

**MULTIPLE PERIL CROP INSURANCE
FLORIDA FRUIT TREE PILOT CROP INSURANCE PROVISIONS**

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If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions; and (4) the Basic Provisions with (1) controlling (2), etc.

1. Definitions.

ACC - Asiatic Citrus Canker, a disease caused by the bacterium *Xanthomonas axonopodis pathovar citri* (Hasse) Dawson, which adversely affects citrus trees.

ACC underwriting certification - A certification issued by APHIS or DPI, which describes the status of citrus trees with respect to ACC, as provided in the Special Provisions.

Amount of protection (unit) - The dollar amount (by unit) calculated by multiplying the number of insurable trees reported, times the reference maximum price for the stage, times the coverage level selected by you, times your share.

APHIS - Animal and Plant Health Inspection Service, an agency of the United States Department of Agriculture, or a successor agency.

Buckhorn - To cut any scaffold limb to a length not greater than one-fourth (1/4) the height of the tree before such cutting.

Bud union - The location on the tree trunk where a bud from one tree variety is grafted onto the root stock of another variety.

Crop - Each of the following:

- (a) Carambola trees;
- (b) Grapefruit trees;
- (c) Lemon trees;
- (d) Lime trees;
- (e) Orange trees;
- (f) All other citrus trees; and
- (g) Any other trees as grouped and specified in the Special Provisions.

Crop year - The period beginning November 21 and extending through November 20 of the following year, which is designated by the calendar year in which the period ends.

Damaged scaffold limb - A scaffold limb injured within a distance from the trunk equal to one-fourth (1/4) the height of the tree and that requires buckhorning. For buckhorned and topworked trees, destruction of the new growth on buckhorned trees or destruction of scions grafted to the interstock of topworked trees.

Deductible percentage - The result of subtracting the coverage level percentage you elect from 100 percent.

Destroyed - A tree damaged to the extent that removal is necessary.

DPI - Department of Plant Industry, an agency of the Florida Department of Agriculture and Consumer Services, or a successor agency.

Excess moisture - Rainfall in quantities sufficient to destroy the tree.

Freeze - The formation of ice in the cells of the trees caused by low air temperatures.

Graft union - The location where the scion is joined to the interstock of a topworked tree.

Grafting - Creating a permanent union between two plants by inserting an offspring of one tree into a stem or branch of another.

Interstock - That area of the tree that is grafted to the rootstock. For example; the rootstock may be sour orange, the interstock grapefruit, and the grafted scion Valencia orange.

Maximum reference price - The price per tree listed on the actuarial documents that is used in calculating the unit value and amount of protection.

Public order - Either an Agreement to Destroy and Covenant Not to Sue signed by you and by DPI or an Immediate Final Order issued by DPI, both of which identify citrus trees infected by or exposed to ACC and order their destruction.

Quarantine Zone - An area immediately adjacent to infected or exposed citrus trees as identified by DPI or APHIS, from which the movement of fruit and plant material is regulated by APHIS or DPI.

Replacement trees - Trees set out in existing groves in place of trees that are no longer productive or that have been destroyed.

Sales closing date - In lieu of the definition in section 1 of the Basic Provisions, there is no specific date by which applications must be filed. However, applications submitted after November 20 may affect your eligibility for other farm program benefits. November 20 is the last date you may change the coverage level or amount of protection for the next crop year.

Scaffold limb - A major limb attached directly to the trunk.

Scion - A detached living portion of a plant joined to a stock in grafting.

Set out - Transplanting a tree into the grove.

Share - In lieu of the definition in section 1 of the Basic Provisions, your percentage of interest in the insured crop as owner 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 - A tree-classification system used by us, and shown on the actuarial documents as the maximum reference price per tree. At the time insurance attaches, stage is determined by the greatest number of insurable trees in the unit that:

- (a) Were set out, buckhorned, or topworked less than one year prior to the beginning of the crop year, denoted as stage I.
- (b) Were set out, buckhorned, or topworked one year or more before the beginning of the crop year, but do not yet qualify as stage III, denoted as stage II.
- (c) Are able to produce a yield typical of a healthy tree of the current tree age, denoted as stage III.
 - (1) Citrus trees may not qualify for stage III until after the third crop year after set out or topworking, or the fourth crop year after buckhorning.
 - (2) All other trees may not qualify for stage III until after the second crop year after set out, or the third crop year after buckhorning or topworking.

Toppled - A tree that is leaning and in danger of falling but is not uprooted.

Topworked - A buckhorned tree with a new scion grafted onto the interstock.

Unit value - Unless otherwise specified on the actuarial documents, the amount determined by multiplying the number of insurable trees in the unit on the day before the loss (but not reduced for any insured damage that occurred during the crop year) by the appropriate maximum reference price per tree listed in the actuarial documents, by the coverage level selected by you and by your share.

Uprooted - A tree that is no longer upright and has an exposed root system that causes permanent damage.

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 addition to establishing optional units by section, section equivalents, or FSA farm serial number as specified in section 34 of the Basic Provisions, units may be established if each optional unit is located on non-contiguous land.

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 each crop as defined in section 1 of these Crop Provisions that you elect to insure.
- (b) After the initial crop year of insurance, your coverage level election and share may only be changed on or before November 20 prior to the beginning of the crop year for which the change is to be effective.

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 20 before the beginning of the crop year.

6. Report of Acreage.

- (a) In lieu of section 6(a) of the basic Provisions, you must submit an annual acreage report on our form by November 20 of the calendar year in which insurance attaches for carryover insureds and the date of application for new insureds.
- (b) In addition to the provisions in section 6(c) of the Basic Provisions, you must report by unit:
 - (1) The number of trees, insurable and not insurable; and
 - (2) The stage of the insurable trees.

7. Annual Premium.

- (a) In lieu of sections 7(b) and (c) of the Basic Provisions, we will determine your annual premium by multiplying the amount of protection for the unit by the applicable premium rate and the premium adjustment factors shown in the actuarial documents.
- (b) In addition to the provisions in section 7 of the Basic Provisions, the premium will be adjusted for applications made after November 20. Premium will be charged for the entire month, as shown in the actuarial documents, for any month during which any amount of coverage is provided under these provisions.

8. Insured Crop.

- (a) In accordance with section 8 of the Basic Provisions, the trees insured will be those of each crop for which you elect insurance coverage and a premium rate is quoted in the actuarial documents:
 - (1) That are grown in the county listed on your application;
 - (2) In which you have a share; and
 - (3) That are grown to produce a crop intended to be sold as fruit or juice 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) Have been grafted within a 12 month period before the date insurance attaches, unless the grafting is a result of topworking;

- (2) Are unsound, diseased, or unhealthy;

- (3) No longer have the potential to produce a yield typical of healthy trees of the same age as the subject trees, unless such trees were topworked or buckhorned and qualify as stage I or II;

- (4) Are toppled or uprooted;

- (5) Are grown on acreage designated in the Special Provisions as uninsurable for a specific peril;

- (6) Were damaged by a cause of loss other than ACC before the beginning of the insurance period. If trees suffered such damage the previous crop year, then insurance will not attach until the previous year's damage is determined and the acreage is accepted by us;

- (7) Were certified as being infected by or exposed to ACC before coverage for ACC attached. If trees were certified as being infected or exposed to ACC before the coverage for ACC attached, insurance will not attach until you obtain an ACC underwriting certificate stating that the trees are not infected by or exposed to ACC and the other conditions for insurability are met; or

- (8) Are citrus trees that were planted less than two years after the removal of trees infected by or exposed to ACC from the same acreage.

- (c) Although a crop may meet the conditions of insurability under sections 8(a) and (b) of these Crop Provisions and section 8 of the Basic Provisions, if the crop is located in a county where a quarantine zone is currently established, to be insured for the cause of loss of ACC, you must submit an ACC underwriting certification to the company within 30 days of its issuance as specified below.

- (1) An ACC underwriting certification is required before coverage for ACC will attach for all new policies and for all carryover policies that did not provide ACC coverage the previous crop year.

- (2) For all carryover policies after the crop year in which the certification was provided, no ACC certification is required in subsequent crop years unless:

- (i) You elect a higher coverage level or report an increased share by the November twentieth deadline; and

- (ii) You add acreage of insurable trees and the addition of such acreage will increase the amount of protection by more than 10 percent (The new ACC underwriting certificate is only required for the added acreage. Previously reported acreage does not require a new certification and ACC coverage will remain in effect on such acreage unless otherwise specified in this policy).

- (3) ACC coverage will remain in effect as previously reported until the new ACC underwriting certification is submitted.

9. Insurance Period.

- (a) In accordance with the provisions of section 11 of the Basic Provisions, coverage begins as follows.

- (1) On the 30th day after we receive your application unless we notify you that all or a part of your trees are not insurable.

- (2) On November 21 of each crop year for renewal policies, except that if at renewal you elect a higher coverage level or report additional land or a greater share such that the amount of protection will increase by more than 10 percent, then coverage

for the additional amount of protection begins on the later of November 21 or the 30th day after we receive your election or report, unless we notify you that all or a part of your trees are not insurable.

- (3) Upon set out for replacement trees or trees set out on new acreage. A revised acreage report is required to increase the amount of protection.
 - (4) For the cause of loss of ACC on citrus trees and subject to the provisions contained in section 8(a) of these crop provisions, coverage will begin on the 30th day after we receive your application for insurance or revised coverage, unless we notify you that all or part of your trees are not insurable.
- (b) The insurance period ends at the earlier of:
- (1) November 20 of the crop year; or
 - (2) Upon our determination of the total destruction of insured trees on the unit.

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 that occur within the insurance period:
- (1) Freeze;
 - (2) Wind;
 - (3) Excess moisture; and
 - (4) Infection by or exposure to ACC when the trees are removed pursuant to a public order.
- (b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage other than actual damage to the tree from an insurable cause specified in this section.

11. 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, buckhorn, topwork, 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 subsection 14(c) of the Basic Provisions, you must submit a claim for indemnity declaring the amount of your loss not later than 60 days after the end of the insurance period, or if the amount of damage cannot be determined until after the insurance period, not later than six months after the damage occurred. This claim must include all the information we require to determine your indemnity.
- (c) You must notify us immediately if you discover that ACC may be present on any of your citrus tree acreage.

12. 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) For trees that are destroyed because of ACC, your loss will be determined by:
 - (i) Counting the total number of insurable trees in the unit;
 - (ii) Determining the insured value per tree by dividing the lesser of the amount of protection for the unit or the unit value by the number of insurable trees in the unit;
 - (iii) Determining the total number of insurable trees required to be destroyed because of ACC; and
 - (iv) Multiplying the result of 12(a)(1)(iii) by the result of 12(a)(1)(ii).

- (2) For trees within a unit that are damaged by an insurable cause of loss other than ACC, your loss will be determined by:
 - (i) Calculating the total percentage of damaged trees since the beginning of the crop year, excluding those trees damaged by ACC;
 - (ii) Subtracting the deductible percentage from the result of 12(a)(2)(i) to determine the amount of covered damage;
 - (iii) Dividing the result of 12(a)(2)(ii) by your coverage level percentage to determine the adjusted amount of covered damage;
 - (iv) Multiplying the result of 12(a)(2)(iii) by the lesser of the amount of protection for the unit less any ACC indemnities paid, or the unit value reduced for any citrus trees destroyed because of ACC to determine the value of all non-ACC damage; and
 - (v) Subtracting any non-ACC indemnity previously paid for the current crop year from 12(a)(2)(iv) to determine the indemnity owed for the damage as a result of the most recent insurable cause of loss.
 - (3) The total amount of ACC and non-ACC indemnities payable on a unit during the crop year is limited to the lesser of the amount of protection for that unit, or the greatest unit value that existed during the crop year or portion thereof for which insurance was in force.
- (b) Percent of damage will be determined based on representative samples that are proportional to the stand of trees and the predominate tree stage, as follows:
- (1) For damage occurring during the year of set out:
 - (i) Any tree with no live wood above the bud union will be considered 100 percent damaged;
 - (ii) Any tree with less than eight inches of live wood above the bud union will be considered 80 percent damaged; and
 - (iii) Any tree with eight inches or more of live wood above the bud union will be considered undamaged.
 - (2) For damage occurring in any year following the year of set out, or for buckhorned or topworked trees damage occurring either during the year the trees are topworked or buckhorned or any year thereafter:
 - (i) Any tree with no live wood above the bud union or a buckhorned or topworked tree with no live wood above the new growth points or above the graft unions will be considered 100 percent damaged; and
 - (ii) Any tree with damaged scaffold limbs will have the damage determined by dividing the number of damaged scaffold limbs by the number of scaffold limbs on that tree before the damage occurred. If the damage from insured causes is 80 percent or greater, the tree will be considered 100 percent damaged.
 - (3) Citrus trees destroyed because of ACC will be considered 100 percent damaged.
 - (4) Damage for the unit will be based on our assessment of average tree damage.
- (c) Any unit will be considered to be 100 percent damaged if it sustains average damage from insured causes of at least 80 percent. However, if the value of the largest

contiguous stand of trees remaining after considering insured causes of loss (allowing for partially-damaged trees) is less than 15 percent of the unit value at the time insurance attached, the unit will be considered 100 percent damaged.

- (d) Any damage due to uninsured causes will not be included in the damage for the unit.
- (e) Percent of damage will be determined not later than the earlier of:
 - (1) One hundred percent destruction of the trees; or
 - (2) The end of the insurance period.
- (f) If the amount of damage cannot be determined until after the insurance period, the percent of damage will be determined not later than six months after the end of the insurance period.

13. Late and Prevented Planting, and Written Agreements

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

Example of Coverage and Premium

Assume that a grove owner:

- Buys 75 percent coverage level (25 percent deductible)
- Insures two crops covered under the policy - orange trees and grapefruit trees
- Reports the following number of trees: 1,000 orange trees and 4,000 grapefruit trees.
- Reports one unit each for orange and grapefruit trees and reports both as stage III based on a predominate tree age of 7 years for each crop.
- Holds 100 percent interest in all crops
- Is charged a premium rate of 2.8 percent for each crop
- FCIC's actuarial documents show the following maximum reference prices:
 - orange trees - \$26.00/tree
 - grapefruit trees - \$26.00/tree

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

- orange trees - \$19,500 (1,000 trees x \$26.00 maximum reference price x 75 percent coverage level x 100 percent share); and
- grapefruit trees - \$78,000 (4,000 trees x \$26.00 maximum reference price x 75 percent coverage level x 100 percent share).

The premium due on each insured crop is:

- orange trees - \$546 (\$19,500 amount of protection x 2.8 percent premium rate); and
- grapefruit trees - \$2,184 (\$78,000 amount of protection x 2.8 percent premium rate).

ACC Loss Example:

Assume that ACC is discovered in the grapefruit grove in December and that 600 grapefruit trees are removed pursuant to a public order. The unit value is determined to be the same as the amount of protection. The ACC indemnity is calculated as follows:

- Total number of insurable trees in the unit = 4,000
- The insured value per tree is \$19.50 (\$78,000 amount of protection / 4,000 insurable trees).
- The number of trees destroyed because of ACC is 600.
- The ACC indemnity payable is \$11,700 (\$19.50 insured value per tree x 600 number of trees).

Non-ACC Loss Example No 1:

Now assume that 1,200 grapefruit trees in an exposed portion of the grove are 100 percent destroyed by freeze in January. The non-ACC indemnity will be calculated as follows:

- The percent of non-ACC damage since the beginning of the year is 35.3 percent (1,200 trees destroyed by causes of loss other than ACC / (4,000 trees in the unit minus 600 trees destroyed because of ACC))
- The percent of covered damage is 10.3 percent (35.3 percent of non-ACC damage - 25 percent deductible)
- The percent of adjusted covered damage is 13.7 percent (10.3 percent amount of damage / 75 coverage level)
- The value of the amount of damage is \$9,083 (13.7 percent x \$78,000 amount of protection - \$11,700 indemnity paid for ACC damage).
- No non-ACC indemnity was previously paid on this unit, so the payable indemnity is \$9,083.

Non-ACC Loss Example No 2:

Now assume that 500 additional grapefruit trees are 100 percent destroyed by a tornado in March. The non-ACC indemnity will be calculated as follows:

- The percent of non-ACC damage since the beginning of the year is 50 percent ((1,200 trees previously lost + 500 trees additional lost) / (4,000 total trees - 600 trees lost to ACC))
- The amount of covered damage is 25 percent (50 percent of non-ACC damage - 25 percent deductible).
- The amount of adjusted covered damage is 33.3 percent (25 percent covered damage / 75 percent coverage level)
- The value of the amount of damage is \$22,078 (33.3 percent x (\$78,000 amount of protection - \$11,700 ACC indemnity paid))
- The payable indemnity is \$12,995 (\$22,078 - \$9,083 previous non-ACC indemnity)
- Note that the total indemnities paid on the unit amount to \$33,778, which is less than either the amount of protection or the unit value, so the full amount is payable.