



UNITED STATES DEPARTMENT OF AGRICULTURE  
Federal Crop Insurance Corporation  
MACADAMIA TREE CROP PROVISIONS

1. **Definitions.**

**Adjustment factor** – A factor contained in the Special Provisions used to determine the percent of damage and damage value of fully and partially damaged trees for purposes of determining an indemnity.

**Age (of tree)** – The number of complete 12-month periods that have elapsed since the month the trees were set out or were grafted, whichever is later. Age determination will be made for each unit, or portion thereof, as of January 1 of each crop year.

**Amount of insured damage** – The dollar amount determined by multiplying the damage value by the coverage level.

**Amount of protection** – The dollar amount for the unit calculated by multiplying the number of insurable trees reported by you in each stage-block by your tree reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.

**Block** – A stand of trees on acreage sharing a common boundary with no discernable change in the planting pattern.

**Crop year** – A period beginning with the date insurance attaches to the macadamia tree crop extending through December 31 of the same calendar year. The crop year is designated by the calendar year in which insurance attaches.

**Damaged (damage)** – A tree that requires rehabilitation, removal, or reset due to injury to the main trunk, roots, or canopy (including leaning and toppling) due to an insured cause of loss that occurs during the insurance period.

**Damage value** – The dollar amount determined by multiplying the actual number of insurable trees in each stage-block damaged by the most recent cause of loss times your tree reference price for each stage-block, multiplying this result for each stage-block by the percent of damage applicable to each stage-block, and totaling these values.

**Discernable boundary** – An identifiable physical land feature such as a windbreak; private, public, or, field road; drainage ditch; stream; ravine; vegetative area (e.g., woods, wetland, grassland, etc.); or other similar physical feature.

**Destroyed tree** –

- (a) For damage due to insured causes of loss, any insurable tree that:
  - (1) Is dead;
  - (2) Is a stage I – III tree that is toppled or leaning and you and we agree that reset is not practical;
  - (3) Is a stage IV or V tree that is toppled or leaning;
  - (4) Is missing; or
  - (5) Damage to the tree's canopy is more than eighty (80) percent.

(b) Destroyed trees are considered 100 percent damaged.

(c) See section 13(d) and (i) for determining the percent of damage for destroyed trees.

**Excess moisture (precipitation)** – Direct or proximate rainfall in quantities sufficient to cause flooding.

**Flood (flooding)** – An unusual and rapid accumulation or runoff of surface waters caused by excess moisture that results in the tree being toppled, caused to lean, or otherwise damaged.

**Fully damaged tree** –

- (a) An insurable tree requiring reset.
- (b) A fully damaged tree will be considered 100-percent damaged but is not destroyed. (See section 13(d) and (i) for determining the percent of damage for fully damaged trees.)

**Leaning (lean)** – A tree that is leaning more than 15 degrees from the upright position.

**Limb adjustment percentage** – The percentage of normal limb breakage contained in the Special Provisions and used to determine the percent of damage for partially damaged trees.

**Occurrence loss option** – An option that may be elected by you that eliminates the unit deductible in accordance with section 15 of these Crop Provisions.

**Partially damaged tree** – An insurable tree that requires rehabilitation for which damage to the tree's canopy is more than 10 percent but not more than 80 percent. (See section 13(d) and (i) for determining the percent of damage for partially damaged trees.)

**Practice** – A practice as identified in the Special Provisions.

**Rehabilitation** – The pruning of a damaged tree in an attempt to remove the damaged areas and allow the tree to recover.

**Remove (removal, removed, removing)** – Conducting the necessary operations to prepare the planting site for a replacement tree.

**Replacement tree** – A tree set out in an existing orchard in the same location of a damaged tree that cannot be rehabilitated, reset, or is otherwise destroyed.

**Reset** – Restoring a toppled or leaning tree to approximately the same position the tree occupied before it was caused to topple or lean, and carrying out the cultural practices necessary to restore the tree. For loss adjustment purposes only, reset is applicable only for stage I – III trees.

**Sales closing date** – In lieu of the definition in section 1 of the Basic Provisions, the sales closing date for the crop year and subsequent crop years will be November 30 unless another date is provided in the Special Provisions.

**Set out** – Transplanting a tree into the orchard.

**Share** – In addition to the definition in section 1 of the Basic Provisions, an insured tenant or operator must have a lease with the owner of the macadamia orchard

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that requires him or her to maintain the macadamia orchard using accepted orchard management practices. The lease agreement must clearly state the tenant or operator is entitled to his or her insured share of any indemnities under the Macadamia Tree Crop Provisions. A copy of the lease must be on file with the insuring company at the time insurance attaches. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the time of loss.

**Stage** – Each full 12-month period based on the age of the tree.

Stage	Age (of Tree)
I	1-3 years
II	4-6 years
III	7-10 years
IV	11-14 years
V	15+ years

**Stage-block** – A block in which at least 75 percent of the trees are the same stage at the time insurance attaches.

**Stand of damaged trees** – The area or areas within a unit where damage due to the same insurable cause of loss occurs, as established by us for the crop year, and used to determine the damage value for the unit. If distinct areas of damaged trees within the unit cannot be established, the stand of damaged trees will be the entire unit.

**Toppled** – A tree that is leaning and has an exposed root system.

**Tree reference price** – The price per tree, by density practice and stage, listed on the actuarial documents that is used in calculating the unit value, the amount of protection, and the damage value.

**Undamaged** – A tree that does not require rehabilitation, removal, or reset.

**Underreport factor (URF)** – A factor determined by us for the unit and used to adjust your indemnity in section 13(a) when you have underreported the number of insurable trees. The factor is the result of dividing the amount of protection by the unit value, rounded to three decimal places, not to exceed 1.000.

**Unit deductible** – The dollar amount determined by multiplying the actual number of insurable trees in each stage-block in the unit on the day before the loss (but not reduced for any insured damage that occurred during the crop year) times your tree reference price for each stage-block, totaling these values, and multiplying this result by the deductible.

**Unit value** – Unless otherwise specified on the actuarial documents, the amount determined by multiplying the actual number of insurable trees in each stage-block in the unit, as determined by us, on the day before the loss (but not reduced for any insured damage that occurred during the crop year) times your tree reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.

## 2. Unit Division.

(a) Section 34(a) of the Basic Provisions is not applicable.

(b) In lieu of sections 34(b)(1), (3), and (4) and (c)(1) and (2) of the Basic Provisions, optional units are allowed only if each optional unit is:

- (1) Located on non-contiguous land;
- (2) A separate identifiable acreage of trees located on contiguous land that:
  - (i) Contains the minimum number of acres of macadamia trees specified in the Special Provisions;
  - (ii) Is identified by a discernable boundary; and
  - (iii) Is established in accordance with FCIC approved procedure; or
- (3) Established in accordance with section 34(c)(3) of the Basic Provisions.

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

In addition to the requirements of section 3 of the Basic Provisions:

- (a) You may select only one coverage level for the insured crop in the county insured under this policy.
- (b) If the actuarial documents designate separate tree reference prices by density practice, you may select one price for each practice so designated in the Special Provisions, even if the prices for each practice are the same. The tree reference prices you choose for each practice are not required to have the same percentage relationship to the maximum price offered by us for each practice. For example, if you choose 100 percent of the maximum price for one practice, you may choose 75 percent of the maximum price for another practice.
- (c) After the initial crop year of insurance, your coverage level election and optional coverage may only be changed on or before the sales closing date prior to the beginning of the crop year for which the change is to be effective.
- (d) Your request to elect a higher coverage level or price percentage or to add optional coverage that is submitted prior to the sale closing date will not be accepted if a cause of loss that could or would cause damage to the insured crop is evident when your request is made.
- (e) You may:
  - (1) By the sales closing date, elect:
    - (i) A higher coverage level;
    - (ii) A higher price percentage; or
    - (ii) To add optional coverage; or
  - (2) By the acreage reporting date:
    - (i) Increase your insured share; or
    - (ii) Report additional insurable trees such that the amount of protection will increase by more than 10 percent.
- (f) If insured damage occurs after the sales closing date but before the date insurance attaches for the crop year, any election or change you have made under section 3(e)(1) or (2) of these Crop Provisions will not be effective for the crop year for which the election or change was made.

**4. Contract Changes.**

In accordance with section 4 of the Basic Provisions, the contract change date is August 31 preceding the cancellation date.

**5. Cancellation and Termination.**

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are November 30.

**6. Report of Acreage.**

(a) In addition to the provisions in section 6(c) of the Basic Provisions, you must report by stage-block for each unit:

- (1) The stage of the trees; and
- (2) The number of trees, insurable and not insurable.

(b) You must submit a pre-acceptance worksheet and grove identification map, which indicates the location of each stage-block of trees by section, FSA farm serial number, or other applicable legal description and includes any trees not insurable, for each unit with your application. A revised worksheet and map must be submitted by the acreage reporting date if any trees are added in a succeeding crop year, stages change, or tree damage occurs the previous crop year.

(c) In lieu of section 6(d)(1) of the Basic Provisions, you may revise your acreage report after the acreage reporting date if the information on the acreage report is clearly transposed; you provide adequate evidence that we or someone from USDA have committed an error regarding the information on your acreage report; or if expressly permitted by the policy.

(d) Section 6(g)(1)(i) of the Basic Provisions does not apply.

**7. Annual Premium.**

In lieu of section 7(c) of the Basic Provisions, we will determine your annual premium by multiplying the amount of protection for the unit times your share, times the applicable premium rate, and times any applicable premium adjustment percentages shown in the actuarial documents.

**8. Insured Crop.**

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all macadamia trees in the county for which a premium rate is quoted in the actuarial documents:

- (1) That are grown in the county listed on your application;
- (2) That are adapted to the production area;
- (3) In which you have a share;
- (4) That are at least one year of age on January 1 of the crop year;
- (5) That have the potential to produce a yield typical of a healthy tree of the same age as the subject trees; and
- (6) That are grown to produce a commodity intended to be sold for human consumption.

(b) In addition to the exclusions listed in section 8 of the Basic Provisions, we do not insure any trees that:

- (1) Are non-grafted seedlings (grown from seed);
- (2) Are unsound, diseased, or unhealthy;
- (3) Are toppled or leaning and that have not been reset;

(4) Were damaged before the beginning of the insurance period (If trees suffered damage the previous crop year, then insurance will not attach until the previous year's damage is determined, you submit a revised acreage report, and the trees are accepted by us); or

(5) Are inspected by us and considered unacceptable in accordance with applicable procedures.

**9. Insurable Acreage.**

In lieu of section 9(a)(2)(v) of the Basic Provisions, macadamia trees interplanted with another perennial crop are insurable, unless we inspect the acreage and determine that it does not meet the requirements contained in your policy.

**10. Insurance Period.**

(a) In lieu of the provisions of section 11 of the Basic Provisions, coverage begins on January 1 of each crop year following the sales closing date, unless we notify you prior to January 1 that all or part of your trees are not insurable. You must provide any information that we require for the crop or to determine the condition of the orchard.

(b) In lieu of the provisions of section 11(c) of the Basic Provisions, coverage ends on any trees within a unit once any event specified in section 11(b) of the Basic Provisions occurs for the trees. Coverage only remains in effect on trees that have not been affected by an event specified in section 11(b).

(c) In addition to the provisions of section 11 of the Basic Provisions:

(1) If you acquire an insurable share in any insurable acreage after coverage begins but on or before the acreage reporting date for the crop year, and after an inspection we consider the acreage acceptable, insurance will be considered to have attached to such acreage on the calendar date for the beginning of the insurance period.

(2) If you relinquish your insurable share on any insurable acreage of macadamia trees on or before the acreage reporting date for the crop year, insurance will not be considered to have attached to, and no premium or indemnity will be due for such acreage for that crop year unless:

- (i) A transfer of coverage and right to an indemnity, or a similar form approved by us, is completed by all affected parties;
- (ii) We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date; and
- (iii) The transferee is eligible for crop insurance.

(d) In accordance with the requirements contained in section 11(b) of the Basic Provisions, the calendar date for the end of insurance period is December 31 of the crop year.

**11. 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 that occur within the insurance period:

- (1) Adverse weather;
- (2) Flood;
- (3) Earthquake;
- (4) Volcanic eruption (including volcanic gases);
- (5) Wildlife, unless proper measures to control wildlife have not been taken;
- (6) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard;
- (7) Insects, diseases, and other pathogens, if allowed by the Special Provisions; and
- (8) Failure of the irrigation water supply if caused by an insured peril that occurs during the insurance period.
- (b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage due to other than actual damage to the tree from an insurable cause specified in this section.

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

- (a) In addition to the requirements of section 14 of the Basic Provisions, if you intend to claim an indemnity, you must not prune, reset, or remove any damaged trees until we have inspected the unit. Such inspections will occur within 10 days of the notice of loss, unless we advise you that additional time is needed.
- (b) In lieu of section 14(e)(3)(i) of the Basic Provisions, you must submit a claim for indemnity declaring the amount of your loss not later than:
  - (1) 60 days after the latest date for the end of the insurance period for all acreage in the unit as specified in section 11(b) of the Basic Provisions; or
  - (2) Twelve (12) months after the calendar date for the end of the insurance period for the crop year in which the insured damage occurred if the:
    - (i) Percent of damage cannot be determined within the 60-day period; or
    - (ii) Period of time to remove, rehabilitate, or reset damaged trees exceeds the 60-day period.
- (c) A claim submitted under section 12(b)(2) must include all the information we require to determine your indemnity.
- (d) The twelve-month period in sections 12(b)(2) and (b) may be extended if authorized by FCIC.

## 13. Settlement of Claim.

- (a) We will determine your loss on a unit basis. In the event of loss or damage covered by this policy, we will settle your claim as specified below:
  - (1) Determine the unit value and the underreport factor (URF);
  - (2) For trees within a unit that are damaged by an insurable cause of loss, your loss will be determined by:
    - (i) Calculating the unit deductible;
    - (ii) Calculating the damage value for the current loss;
    - (iii) Totaling the damage value for each prior loss that occurred since the beginning of the crop year;

- (iv) Totaling the results of section 13(a)(2)(ii) and (iii);
- (v) Subtracting the results of section 13(a)(2)(i) from the results of section 13(a)(2)(iv);
- (vi) If the result of section 13(a)(2)(v) is less than or equal to zero, no indemnity is due for this loss occurrence. If the result of section 13(a)(2)(v) is greater than zero, multiply the result by the URF and your share; and
- (vii) Subtracting any previous indemnity for the current crop year from section 13(a)(2)(vi) to determine the indemnity owed as a result of the most recent insurable cause of loss.
- (3) The total amount of indemnities payable on a unit during the crop year is limited to:
  - (i) The lesser of the amount of protection for the unit or the unit value;
  - (ii) Times your share.
- (b) The percent of damage for each stage-block within the stand of damaged trees will be determined separately for 100 percent damaged trees (destroyed or fully damaged) and partially damaged trees.
- (c) Trees which are 100 percent damaged or partially damaged will be determined as follows:
  - (1) Any destroyed tree will be considered 100 percent damaged;
  - (2) Any fully damaged tree (a tree that requires resetting) will be considered 100 percent damaged; and
  - (3) Any tree considered partially damaged is a tree that can be rehabilitated and is considered no more than 80 percent canopy damage.
- (d) The percent of damage will be determined as follows (see section 13(i) for applicable limitations):
  - (1) For 100 percent damaged trees:
    - (i) Separately divide the number of destroyed and fully damaged (reset) trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees;
    - (ii) Multiply each applicable result of section 13(d)(1)(i) by:
      - (A) 1.0 for destroyed trees; and
      - (B) The applicable adjustment factor for fully damaged trees (reset trees) contained in the Special Provisions.
  - (2) For partially damaged trees divide the number of partially damaged trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees times the applicable adjustment factor contained in the Special Provisions for partially damaged trees.
- (e) If the total percent of damage for destroyed, fully damaged, and partially damaged trees for each stage-block within the stand of damaged trees is greater than 80 percent due to an insured cause of loss, the percent of damage for the stage block within a stand of damaged trees will be considered

to be 100 percent unless the percent of damage is reduced in accordance with section 13(i).

- (f) The applicable percent damage for the crop year will not exceed 100 percent for any stage-block or portion of a stage-block within a stand of damaged trees.
- (g) Any damage due to uninsured causes will not be included in the percent of damage for the unit.
- (h) Percent of damage will be determined not later than the earlier of:
  - (1) Our determination of the total destruction of insured trees on the unit; or
  - (2) December 31 of the crop year unless the percent of damage cannot be determined, and in such cases, it will be determined not later than twelve (12) months after the calendar date for the end of the insurance period for the crop year in which the insured damage occurred.
  - (3) The twelve-month period in section 13(h)(2) may be extended if authorized by FCIC.
- (i) For the purpose of determining the percent of damage:
  - (1) For a tree damaged by an insured cause, which we authorize to be removed that is:
    - (i) Dead;
    - (ii) Damaged to the extent reset (for stage I – III trees) or rehabilitation (all stages) is not practical;
    - (iii) Topped or leaning (for stage IV – V trees); or
    - (iv) Determined to have more than 80 percent canopy damage;
 must be removed to be counted as a destroyed tree.
  - (2) If you do not remove the damaged trees in the stand of damaged trees or any portion of the damaged trees meeting the conditions contained in sections 13(e) and 13(i)(1), the percent of damage will be based on the actual number of trees removed.
  - (3) If the percent of damage:
    - (i) Is based on the number of trees considered partially damaged or fully damaged, such trees must be rehabilitated or reset.
    - (ii) If you do not rehabilitate or reset the damaged trees or any portion of the damaged trees in the stand of damaged trees, the percent of damage will be based on the actual number of trees rehabilitated or reset.

#### 14. Late and Prevented Planting and Written Agreements.

The late planting, prevented planting, and written agreement provisions of the Basic Provisions are not applicable.

#### 15. Occurrence Loss Option.

- (a) The provisions of this option are continuous and be attached to and made a part of your insurance policy, if:
  - (1) You elect the Occurrence Loss Option on or before November 30 and pay the additional

premium indicated on the actuarial documents for this optional coverage; and

- (2) You have not elected coverage under the Catastrophic Risk Protection Endorsement.
- (b) If you elect this option for a crop, all insurable trees of the crop within the county will be insured by this option.
- (c) This option may be cancelled by either you or us for any succeeding crop year by giving written notice on or before the cancellation date preceding the crop year for which the cancellation of this option is to be effective.
- (d) Your indemnity in the event of a loss will be determined as follows:
  - (1) Calculate the unit value and the URF;
  - (2) In lieu of section 13(a)(2) of these Crop Provisions, for trees within a unit that are damaged by an insurable cause of loss, and if the amount of insured damage is at least three (3) percent of the unit value (unless otherwise specified in the Special Provisions), your loss will be determined by:
    - (i) Multiplying the unit value by 0.03;
    - (ii) Calculating the damage value;
    - (iii) Calculating the amount of insured damage;
    - (iv) If the amount of insured damage is:
      - (A) Equal to or greater than the result of 15(d)(2)(i), multiply the amount of insured damage by the URF then multiply this result by your share to determine your indemnity; or
      - (B) Less than the result of 15(d)(2)(i), no indemnity will be due.
  - (3) The total percent damage to any stage-block or portion of a stage-block within a stand of damaged trees cannot exceed 100 percent for the crop year.
  - (4) The total amount of indemnities payable on a unit during the crop year is limited to:
    - (i) The lesser of the amount of protection for the unit or the unit value;
    - (ii) Times your share.

#### Example of Coverage and Premium

Assume that a standard density orchard owner:

- Buys 75-percent coverage level (25-percent deductible).
- Selects the 100% price percentage.
- Stage I, II, and III tree reference prices for the standard density practice apply for determining the amount of protection, premium, unit deductible, and unit value.
- Reports 3,000 macadamia trees.
- Reports one unit and reports the actual stages as follows:
  - 2,200 stage III; 200 stage II; 600 stage I.
- Holds 100 percent interest in the unit.
- Is charged a premium rate of 0.7 percent.

FCIC's actuarial documents show the following reference prices for the standard density practice:

- \$165/tree, stage III; \$137/tree, stage II; \$102/tree, stage I.

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- The limb adjustment percentage contained in the Special Provisions is 10 percent.
- Your tree reference prices are the applicable reference prices for the applicable stage and density practice contained in the actuarial documents times the 100% price percentage you selected.

The amount of protection provided by the policy for the unit will be calculated as follows:

- \$338,700 amount of insurance = [(2,200 trees x \$165) + (200 x \$137) + (600 x \$102)] x 75-percent coverage level.

The premium due on the insured crop is:

- \$2,371 = \$338,700 amount of protection x 100-percent share x 0.007 premium rate.

#### **Loss Example (with no previous claim):**

Now assume that wind (hurricane) damaged the macadamia orchard in September and destroyed 1,000 stage III trees that the orchard owner intends to remove. The applicable stage III reference price is \$165/tree. The percent of damage is 100 percent. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- The number of trees destroyed because of wind is 1,000.
- The unit deductible is \$112,900 = [(2,200 x \$165) + (200 x \$137) + (600 x \$102)] x 25-percent deductible.
- The damage value is \$165,000 = 1,000 x \$165 x 100-percent damage for destroyed trees.
- The damage value for the crop year for this loss minus the unit deductible is \$28,550 = \$165,000 damage value - \$112,900 unit deductible.
- The preliminary indemnity multiplied by the URF and share is \$28,550 = \$28,550 x 1.000 x 1.000.
- The indemnity payable is \$28,550.

#### **Loss Example (with previous claim):**

Now assume that the remaining 1,200 surviving stage III trees in the stand of damaged trees are partially damaged due to wind (hurricane) in October of the same crop year. The orchard owner intends to rehabilitate the damaged trees. The canopy loss percent is 35 percent [45 average canopy loss percent - 10 percent (limb adjustment percentage)]. The percent of damage is 0.90 percent (6 partially damaged trees ÷ 10 sample trees x .015 adjustment factor for 35 percent canopy loss). The applicable reference price contained in the actuarial documents for a stage III is \$165/tree. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity for wind will be calculated as follows:

- The unit deductible is \$112,900 = [(2,200 x \$165) + (200 x \$137) + (600 x \$102)] x 25-percent deductible.
- The damage value for the current loss is \$1,782 = (1,200 x 0.90 percent of damage x \$165).
- The total damage value for the crop year is \$166,782 = \$1,782 current damage value + \$165,000 damage value from previous loss.
- The total damage value for the crop year minus the unit deductible is \$53,882 = \$166,782 total damage value for the crop year - \$112,900 deductible.
- The preliminary indemnity for this occurrence is \$53,882 multiplied by the URF and share = \$53,882 x 1.000 x 1.000.

- Indemnity owed for this most recent cause of loss is \$1,782 = \$53,882 preliminary indemnity - \$52,100 previous indemnity.

#### **Example of Coverage and Premium: Occurrence Loss Option**

Assume that a standard density orchard owner:

- Buys 75-percent coverage level (25-percent deductible).  
Selects the 100% price percentage.
- Stage I, II, and III tree reference prices for the standard density practice apply for determining the amount of protection, premium, and unit value.
- Reports 3,000 macadamia trees.
- Reports one unit and reports the actual stages as follows:  
2,200 stage III; 200 stage II; 600 stage I.  
Holds 100 percent interest in the unit.
- Is charged a premium rate of 1.5 percent (base policy with Occurrence Loss Option rate).

FCIC's actuarial documents show the following reference prices:

- \$165/tree, stage III; \$137/tree, stage II; \$102/tree, stage I.
- The limb adjustment percentage contained in the Special Provisions is 10 percent.
- Your tree reference prices are the applicable reference prices for the applicable stage and density practice contained in the actuarial documents times the 100% price percentage you selected.

The amount of protection provided by the policy for the unit will be calculated as follows:

- \$338,700 amount of insurance = [(2,200 trees x \$165) + (200 x \$137) + (200 x \$102)] x 75-percent coverage level.

The premium due on the insured crop is:

- \$5,081 = \$338,700 amount of protection x 100-percent share x 0.015 premium rate.

#### **Loss Example with Occurrence Loss Option (with no previous claim):**

The macadamia trees were damaged due to wind (hurricane) in September and the average canopy loss percent is 85 percent. The canopy loss exceeds 80 percent and the damaged trees are considered destroyed. The stand of damaged trees contained 200 stage III trees. The orchard owner intends to remove the damaged trees. The applicable stage III reference price contained in the actuarial documents is \$165/tree. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- Three (3) percent of the unit value is \$10,161 = \$338,700 x 0.03.
- The damage value is \$33,000 = (200 x \$165).
- The amount of insured damage is \$24,750 = \$33,000 x 75-percent coverage level.
- The amount of insured damage is more than three (3) percent of the unit value (\$24,750 > \$10,161).
- Indemnity owed for the most recent cause of loss is \$24,750 = \$24,750 x 1.000 URF x 100-percent share.