



United States
Department of
Agriculture

Risk
Management
Agency

6501 Beacon Drive
Kansas City,
MO 64133-4676

August 9, 2005

INFORMATIONAL MEMORANDUM: R&D-05-033

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

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

SUBJECT: Florida Fruit Tree and Asiatic Citrus Canker (ACC)

BACKGROUND:

The Risk Management Agency (RMA) received two ACC-related questions concerning producers who planted infected or exposed citrus trees in their groves before the Florida Department of Plant Industry (DPI) issued a destruction order to the nurseries that produced the trees. The information provided in this memorandum does not change or modify the Florida Fruit Tree Pilot Crop Insurance Provisions in any way, it only explains its application with respect to the questions raised. If there is any information in this bulletin that could be interpreted to be in conflict with the policy provisions, the policy provisions control and this memorandum is to be consistent with the policy provisions.

DISCUSSION FOR QUESTION NUMBER 1:

DPI recently found citrus canker in four Florida nurseries that produce citrus trees for sale to commercial citrus producers. All of these nurseries were placed under quarantine and a Public Order to destroy the trees was issued. In the normal course of business and prior to the discovery of ACC, citrus trees were shipped by these nurseries to commercial citrus groves. DPI has since informed grove owners that trees from these nurseries were exposed to, or infected by ACC and should be destroyed.

Question No. 1: Are ACC losses to insured groves covered by the Florida Fruit Tree Pilot Crop Insurance Provisions if producers buy ACC-infected or -exposed trees from citrus-tree nurseries before the DPI certified those nurseries as having infected trees? This assumes that the producers did not know or would not have known that the trees had been infected by or exposed to ACC at the time that they bought and transplanted them.



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

An Equal Opportunity Employer

Answer No. 1: Assuming the insured did not know or have reason to know, the trees are insured and, assuming that all other policy conditions are met, indemnities paid by the companies are reinsured by FCIC.

DISCUSSION FOR QUESTION NUMBER 2:

Some of the producers described above may have been told verbally by DPI employees that they should consider destroying their trees immediately and not wait until DPI could issue them the Public Order which is the document that officially orders the destruction of the trees.

Question No. 2: If trees are destroyed before the Public Order required by the policy is issued, but it is subsequently issued and does specifically cover the destroyed trees, can FCIC reinsure the indemnities paid?

Answer No. 2: If the Public order is issued, FCIC may reinsure indemnities paid in this situation. However, insureds that choose to destroy trees before the written Public Order is issued are at risk because FCIC will not reinsure any destroyed trees that are not specifically covered by a written Public Order as required by the policy.

DISPOSAL DATE:

This Information Memorandum will expire on December 1, 2006.