

## **SUMMARY OF CHANGES FOR THE HAWAII TROPICAL FRUIT PILOT CROP INSURANCE PROVISIONS (2009-0255)**

The following is a brief description of changes to the Hawaii Tropical Fruit Pilot Crop Insurance Provisions that will be effective for the 2009 crop year. Please refer to the crop provisions for more complete information. These modifications include, but are not limited to:

- 1. Definitions – Clarified definitions related to Age and Crop Year.
- Section 2.(b)(1) – Removed reference to papaya.
- Section 3.(b) – Clarified production reporting.
- Section 9 (a)(1)&(2) – Clarified insurance period language and added continuous coverage language.



**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Federal Crop Insurance Corporation**  
**HAWAII TROPICAL FRUIT PILOT CROP PROVISIONS**

**1. Definitions.**

**Age (year of growth)** - For insurance purposes, tree age (growth stage) will be determined on December 31<sup>st</sup> according to the following table:

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

**Crop** - Each of the following is a separate crop under these crop provisions:

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

**Crop year** - In lieu of the definition in the Basic Provisions, the period beginning January 1 and extending through December 31 of the calendar year for banana and papaya. For coffee, the period beginning January 1 and extending through May 31 of the following calendar year. The crop year will be designated by the calendar year in which the period begins.

**Damage** - Any reduction in the yield of fruit due to an insured cause of loss listed in section 10.

**Direct marketing** - Sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the orchard for the purpose of picking all or a portion of the crop.

**Fallowed** - Land cleared of trees and not replanted to any crop for the specified amount of time contained in the Special Provisions.

**Harvest** - 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 konaensis*: the Kona Coffee root-knot nematode) - 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** - A unit of weight equal to 16 ounces avoirdupois.

**Production guarantee** - The quantity of insured crop in pounds determined by multiplying the approved APH yield per acre by the coverage level percent you elect.

**Set out** - The event of the tree being transplanted or direct seeded into the orchard.

**Stumping** - For coffee, a cultural practice that severely prunes or cuts back the tree that is 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** - Class of a tropical fruit crop with similar characteristics that are grouped for insurance purposes and are contained in the Special Provisions.

**2. Unit Division.**

- (a) Provisions in section 34 of the Basic Provisions that allow for enterprise and whole farm units, and the provisions that allow for optional units by irrigated and non-irrigated practices are not applicable.
- (b) In lieu of the provisions in section 34 of the Basic Provisions that permit establishing optional units by section, section equivalent, or FSA farm serial number, unless otherwise specified in the Special Provisions, you may elect to establish optional units by:
  - (1) Non-contiguous land for all crops.;
  - (2) Type for all crops if types are specified in Special Provisions; or
  - (3) Harvest period for bananas.

**3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.**

In addition to the requirements of section 3 of the Basic Provisions, the following applies to all acreage of the insured crop in the county:

- (a) You may select only one price election for each crop in the county insured under this policy, unless the Special Provisions provide different price elections by type. If you choose 100 percent of the maximum price election for one type, you must also choose 100 percent of the maximum price election for all other types.
- (b) You must report, by the production reporting date designated in section 3 of the Basic Provisions, stumping of trees, removal of trees, fallowing, any type of damage, a change in farming practices, an interplanted perennial crop, or any other circumstance that may reduce the expected yield below the yield upon which the insurance guarantee is based, and the number of affected acres.
- (c) We will reduce the yield used to establish your production guarantee as necessary, based on our estimate of the effect of the following: stumping of trees, removal or destruction of trees, fallowing of the acreage, damage, change in farming practices, interplanted perennial crop, or any other circumstance. If you fail to notify us of any circumstance that may reduce your yield from previous levels, we will reduce your production guarantee as necessary at any time we become aware of the circumstance.
- (d) If your 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 that you produced in the county for any one of the three previous crop years, your production guarantee (per acre) for the current crop year will be reduced as follows (this applies to all insurable acreage of the

insured crop in the county for the crop year):

- (1) Multiply the greatest number of insurable acres of the insured crop that you produced in the county in any one of the three previous crop years by 1.25;
- (2) Divide the result by the number of insurable acres of the crop produced by you in the county in the current crop year; and
- (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.
- (4) This limitation will not apply to an insurable acreage increase of five or fewer acres.
- (e) For purposes of section 3(d) you must provide written verification of acreage data from the acreage reports previously recorded for crop insurance purposes, or from the Farm Service Agency or the Extension Service, to the company representative at the time of application if you are a new applicant or by the sales closing date if you are a carry-over insured.

#### **4. Contract Changes.**

In accordance with section 4 of the Basic Provisions, the contract change date is September 30 preceding the cancellation date.

#### **5. Cancellation and Termination Dates.**

In accordance with section 2 of the Basic Provisions, the cancellation and termination date is December 31.

#### **6. Report of Acreage.**

- (a) You must report all the information required by section 6 of the Basic Provisions and these Crop Provisions by the acreage reporting date as contained in the Special Provisions.
- (b) In addition to the provisions in section 6(c) of the Basic Provisions, you must report for each crop insured by unit:
  - (1) The number of acres and trees for each age on separate lines within each unit;
  - (2) The date set out was completed;
  - (3) The number of trees that have been replaced;
  - (4) The number of trees removed and not replaced; and
  - (5) The number and the age of any trees that were stumped.

#### **7. Insured Crop.**

In addition to section 8 of the Basic Provisions, the crop insured will be all the acreage in the county of each crop for which you elect insurance coverage and for which a premium rate is provided on the actuarial documents:

- (a) For coffee and bananas, for which the insured provides acceptable records of at least the most recent four consecutive crop years of acreage and production history, excluding the year of setout; unless otherwise provided in the Special Provisions.
- (b) For papaya, for which the insured has experience as a producer:
  - (1) Growing papaya for commercial sale; or
  - (2) Participating in the management of a farming operation that grew the papaya for commercial sale; and
  - (3) For which the insured provides acceptable records of at least the most recent four consecutive crop years of production history used to establish their

papaya production experience; unless otherwise provided in the Special Provisions.

- (c) Acceptable records of production history required under subsection (a) and (b) of these crop provisions must be reported on a production report or other approved form acceptable to us when you submit your application and in subsequent crop years by the production reporting date;
- (d) That is grown to produce a crop intended to be sold for human consumption;
- (e) That is grown in an orchard that, if inspected, is considered acceptable by us; and
- (f) In which you have a share;
- (g) We will insure:
  - (1) Banana acreage on January 1 following the year of tree setout; unless otherwise provided in the special provisions;
  - (2) Papaya acreage:
    - (i) that is more than twelve (12) months old on December 31 preceding the crop year; unless otherwise provided in the special provisions; and
    - (ii) less than four (4) years old on December 31 preceding the crop year.
  - (3) Coffee acreage that has reached age three (3) on December 31 preceding the crop year.

#### **8. Insurable Acreage.**

- (a) In lieu of the provisions in section 9 of the Basic Provisions that prohibit insurance attaching to a crop interplanted with another crop, crops listed in section 1 of these Crop Provisions interplanted with another perennial crop are insurable unless we inspect the acreage and determine that it is not insurable;

#### **9. Insurance Period.**

- (a) In accordance with the provisions of section 11 of the Basic Provisions, coverage begins as follows:
  - (1) Coverage begins on January 1 of each crop year, except that for the year of application, if your application is received after December 2 but prior to January 1, insurance will attach upon our acceptance no earlier than January 1 and no later than 30-days after receiving your properly completed application is received in our local office, unless we inspect the acreage during the 30-day period and determine that it does not meet insurability requirements. You must provide any information that we require for the crop or to determine the condition of the orchard.
  - (2) Notwithstanding paragraph (a)(1) of this section, for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.
- (b) The insurance period ends at the earlier of:
  - (1) December 31 for banana and papaya, and May 31 for coffee; or
  - (2) Upon our determination of the total destruction of insured crop on the unit.
  - (3) As otherwise provided for specific counties or types in the Special Provisions.

## 10. Causes of Loss.

- (a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss:
  - (1) Adverse weather conditions;
  - (2) Disease, but not damage due to insufficient or improper application of disease-control measures;
  - (3) Insects, but not damage due to insufficient or improper application of insect or pest-control measures. For coffee, nematodes are not an insured cause of loss on any acreage of coffee trees less than five years of age (i.e., four years after setout);
  - (4) Fire due to natural causes, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the field;
  - (5) Earthquake;
  - (6) Tsunami;
  - (7) Volcanic eruption;
  - (8) Wildlife, unless proper measures to control wildlife have not been taken;
  - (9) Failure of irrigation water supply, if caused by a cause of loss specified in section 10(a)(1) through (8); or
  - (10) Destroyed trees that have been infected with a disease whose destruction is authorized by us.
- (b) In addition to the cause of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss of production due to the inability to market the crop for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

## 11. Duties in the Event of Damage or Loss.

In addition to the requirements of section 14 of the Basic Provisions, the following will apply:

- (a) You must notify us within 48 hours upon determination that a disease has infected the unit that will require the fruit tree to be destroyed.
- (b) You must notify us within three days of the date harvest should have started if the crop will not be harvested.
- (c) If you intend to claim an indemnity on any unit, you must notify us at least 15 days prior to the beginning of harvest or immediately if damage is discovered during harvest, so that we may inspect the damaged production. You must not destroy the damaged crop until after we have given you written consent to do so. If you fail to meet the requirements of this section and such failure results in our inability to inspect the damaged production, we may consider all such production to be undamaged and include it as production to count.
- (d) You must notify us at least 15 days before any production from any unit will be sold by direct marketing or sold for cash:
  - (1) We may conduct an initial inspection and appraisal (if needed), before any production to be direct marketed or sold for cash is harvested.
  - (2) If damage occurs, you must notify us immediately and the following will apply:
    - (i) We will conduct an inspection.

- (ii) The inspection and acceptable records (as specified on the Special Provisions) and provided by you will be used to determine your production to count.
- (iii) If you continue to care for the crop, the production to count, as specified in section 12(c)(1) (i)(B), will be suspended until you notify us of the date that harvest first commences or recommences after damage.
- (iv) Failure to give timely notice that production will be sold by direct marketing or sold for cash will result in an appraised amount of not less than the production guarantee per acre if such failure results in our inability to accurately determine the amount of production. For failure to give timely notice of a harvest delay, the production to count will be calculated in accordance with Section 12 (c)(1)(i)(B).

## 12. Settlement of Claim.

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate, acceptable production records:
  - (1) For any optional units, we will combine all optional units for which such production records were not provided; or
  - (2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.
- (b) In the event of loss or damage covered by this policy, we will settle your claim by:
  - (1) Multiplying the insured acreage, for each type if applicable, by its respective production guarantee (per acre);
  - (2) Multiplying each result in section 12(b)(1) by the respective price election, for each type if applicable;
  - (3) Totaling the results in section 12(b)(2);
  - (4) Multiplying the total production to be counted of each type by the respective price election;
  - (5) Totaling the results in section 12(b)(4);
  - (6) Subtracting the results in section 12(b)(5) from the results in section 12(b)(3); and
  - (7) Multiplying the result in section 12(b) (6) by your share.
- (c) The total production to count from all insurable acreage on the unit will include:
  - (1) All appraised production as follows:
    - (i) Not less than the production guarantee (per acre) for acreage:
      - (A) That is abandoned;
      - (B) That is sold by direct marketing if you fail to meet the requirements contained in section 11(d);
      - (C) That is damaged solely by uninsured causes;
      - (D) For which you fail to provide acceptable production records.
    - (ii) Unharvested production unless damaged due to insurable causes; and
    - (iii) Potential production on insured acreage that you intend to abandon or no longer care for, if you and we agree on the appraised amount of production. Upon such agreement, the

insurance period for that acreage will end. If you do not agree with our appraisal, we may defer the claim only if you agree to continue to care for the crop. We will then make another appraisal when you notify us:

- (A) Of further damage; or
- (B) That harvest is general in the area unless you harvested the crop, in which case we will use the harvested production. If you do not continue to care for the crop, our appraisal made prior to deferring the claim will be used to determine the production to count; and

- (2) All harvested banana, papaya, and coffee production from the insurable acreage. Any harvested production that cannot be marketed as a result of damage from an insurable cause of loss will not be considered production to count.

- (d) Settlement of Claim Example: Joe Farmer has a unit containing 5 acres of coffee with a production guarantee of 3,800 pounds of coffee cherries per acre, for a total of 19,000 pounds. The price election is \$1.00 per pound. Joe Farmer has 100 percent share in the crop and all of his acreage is of the same type. A severe windstorm reduces his total production to 12,000 pounds. Using the steps listed in 12(b), his settlement of claim would be calculated as follows:

- (1) 5 acres x 3,800 pounds = 19,000 pound production guarantee
- (2) 19,000 pounds x \$1.00 price election = \$19,000 value of production guarantee (by type)
- (3) \$19,000 total value of insurance guarantee
- (4) 12,000 pounds production to count x \$1.00 election = \$12,000 value of production to count (by type)
- (5) \$12,000 total value of production to count
- (6) \$19,000 total value of production guarantee - \$12,000 total value of production to count = \$7,000 loss
- (7) \$7,000 x 100 percent share = \$7,000 indemnity payment.

**13. Late and Prevented Planting, and Written Agreements.**

Provisions in section 16 of the Basic Provisions regarding late planting, section 17 of the Basic Provisions regarding prevented planting and section 18 of the Basic Provisions regarding written agreements are not applicable.