



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

December 23, 1998

INFORMATIONAL MEMORANDUM: R&D-98-075

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Tim B. Witt /s/ Tim B. Witt
Deputy Administrator

SUBJECT: Citrus Dollar Plan Pilot Program Participation

BACKGROUND:

California Citrus Mutual and Sunkist growers have requested the Risk Management Agency (RMA) to develop a pilot program for a Dollar Plan of Insurance for Arizona and California Citrus. The Federal crop insurance program currently available for Arizona and California citrus provides a production-based actual production history (APH) guarantee. Although more than half of the eligible Arizona-California citrus acreage is insured, citrus industry representatives have indicated that a Dollar Plan will likely meet producers' needs even more than the current program.

California has about one-fourth of the million acres of citrus in the United States according to the National Agricultural Statistics Service (NASS). Navel oranges are the most important citrus crop grown in California, accounting for 45 percent of citrus acreage and 36 percent of citrus crop values from 1995 through 1997. Valencia oranges and lemons each accounted for about 27 percent of California citrus crop values. NASS estimated the value of California navel orange crops averaged \$309 million from 1995 through 1997.

California navel oranges are harvested and sold during a 25-week period, with the highest shipment volume from December through March. Typically a third of the trees are picked in one of three harvests between November and June. Winter damage is most likely to result from cold temperatures in isolated areas or sudden temperature drops during an unusually warm winter. Widespread and severe freezes, such as occurred in December 1990, are rare in California citrus-growing areas.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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Diane Bertelsen, in the Davis Regional Service Office (RSO), is project manager and Ron Lundine is coordinating the project development in the Kansas City Office. Some citrus and insurance industry representatives have provided input in the development of a preliminary project proposal which is available from the Research and Evaluation Division at (816) 926-6343 or the Davis RSO at (530) 792-5875.

ACTION:

Insurance providers or other parties wanting to participate in the development of the pilot program for Arizona and California Citrus fruits should provide their representative's name, address, and phone number to Ron Lundine or Diane Bertelsen, by January 6, 1999. They can be reached at:

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DISPOSAL:

This Informational Memorandum is for the purpose of transmitting information and the expiration date is January 31, 1999.