



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-99-009

TO: All Reinsured Companies
All Risk Management Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 3-22-99
Administrator

SUBJECT: Citrus Loss Adjustment Procedures For Freeze Damage

BACKGROUND:

In central California during the week of December 20, 1998, freezing temperatures caused extensive damage to citrus resulting in a significant reduction in marketed or marketable fresh packed fruit. Some growers suffered a total loss, while others have been able to salvage a portion of their citrus crop.

Under the 1999 AZ-CA Citrus Crop Provisions (98-001), Settlement of Claim, Section 11(d): "Any production will be considered marketed or marketable as fresh packed fruit unless, due solely to insured causes, such production was not marketed or marketable as fresh packed fruit." In addition, section 11(e) states: "Citrus that cannot be marketed as fresh packed fruit due to insurable causes will not be considered production to count."

The Arizona-California Citrus Loss Adjustment Standards Handbook (FCIC-25040) Appraisal Method, page 9, (3), states: "Never use a fruit sample of less than 100 citrus for establishing the percent of freeze damage for any unit." For freeze damage, only that portion of the graded sample that will be marketed or is marketable will be cut to determine the percent of damage. In addition, see Exhibit 1, page 51-60, for Arizona and California Citrus Laws and Procedures for information and methods of determining freeze damage.



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When determining the number of citrus lost to freeze damage, use a minimum of 100 citrus fruit. According to California Orange Laws and Procedures, if 20 percent of the fruit has “damage on the segment walls” or “drying or desiccation,” the fruit would be considered unpackable as fresh fruit. The California Orange Laws and Procedures further states that “tolerances for serious freeze injury cannot exceed 15 percent, and not more than one-third of this amount (5 percent) can show a “drying or desiccation” in more than 40 percent of the exposed pulp.” For example, if you cut 15 oranges of your 100 fruit sample and they show damage to the segment wall across the entire segment, that fruit is not packable for fresh fruit. Likewise, if 5 oranges of your 100 fruit sample show 40 percent drying or desiccation, these oranges are also unpackable as fresh fruit.

ACTION:

The purpose of this bulletin is to clarify the loss adjustment procedures and to authorize the use of determinations of freeze damage made by packers to determine citrus crop losses for the 1999 crop year.

Clarification of Loss Adjustment Procedure:

The minimum sample size to determine freeze damage for the Unit is 100 citrus fruit. Current procedures in selecting samples apply. Additional samples above the 100 fruit minimum may be taken if the adjuster determines such samples are required to accurately establish the extent of damage.

Special Adjustment Procedures for the 1999 Crop Year:

If the packer’s field person has made a determination of the percent of freeze damage, the adjuster should obtain documentation for the insured’s file (on the day of the adjuster’s visit) to certify the packability of the acreage. The adjuster will not be required to do a 100 fruit sample in this situation to determine the percent of freeze damage and/or whether or not the fruit could be packed as fresh fruit. This acreage can be released and only the packed cartons (if any) will be counted as production to count. If, however, the adjuster finds that the fruit can be marketed as fresh packed fruit or is damaged from uninsured causes, an appraisal of production to count of the potentially marketable fruit or fruit lost to uninsurable causes must be made.

Documentation and verification of the final disposition of the crop is required prior to finalizing any claim for indemnity. This includes obtaining 1) a copy of packing house inspection documentation such as, pack records and juice records, including weight tags for any fruit delivered for juice; and 2) an on-site verification of any production that is left on the tree or dropped on the ground.

DISPOSAL:

This bulletin is effective for the 1999 crop year only or no later than December 31, 1999.