorned, 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 70 percent of the expected yield for mature and healthy trees, denoted as "stage III." In no event may trees qualify for "stage III" until the second crop year after set out or grafting. If, at any time, the tree has been buckhorned, a tree may not qualify for "stage III" until the third crop year after buckhorning.

Toppled - A tree that is leaning and in danger of falling.

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 you selected and multiplying this product by your share.

Uprooted - A tree with an exposed root system that causes permanent damage.

2. Unit Division

In lieu of the unit definition in section 1 (Definitions) of the Basic Provisions, a unit will be all insurable trees of each crop listed on your application 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

In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions :

- (a) You may select an amount of protection for each unit. If, at the time of loss, we determine that the amount of protection selected by you exceeds the unit value, your amount of protection will be reduced proportionately and your premium may be adjusted in accordance with section 6(b). At no time after

damage has occurred can the amount of protection be increased, regardless of the unit values.

- (b) 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 for each unit:

- (1) The amount of protection that you elect;
- (2) An estimate of the number of trees; and
- (3) The stage.

(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.

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, and 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 unit value, we will refund only the excess premium for that crop year if the excess is greater than 10 percent of the policy premium and at least 100 dollars.
- (c) Even if you apply for insurance for the current crop year on or after November 16, the full premium is due for the crop year.

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 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 trees, unless such trees have been buckhorned within three years;
- (4) Are toppled;

(5) Are grown on acreage designated in the Special Provisions as uninsurable for a specific peril; or

(6) Were damaged before insurance attached and does not qualify for stage 1.

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) 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 of Loss) of the Basic Provisions, if you intend to claim an indemnity, you must not prune, buckhorn, or remove any damaged trees until we have inspected the unit or 10 days after 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 total damage since the beginning of the crop year;
 - (2) Subtracting the deductible from the result of section 12(a)(1);
 - (3) Subtracting any percent of damage paid previously in the current crop year from the result of section 12(a)(2) (regardless of whether the trees were previously damaged in the crop year, if no indemnity has been paid for the crop year, the percent of damage to be subtracted from section 12(a)(2) will be zero);
 - (4) Dividing this result by your coverage level percentage; and

- (5) Multiplying the result of section 12(a)(4) by the lesser of:
- the unit value; or
 - the amount of protection you elected for the unit.
- (b) The percent of damage will be determined based on representative samples as follows:
- For damage occurring during the calendar year of set out:
 - Any tree with no live wood above the bud union will be considered 100 percent damaged;
 - Any tree with less than eight inches of live wood above the bud union will be considered 80 percent damaged;
 - Any tree with eight inches or more of live wood above the bud union will be considered undamaged.
 - For damage occurring in any calendar year following the year of set out:
 - Any tree with no live wood above the bud union will be considered 100 percent damaged;
 - Other trees will have the damage determined by an appraisal of the reduction in canopy volume in accordance with the Special Provisions. If the damage is 80 percent or greater, the tree will be considered 100 percent damaged.
 - Damage for the unit will be based on the average damage for all trees in the unit.
- (c) Any unit that sustains average damage of 80 percent or greater will be considered to be 100 percent 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:
- One hundred percent destruction of the trees; or
 - 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 amount of protection that applies to the unit.

13. Written Agreements.

No written agreements will be applicable to this pilot program.

14. Late and Prevented Planting

No late or prevented planting provisions will be applicable to this policy.

COVERAGE EXAMPLE # 1

Grove owner A:

- Selects 75 percent coverage level (25 percent deductible)
- Crops covered under the policy
 - unit 0100 - avocado trees

- unit 0200 - mango trees
- Buys the following amount of protection: \$3375 for avocado trees and \$1875 for mango trees. Total \$5250.
- 100 percent interest in all crops
- Premium rate - 4.3%
- Premium is $\$5250 \times .043 = \226 .
- Maximum reference price
 - avocado trees - \$20.00/tree
 - mango trees - \$20.00/tree
- Grove A previously sustained a 30 percent loss on avocado trees which paid on 5 percent of the damage (30 percent loss - 25 percent deductible)

A's grove is hit by a hurricane and sustains a 50 percent loss on the avocado trees and no loss to the mango trees. An adjuster determines that, at the time of loss, there were 230 avocado trees in unit 0100, and 121 mango trees in unit 0200.

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

- 50% (damage) - 25% (deductible) = 25%
- 25% (payable damage) - 5% (previously paid) = 20%
- $20\% \div 75\%$ (coverage level) \times \$3375 (lesser of the \$3375 Amount of Protection or \$3450 unit value) = \$900.

COVERAGE EXAMPLE # 2

Grove owner B:

- Selects 75 percent coverage level (25 percent deductible)
- Crops covered under the policy
 - unit 0100 - avocado trees
 - unit 0200 - mango trees
- Buys the following amount of protection: \$4000 for avocado trees and \$5500 for mango trees. Total \$9500
- 100 percent interest in all crops
- Premium rate - 4.3%
- Premium is $\$9500 \times .043 = \409
- Maximum reference price
 - avocado trees - \$20.00/tree
 - mango trees - \$20.00/tree

Owner B's grove is hit by a hurricane and sustains a 75 percent loss on the mango trees and no loss to the avocado trees. An adjuster determines that, at the time of loss, there were 210 avocado trees in unit 0100, 120 mango trees in unit 0200.

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

- 75% (damage) - 25% (deductible) = 50%.
- 50% (payable damage) - 0% (previously paid) = 50%
- $50\% \div 75\%$ (coverage level) \times \$1800 (the lesser of \$5500 amount of protection or the \$1800 unit value) = \$1200

Owner B's unit value is \$1800 and the purchased amount of protection is \$5500. B has purchased \$3700 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 \$159 ($\$3700 \times 100\%$ share \times .043 rate). Since \$159 is more than 10 percent of the policy premium (\$409), and at least \$100, the \$159 excess premium will be refunded to owner B.