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HAWAII TROPICAL FRUIT PILOT INSURANCE STANDARDS HANDBOOK

2014 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: HAWAII TROPICAL FRUIT PILOT INSURANCE STANDARDS HANDBOOK	NUMBER: 24200
EFFECTIVE DATE: 2014 and Succeeding Crop Years	ISSUE DATE: September 26, 2013
SUBJECT: Provides procedures and instructions for administering the Hawaii Tropical Fruit pilot crop insurance program.	OPI: Actuarial and Product Design Division APPROVED: <i>/s/ Tim B. Witt</i> Deputy Administrator for Product Management

REASON FOR AMENDMENT

The Hawaii Tropical Fruit Pilot Insurance Standards Handbook is being reissued and the handbook will be effective for the Hawaii Tropical Fruit Pilot Program effective for the 2014 crop year. The handbook updates the references to the 2014 Crop Insurance Handbook (CIH).

HAWAII TROPICAL FRUIT INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Hawaii Tropical Fruit Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
Current Index	1-2	1-2	1-7	1 2	8 9	09-2013 09-2013 09-2013	FCIC-24200 FCIC-24200 FCIC-24200

FILING INSTRUCTIONS

This handbook replaces the 2011 Hawaii Tropical Fruit (Pilot) Crop Insurance Underwriting Guide, FCIC-24200 (9-2010). This handbook is effective for the 2014 and succeeding crop years and is not retroactive to any 2013 or prior crop year determinations.

**HAWAII TROPICAL FRUIT PILOT PROGRAM
INSURANCE STANDARDS HANDBOOK**

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(RESERVED)

Part 1 General Information and Responsibilities

1 General Information

A. Purpose

This handbook provides procedure for administrating the HTF Pilot Program in accordance with the HTF CP, and supplements the CIH and LAM via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH or the LAM, this handbook controls.

B. Source of Authority

The HTF Pilot Program is a RMA developed product approved by the FCIC Board of Directors on September, 22, 2005, under Section 523 of the Federal Crop Insurance Act. This handbook provides the FCIC-approved procedures for administering the pilot

C. Duration

The HTF Pilot Program was available beginning with the 2007 crop year and is authorized until terminated or converted to a permanent program by the FCIC Board of Directors.

D. Pilot Area

See Actuarial Documents for the pilot area.

E. Applying for the HTF Pilot Program

AIPs shall use the standard application for the APH HTF Pilot Program. The application must indicate the insured has selected APH HTF Pilot Crop Provisions along with other required information.

1 General Information (continued)

F. Related Handbooks

The following table identifies handbooks related to the HTF Program.

Handbook	Relation/Purpose
CIH	General underwriting procedures.
LAM	General loss procedures.
HTF LASH	Loss procedures for HTF.

2 Responsibilities

A. AIP Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any pilot program issues or concerns to the Actuarial and Product Design Division (APDD) of the Risk Management Agency (RMA).

B. Insured's Responsibilities

To be eligible for the APH HTF Pilot Program, insured must comply with all terms and conditions of the Basic Provisions, and the APH HTF Pilot Crop Provisions.

3-20 (Reserved)

Part 2 Insurability

21 Insurable Crops

A. Each of the following is a separate crop under this pilot program:

Bananas grown for fresh market
Papayas grown for fresh market
Coffee cherries grown for processing

B. Interplantings

Crops interplanted with another perennial crop are insurable unless the AIP inspects the acreage and determines that it is not insurable.

C. Age Requirements for Insurance

Insurance will attach to:

- (1) Banana acreage set out prior to June 1 of each crop year, unless otherwise provided in the special provisions
- (2) Papaya acreage
 - (a) That is more than twelve (12) months old on May 31 preceding the crop year, unless otherwise provided in the special provisions; and
 - (b) Less than four (4) years old on May 31 preceding the crop year.
- (3) Coffee acreage that has reached age three (3) on December 31 preceding the crop year.

22 Insurable Type and Practices

A. Insurable Types

See the actuarial documents for the available types, by crop.

B. Insurable Practices

Insurable practices are listed in the actuarial documents.

23 Units and Coverage Levels

A. Units

Establish Basic Units according to the Basic Provisions; however, Section 34 of the Basic Provisions, which allows enterprise and whole farm units, does not apply to HTF. Do not establish optional units by irrigated and non-irrigated practices; legal descriptions; or farm serial numbers. The HTF pilot crop provisions establish optional units (unless limited in the Special Provisions) by noncontiguous land; type (if the Special Provisions specify type); and harvest period (for bananas).

As with other insurance plans:

- all optional units must be identified on the forms used to report production and acreage
- when adjusting a loss, units may be adjusted or combined to reflect the actual unit structure
- for optional units, acceptable records of production must be available for at least the most recent crop year
- the insured must have production evidence, which can be independently verified, including the acreage and production used to determine the approved APH yield

B. Coverage Levels

Coverage is available in 5 percent (5%) increments from 50 percent (50%) to 75 percent (75%). CAT coverage is offered.

24 Reports

Required reports will be given as changes, additions, deletions, and/or modifications, and supplemental instructions to the CIH.

25 Production Guarantee Limitation for Increases in Insurable Acreage

- (1) If the insurable acreage of the insured crop in this county for the current crop year exceeds 125 percent of the greatest number of insurable acres of the crop produced in the county for any one of the three previous crop years **and** the increase in insurable acreage is 25 acres or more, reduce the production guarantee (per acre) for the current crop year as follows (apply this to all insurable acreage of the insured crop in the county for the crop year):

Step 1) Multiply the greatest number of insurable acres of the insured crop produced in the county in any one of the three previous crop years by 1.25;

Step 2) Divide the result by the number of insurable acres of the insured crop produced by the insured in the county in the current crop year; and

25 Production Guarantee Limitation for Increases in Insurable Acreage (continued)

Step 3) Multiply the resulting factor (rounded to two decimal places and not to exceed 1.00) by the production guarantee (per acre) for the current crop year.

2) Example

For each of the five previous crop years, Joe Farmer had 50 insurable acres of coffee. He acquires 50 additional acres of coffee.

Greatest number of insurable acres in past three years = 50

Additional insurable acreage = 50

Current Crop year insurable acreage = 100

Production Guarantee per acre = 1,500 lbs

To determine the production guarantee per acre for the current crop year with the additional acreage:

Step 1) $50 \text{ acres} \times 1.25 = 62.5$

Step 2) $62.5 / (100) = .625$

Step 3) $.625 \times 1,500 \text{ lbs} = \mathbf{937.5 \text{ lbs.}}$

26-30 (Reserved)

Part 3 Applicability of Handbooks

31 General Overview

This Part identifies information specific to the applicability of the CIH, LAM, and any other procedural issuance that may require supplemental information with regards to Hawaii tropical fruit. Unless specifically amended, supplemented or deleted by information in this handbook, all policy and procedure issuances apply to the APH Hawaii tropical fruit pilot.

AIPs will be responsible for calculating and documenting the approved yield adjustments as applicable.

32 Specific Information Regarding the Crop Insurance Handbook

The general rules of crop insurance, as provided in the CIH, apply to the APH-Hawaii Tropical Fruit pilot program.

The following table provides general information, changes, additions, deletions and/or modifications, and termed supplemental instructions regarding the applicability of the CIH to the APH Hawaii tropical fruit pilot program.

CIH Reference	Supplemental Instructions
Part 2, Section 2, Paragraph 232	For the year of application, if we receive your application after December 2 but prior to January 1, for coffee fruit, or after May 2 but prior to June 1, for banana and papaya fruit, insurance will attach on the 30 th day after we receive your properly completed application in our local office, unless we inspect the acreage during the 30 day period and determine that it does not meet insurability requirements. The insured must provide any information that we require for the crop or to determine the condition of the orchard.
Part 6	Does not apply.
Part 7, Sections 3 & 4	Does not apply.
Part 8, Sections 2 & 3	Does not apply.
Part 9, Section 2, Paragraph 911	In addition, for each crop unit, the insured must report the number of acres and trees for each age, according to the definition of age in the policy, on separate lines, the date set out was completed, the number of trees replaced, the number of trees removed and not replaced and the number and age of trees stumped.
Part 11, Section 3, Paragraph 1131	For banana and papaya, farm ledgers summarizing direct marketed production receipts are acceptable records.

32 Specific Information Regarding the Crop Insurance Handbook (continued)

CIH Reference	Supplemental Instructions										
Part 15	Applies.										
Part 15, Section 13, Paragraph 1517	<p>Determine tree age (growth stage) on December 31 for coffee fruit and May 31 for banana and papaya fruit, according to the following:</p> <table border="1" data-bbox="711 436 1253 674"> <thead> <tr> <th>Year</th> <th>Months After Set Out</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>≤12</td> </tr> <tr> <td>2</td> <td>13-24</td> </tr> <tr> <td>3</td> <td>25-36</td> </tr> <tr> <td>4</td> <td>37+</td> </tr> </tbody> </table> <p><u>Examples</u></p> <p>(a) A papaya tree grown from seed planted (set out) in a field 6 months prior to January 1 of the crop year is considered 1 year old.</p> <p>(b) A coffee tree that was transplanted (set out) into a field 38 months prior to January 1 of the crop year is considered 4 years old.</p>	Year	Months After Set Out	1	≤12	2	13-24	3	25-36	4	37+
Year	Months After Set Out										
1	≤12										
2	13-24										
3	25-36										
4	37+										
Part 15, Section 4, Paragraph 1521	Apply the procedures in this section and include the following: the number and ages of any trees stumped; the number of trees replaced, the number of trees removed and not replaced, cultural practices that may reduce the expected yield.										
Part 15, Section 5	Use the inspection report/addendum worksheet for macadamia nuts given in Exhibit 16C of the CIH. Note changes in cultural practices and report the numbers and ages of trees removed since the previous inspection in the “Remarks” section.										
Part 15, Section 5, Paragraph 1538	A PAIR is required for added land.										

33 Prevented Planting Loss Adjustment Standards Handbook

The Prevented Planting Loss Adjustment Standards Handbook is not applicable to the APH Hawaii Tropical Fruit Pilot Program.

34 Loss Adjustment Manual

The procedures identified in the LAM are adopted for the APH Hawaii Tropical Fruit Pilot Program.

35 Hawaii Tropical Fruit Pilot Loss Adjustment Standards Handbook

The Hawaii Tropical Fruit Pilot Loss Adjustment Standards Handbook applies.

36-40 (Reserved)

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronym/Abbreviation	Term
AIP	Approved Insurance Provider
APH	Actual Production History
BP	Basic Provisions
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook, FCIC-18010
CP	Crop Provisions
DSSH	Document and Supplemental Standards Handbook, FCIC-24040
FCIC	Federal Crop Insurance Corporation
HTF	Hawaii Tropical Fruit
LAM	Loss Adjustment Manual, FCIC-25010
RMA	Risk Management Agency
SP	Special Provisions

Definitions

Age (Year of Growth) is defined on December 31st for coffee fruit, and May 31 for banana and papaya fruit, according to the following table.

Year	Months After Set Out
1	≤12
2	13-24
3	25-36
4	37+

Crop means each of the following is a separate crop under the HTF Pilot Crop Provisions:

- Bananas grown for fresh market;
- Papayas grown for fresh market; and
- Coffee cherries grown for processing.

Crop Year is, in lieu of the definition in the Basic Provisions, for coffee fruit, the period beginning January 1 and extending through May 31 of the following calendar year, and for banana and papaya fruit, the period beginning June 1 and ending May 31 of the following calendar year. The crop year will be designated by the calendar year in which the period begins.

Damage means any reduction in the yield of fruit due to an insured cause of loss listed in Section 10 of the HTF Pilot Crop Provisions.

Fallow means land clear of trees and not replanted to any crop for the specified amount of time contained in the Special Provisions.

Harvest means the severance of mature fruit or coffee cherries from the tree by manually pulling or cutting the fruit from the tree. For mechanically harvested coffee, the removal of coffee cherries from the tree by machine.

Nematodes (*Meloidogyne konaensi*, or the Kona Coffee root-knot nematode) are the small, parasitic roundworms that reside in the earth in some areas of Kona, which reduces production, and could result in the death of coffee trees growing in these areas.

Pound is a unit of weight equal to 16 ounces avoirdupois.

Set Out is the event of the tree being transplanted or direct seeded into the orchard.

Stumping is, for coffee, a cultural practice that severely prunes or cuts back the tree as recommended by crop experts at the University of Hawaii or other agricultural experts. It is not an acceptable cultural practice for bananas and papayas.

Type means a class of a tropical fruit crop with similar characteristics that are grouped for insurance purposes and are contained in the Special Provisions.