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Department of
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Federal Crop
Insurance
Corporation

Product
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FLORIDA FRUIT TREE CROP INSURANCE UNDERWRITING GUIDE

Underwriting Guide for Establishing Coverage for Multiple
Peril Crop Insurance Contracts 2003 and Succeeding Crop
Years

**U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

FEDERAL CROP INSURANCE CORPORATION	NUMBER: 24110 (09-2000) 24110-1 (08-2001) 24110-2 (04-2003)
SUBJECT: FLORIDA FRUIT TREE CROP INSURANCE UNDERWRITING GUIDE 2003 AND SUCCEEDING CROP YEARS	DATE: April 23, 2003
	OPI: Product Development Division
	APPROVED: /S/ Tim B. Witt Deputy Administrator, Research and Development

1. PURPOSE AND OBJECTIVE

To provide clarification and supplementary instructions for establishing fruit tree crop insurance coverage in accordance with the Florida Fruit Tree Pilot Crop Insurance Provisions (00-014 rev. 12-13-99) and the Florida Fruit Tree Loss Adjustment Handbook (FCIC-25570), and also, to assure the uniform administration of ACC coverage.

2. CANCELLATION

A. Effective Date: Upon Approval.

B. Series Replaces:

(1) The following Underwriting Guideline pages: Cover page, pages 1-2, 3-4, 5-6, 7-8, 8a, 8b, and 8c.

(2) Conversion of the above issuances will take place upon receipt of these slipsheets.

C. Issuance Rescinded. These Underwriting Guideline slipsheets replace the cover page, pages 1-2, 3-4, 5-6, and 7-8 issued in the Underwriting Guidelines (FCIC-24110-1) issued 8/2001.

DISTRIBUTION: RMA Deputy Administrators, Directors, Washington D.C. and Kansas City; RMA Regional and Risk Compliance Offices; National Appeals Division (NAD); Reinsured Companies, and National Crop Insurance Services (NCIS).

3. DEFINITIONS

ACC - Asiatic Citrus Canker (ACC), a disease caused by the bacterium *Xanthomonas axonopodis pathovar citri* (Hasse) Dawson, which adversely affects citrus trees.

Acceptable ACC Underwriting Certificate – is submitted to the insurance provider no more than 30 days after the date of certification. The DPI inspection must be performed within the time limits specified in the Special Provisions.

Underwriting Certificate - A certification issued by USDA's Animal and Plant Health Inspection Service (APHIS) or Florida's Department of Plant Industry (DPI) that describes the status of citrus trees with respect to ACC, as provided in the Special Provisions.

APHIS - Animal and Plant Health Inspection Service, an agency of the United States Department of Agriculture, or a successor agency.

Crop Year - The period beginning November 21 and extending through November 20 of the following year, which is designated by the calendar year in which the period ends.

Buffer Zone – An area surrounding a quarantine zone as defined by DPI.

DPI - Department of Plant Industry (DPI), an agency of the Florida Department of Agriculture and Consumer Services, or a successor agency.

Public Order - Either an "Agreement to Destroy and Covenant Not to Sue" signed by the insured and by the DPI or an "Immediate Final Order" issued by DPI, both of which identify citrus trees infected by or exposed to ACC and order their destruction.

Quarantine Zone - An area immediately adjacent to infected or exposed citrus trees as identified by DPI or APHIS, from which the movement of fruit and plant material is regulated by APHIS or DPI.

Sales Closing Date - In lieu of the definition in section 1 of the Basic Provisions, there is no specific date by which applications must be filed. However, applications submitted after November 20 may affect the insured's eligibility for other farm program benefits. November 20 is the last date the insured may change the coverage level or amount of protection for the next crop year.

Share - In lieu of the definition in section 1 of the Basic Provisions, the insured's percentage of interest in the insured crop as owner or part owner by share at the time insurance attaches. However, only for the purpose of determining the amount of indemnity, the insured's share will not exceed the insured's share at the time of loss.

4. BACKGROUND INFORMATION

RMA implemented a Florida fruit tree pilot program for all citrus trees and selected tropical fruit trees beginning with the 1996 crop year in five Florida counties. This pilot program was structured to indemnify insureds for trees that were either damaged or destroyed by freeze, wind, or excess moisture during the insurance period. The pilot program's insurance coverage is based on a specified dollar amount of insurance per tree.

The pilot program was modified for the 2000 crop year to include infection by or exposure to Asiatic Citrus Canker (ACC) as an insurable cause of loss. In addition, Congress passed the Consolidated Appropriations Act (H.R. 3194) for fiscal year 2000, which permitted the expansion of the pilot program to include a total of 29 Florida citrus producing counties.

5. UNDERWRITING CERTIFICATION REQUIREMENTS

A. General Information.

- (1) The Florida Fruit Tree Pilot Crop Provisions (00-014) provide crop insurance coverage against freeze, wind, excess moisture, and infection by or exposure to ACC (when the trees are removed pursuant to a public order in quarantine counties).
- (2) To obtain ACC coverage for citrus acreage in any county with an established quarantine zone, an acceptable ACC Underwriting Certification with a negative report from Florida's Division of Plant Industry (DPI) is required.
- (3) The ACC certification must be submitted before ACC coverage can attach in such counties, but the attachment of coverage is automatic in all other counties without quarantine zones.
- (4) An ACC certification is also required for carryover policies that did not provide ACC coverage the previous crop year or as specified in section 6 B.
- (5) Carambola trees, which are not susceptible to ACC, do not require an ACC Underwriting Certification.

B. Availability of Insurance Coverage.

- (1) The Florida Fruit Tree Pilot Crop Insurance program is available in Brevard, Broward, Charlotte, Citrus, Collier, Dade, De Soto, Glades, Hardee, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lake, Lee, Manatee, Marion, Martin, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Polk, Sarasota, Seminole, St. Lucie, and Volusia Counties.
- (2) As of **December 2002**, DPI had established and continues to enforce ACC quarantines in Collier, **De Soto**, Hendry, **Highlands**, **Lee**, Manatee, **Martin**, Miami-Dade/ Broward, **and Orange** counties. Additional counties may be designated by DPI and all subsequent ACC coverage determinations would be subject to the requirements contained in the crop provisions and these guidelines.
- (3) Coverage applies to all insured causes of loss listed in the crop provisions including ACC coverage in a program county:
 - (a) **That does not contain an established ACC quarantine zone** (an ACC certification is not required), and
 - (b) **That contains an established ACC quarantine zone** if an acceptable ACC Underwriting Certification with a negative report is submitted **within the acceptable time frame or the 30th day after the insured's application or revised coverage request is received unless the insured is notified that all or part of the trees are not insurable or the request is not made 30 days prior to the cancellation date, and a loss occurs within 30 days of the date the request is made.**
- (4) Coverage applies to all insured causes of loss **except** ACC coverage in a program county that contains an established quarantine zone and:
 - (a) An acceptable ACC Underwriting Certification is **not** submitted; or
 - (b) An acceptable ACC Underwriting Certification with a positive report is submitted.

NOTE: An ACC Underwriting Certification has a positive report if any trees are indicated to be infected by or exposed to ACC. Otherwise, the report is negative.

C. For Crops Within a Quarantine Zone.

- (1) If an acceptable ACC Underwriting Certification is submitted after the acreage report has been processed, a revised acreage report is required. ACC coverage will not take effect on any unit/section until a negative certification is submitted.
- (2) ACC coverage applies on a unit/section/share basis for each crop. If any citrus tree on a unit/section/share is certified ACC positive, the entire unit/section/share is ineligible for ACC coverage until control measures are carried out and the unit/section/share is re-certified. Refer to the crop provisions for additional information on unit division guidelines. See examples below:

Example 1: An insured has one unit that contains two sections. DPI certifies one section as ACC positive, the other section is certified ACC negative. The acreage report will show one section with ACC coverage and the other section without ACC coverage.

Example 2: A situation similar to Example 1, but there are two units within one section. The acreage report would show one unit with ACC coverage, the other without ACC coverage.

6. COVERAGE INFORMATION

A. For the 2003 and succeeding crop years, when citrus trees are located in a county with a quarantine zone established by DPI, an acceptable ACC Underwriting Certification is required for:

- (1) All new policies;
- (2) Carryover policies that did not have ACC coverage the prior crop year.
- (3) Carryover policies that increase the amount of protection by more than 10%.

NOTE: An acceptable certification may require a DPI inspection. See subsection C (2) below.

B. Once ACC coverage has been provided on a policy, ACC coverage is automatic for succeeding crop years **unless**:

- (1) A higher coverage level is elected than the coverage level from the previous year, in which case all units or sections must have a new ACC certification **if the county has an established Quarantine Zone;**
- (2) There is a report of an increased share **or added land**, if such addition causes the total amount of protection to increase by 10%, by the acreage reporting date, in which case all affected units or sections **must have a new ACC certification if the county has an established Quarantine Zone; or**
- (3) The county has an established Quarantine Zone and there is added land, if such addition causes the total amount of protection to increase by more than 10 percent. In this case only the unit or section with added land must be certified.

C. An ACC Underwriting Certification is acceptable if it is:

- (1) Submitted to the insurance provider no more than 30 days after the date of the certification. If this 30-day requirement is not met, a new certification is required before ACC coverage can attach (other coverage is unaffected).

- (2) Additionally, a DPI inspection must be performed within the time limits specified in the Special Provisions. For example, for the 2001 crop year, the Special Provisions state that:

<u>If the citrus trees are located in:</u>	<u>Certification must be based on an inspection performed within:</u>
A quarantine zone2 months of the certification date
A buffer zone	6 months of the certification date
In a county with an established Quarantine zone, but outside a Quarantine or buffer zone12 months of the certification date. (No inspection is required for crops other than grapefruit).

D. When there is an established Quarantine Zone in the county and the insured is a carryover insured or has transferred his/her policy and requests a higher coverage level, reports additional land, or requests a greater share that will increase the amount of protection by more than 10%, the insured will not have the higher amount of protection until the 30th day after the application is received by the company and:

1. the trees are considered insurable for non-ACC perils; and
2. a negative ACC report is received prior to the 30th day.

Any cause of loss as shown in Section 10 of the crop provisions, occurring within the 30-day waiting period, will be determined and paid at the previous level of protection. Based on Section 3 of the Florida Fruit Tree Crop Provisions only one coverage level per crop for the crop year is allowed.

E. If a negative ACC report is not received during the 30-day waiting period, and no extension is granted by the company, the company must notify the insured the requested increase in coverage level is denied and the insured will remain at the previous coverage level for the new crop year.

G. If the company fails to notify the insured within the required 30 day waiting period, and the insured has not had a loss, they will have the increased coverage level or increased amount of protection requested.

7. INSURANCE PROVIDER INFORMATION

- A. Before initial ACC coverage attaches, the insurance provider's responsibilities are as follows:

<u>If the</u>	<u>The appropriate action is to:</u>
Citrus trees are certified to be Infected or exposed to ACC	Deny ACC coverage. Request producer to submit a new certification from DPI once the ACC control Measures are carried out, i.e., the infected and exposed citrus trees are destroyed.
Certification is more than 30 days old when submitted	Deny ACC coverage. Request producer to submit a new DPI certification.
Citrus trees are abandoned	Deny coverage. Citrus trees are uninsurable.
ACC infection or exposure determined by insurance provider within 30 day waiting period	Deny ACC coverage. Request producer to submit a new certification from DPI once the ACC control measures are carried out, i.e., the infected and exposed citrus trees are destroyed.

B. Acreage Reporting Requirements:

- (1) In the top half of the “Date Planted” column heading on the acreage report, enter by unit or section “ACC” to indicate ACC coverage is applicable. If ACC coverage is not applicable, make no entry.
- (2) In the lower half of the column block on the acreage report, enter the crop year indicating the crop year ACC coverage became effective.

NOTE: When a new certification is required for a policy or a unit/section (e.g., added land), replace the original crop year entry for the unit or section with the applicable crop year of the new certification. The ACC designation and date on the acreage report does not have to be entered at the time the insured is required to file the acreage report. The insurance provider underwriter may complete the ACC entries once the ACC insurability determination has been made.

C. Important Dates:

- (1) Contract Change Date: August 31, preceding the cancellation date.
- (2) Cancellation, Termination, and Sales Closing Dates: November 20, before the beginning of the crop year.

NOTE: For any policies sold after the sales closing date, the premium billing date will be the first day of the second month following the application date.

- (3) Acreage Reporting Dates.
 - (a) New insureds: Date the application is signed.
 - (b) Carryover insureds: November 20.

NOTE: Replacement trees and trees set out on new acreage will require a revised acreage report to increase the amount of protection.

(4) Beginning of the Insurance Period Dates.

(a) For counties with no ACC quarantine zone and for all insured causes except ACC coverage in counties with an ACC quarantine zone.

(1) New insureds: Coverage begins on the 30th day after the insurance provider's local office receives the completed application, unless all or part of the trees is not insurable.

(2) Carryover insureds: Coverage begins on November 21st of each crop year unless at renewal the insured: elects a higher coverage level, reports additional land or a greater share such that the amount of protection will increase by more than 10 percent, then coverage for the additional amount of protection begins on the later of November 21st or the 30th day after the insurance provider receives the insured's election or report, unless the insurance provider notifies the insured that all or part of the insured's trees are not insurable.

(b) For ACC coverage in counties with an ACC quarantine zone.

New insureds and carryover insureds: The insured must submit a negative ACC Underwriting Certification to the insurance provider within 30 days of the issuance of said certification. ACC coverage does not attach until the insurance provider receives an acceptable certification as described in Section 6 C.

(5) End of the Insurance Period Dates: The end of the insurance period is the earlier of:

(a) November 20th of the crop year; or

(b) Upon the insurance provider's determination of total destruction of the insured trees on the unit.

B. Deductible Clarification:

The policy has one deductible (i.e. 100% minus the coverage level), but it can be applied in either of two ways depending on the peril that causes the loss. For insurable perils other than Asiatic Citrus Canker (ACC), the deductible is applied against the number of trees destroyed. For losses caused by ACC, it is applied against the price per tree.

The following examples show the results of applying the deductible in each case.

Assumptions Common To Both Examples

- The producer had one grove of 100 mature citrus trees in 2002.
- The insured elected the 75-percent coverage level.
- The reference maximum price was \$30 per tree.
- The insured had a 100 percent share in the grove.
- The number of trees lost is shown in groups of 20 and ranges from 20 to 60 trees.
- The total coverage amount is \$2,250

EXAMPLE 1 - STANDARD CAUSES OF LOSS OTHER THAN ACC

Table 1. Simplified Loss Calculation - Non-ACC Loss

Trees Insured	Trees Lost	Deductible (Percent)	Trees Insured times Deductible	Trees Paid	Price Per Tree	Indemnity (Trees paid times price)
100	20	25	25	0	\$30	\$0
100	40	25	25	15	\$30	\$ 450
100	60	25	25	35	\$30	\$1,050

Table No. 1 shows that for the standard causes of loss, there is one deductible that is applied against the trees lost. For example, if 20 trees are lost, the producer is paid no indemnity as the 25 percent deductible (25 trees) has not been satisfied.

EXAMPLE 2 - ACC CAUSE OF LOSS

Table 1. Simplified Loss Calculation - ACC Loss

Trees Insured	Trees Lost	Deductible (Percent)	Deductible Times Price(\$30 X 75%)	Trees Paid	Indemnity (Trees Paid times price)
100	20	25	\$22.50	20	\$ 450
100	40	25	\$22.50	40	\$ 900
100	60	25	\$22.50	60	\$1,350

Table No. 2 shows for ACC losses, the same deductible is applied against the price per tree. For example, if 20 trees are lost, the producer was paid for 20 trees at the rate of \$22.50 per tree ($\$30 \times 75\% = \22.50). The total indemnity paid was \$450.

Note: The two loss calculation methods yield different indemnities for partial losses, however they will pay exactly the same amount in the event of a total loss. For example, a producer would receive \$2,250 if all 100 trees were destroyed, regardless of the insurable peril that caused the loss.

Section 12 of the policy, Settlement of Claims, will yield exactly the same results as shown in the two examples above.

Reinsured companies should ensure all personnel working with the Florida Fruit Tree Pilot Crop Insurance Program properly understand the claims provisions discussed above so they can accurately explain them to producers.

8. ADMINISTRATIVE INFORMATION

- A. The information and requirements applicable to the ACC Underwriting Certification may change from time to time. RMA will issue updated lists of ACC quarantine counties, forms, and instructions by bulletin and on its website, as required. Copies of the certification form can be downloaded from:

<http://www.rma.usda.gov/pilots>

The status of Quarantine Zones can be obtained from the following website:

<http://doacs.state.fl.us/canker/>

- B. ACC Underwriting Certifications may be obtained by sending a request to DPI at the applicable county office listed below:

Miami-Dade and Broward Counties	Hendry and Collier Counties	Manatee County
Citrus Canker Eradication Program Attention: Mr. Ken Bailey 10300 Southwest 72nd Street Miami, Florida 33173-3038 Phone: (305) 275-1907 Fax: (305) 275-1977	Citrus Canker Project Office Attention: Mr. Jack Nietzke 424 E. Market Road, Unit #10 Immokalee, Florida 34142 Phone: (941) 658-3684 Fax: (941) 658-3692	Citrus Canker Project Office Attention: Mr. Ray Seitler 1003 17th Street, W. Palmetto, Florida 34221 Phone: (941) 721-6622 Fax: (941) 721-6636
De Soto and Highlands Counties	Martin County	Lee County
Citrus Canker Project Office Attention: Mr. James Turnbull 3397 US Hwy 27S Avon Park, Florida 33825 Phone: (863) 314-5900 Fax: (863) 314-5911	Citrus Canker Project Office Attention: Mr. Junior Williams 4244 Bandy Boulevard Ft. Pierce, Florida 34981 Phone: (561) 429-2000 Fax: (561) 429-2009	Citrus Canker Project Office Attention: Mr. Michael Barnes 424 E New Market Road-Unit 10 Immokalee, Florida 34142 Phone: (239) 658-3684 Fax: (239) 658-3692
Orange County		
Citrus Canker Project Office Attention: Mr. Marc Coutre and Mr. Ralph Smith 800 Thorp Road Orlando, Florida 32824 Phone: (407) 251-2374 Fax: (407) 251-2538		

- C. Policies transferred from one approved insurance provider (AIP) to another are treated as carryover policies. Transferred policies are not subject to the 30-day waiting period for insurance coverage to attach. Coverage changes for transferred policies are subject to the same requirements as carryover policies. The assuming AIP is responsible for losses that occur on or after November 21. An ACC loss is applicable to the crop year in which the inspection was done. For example, an inspection was performed on November 30, 2003, for a carryover policy. The ACC certificate indicates a positive find for ACC. The loss year will be for the 2003 crop year. The AIP for the 2003 crop year will be responsible for servicing this loss.
- D. The waiting period for when increased coverage begins is the date the AIP receives the application or report.
- E. A copy of the approved ACC Underwriting Certificate and proof of prior coverage should be provided to the assuming AIP with the insurance application or report.