

**MULTIPLE PERIL CROP INSURANCE
AVOCADO AND MANGO TREE PILOT CROP PROVISIONS**

2001-NCIS 804

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.

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.

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.

Canopy - All of the three-dimensional space occupied by the above-ground structural parts of the tree except the leaves.

Crop - Each of the following:

- (a) Avocado trees;
- (b) Mango trees; and
- (c) 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.

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.

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.

Grafting - Creating a permanent union between two plants by inserting a new bud on to an existing tree.

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

Replacement trees - Trees set out in existing groves to replace 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.

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 or buckhorned less than one year prior to the beginning of the crop year, denoted as stage I.

- (b) Were set out or buckhorned 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. The trees may not qualify for stage III until after the second crop year after set out, or the third crop year after buckhorning.

Toppled - A tree that is leaning and in danger of falling.

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

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are November 20.

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;
 - (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 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; or
 - (6) Were damaged by a cause of loss 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.

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.
- (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; and
 - (3) Excess moisture.

- (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, 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 if the amount of damage can be determined, 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.

12. Settlement of Claim.

- (a) The indemnity for each unit will be determined by:
 - (1) Calculating the percent of total damage since the beginning of the crop year;
 - (2) Subtracting the deductible percentage from the result of section 12(a)(1);
 - (3) Subtracting any percent of damage paid previously in the current crop year from the result of section 12(a)(2) (regardless of whether the trees were previously damaged in the crop year, if no indemnity has been paid for the crop year, the percent of damage to be subtracted from section 12(a)(2) will be zero);
 - (4) Dividing this result by your coverage level percentage; and
 - (5) Multiplying the result of section 12(a)(4) by the lesser of:
 - (i) the unit value; or
 - (ii) the amount of protection you elected for the unit.
- (b) The percent of damage will be determined based on representative samples as follows:
 - (1) For damage occurring during the year of set out or grafting:
 - (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;
 - (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 grafting:
 - (i) Any tree with no live wood above the bud union will be considered 100 percent damaged;
 - (ii) Other trees will have the damage determined by an appraisal of the reduction in canopy volume in accordance with the Special Provisions. If the damage is 80 percent or greater, the tree will be considered 100 percent damaged.
 - (3) Damage for the unit will be based on the average damage for all trees in the unit.

- (c) Any unit that sustains average damage of 80 percent or greater will be considered to be 100 percent damaged.
- (d) Any damage due to uninsured causes will not be included in the damage for the unit.
- (e) The percent of damage will be determined at the earlier of:
 - (1) One hundred percent destruction of the trees; or
 - (2) 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.
- (f) The maximum that we will pay for multiple losses occurring to a unit within any crop year will not exceed the amount of protection that applies to the unit.

avocado trees - \$20.00/tree
 mango trees - \$20.00/tree

Owner B's grove is damaged by excess moisture and sustains a 75 percent loss on the mango trees and no loss to the avocado trees. An adjuster determines that, at the time of loss, there were 210 avocado trees in unit 0100, 120 mango trees in unit 0200.

B's indemnity for unit 0200 is calculated as follows:

- (1) 75% (damage) - 25 % (deductible percentage) = 50%.
- (2) 50 % (payable damage) - 0% (previously paid) = 50%
- (3) 50% 75% (coverage level) x \$1800 (the lesser of \$5500 amount of protection or the \$1800 unit value) = \$1206

Owner B's unit value is \$1800 and the purchased amount of protection is \$5500. B has purchased \$3700 of excess protection and may be due a refund of part of this year's premium for the excess coverage. The premium for this amount of excess protection is \$159 (\$3700 x 100% share x .043 rate). Since \$159 is more than 10 percent of the policy premium (\$409), and at least \$100, the \$159 excess premium will be refunded to owner B.

13. Written Agreements.

No written agreements will be applicable to this pilot program.

14. Late and Prevented Planting.

No late or prevented planting provisions will be applicable to this policy.

COVERAGE EXAMPLE # 1

Grove owner A:

- Selects 75 percent coverage level (25 percent deductible percentage)
- Crops covered under the policy
 - unit 0100 - avocado trees
 - unit 0200 - mango trees
- Buys the following amount of protection: \$3375 for avocado trees and \$1875 for mango trees. Total \$5250.
- 100 percent interest in all crops
- Premium rate for both crops - 4.3%
- Premium is \$5250 x .043 = \$226.
- Maximum reference price
 - avocado trees - \$20.00/tree
 - mango trees - \$20.00/tree
- Grove A previously sustained a 30 percent loss on avocado trees which paid on 5 percent of the damage (30 percent loss - 25 percent deductible percentage)

A's grove is damaged by excess moisture and sustains a 50 percent loss on the avocado trees and no loss to the mango trees. An adjuster determines that, at the time of loss, there were 230 avocado trees in unit 0100, and 121 mango trees in unit 0200.

A's indemnity for unit 0100 is calculated as follows:

- (1) 50% (damage) - 25% (deductible percentage) = 25%
- (2) 25% (payable damage) - 5% (previously paid) = 20%
- (3) 20% 75% (coverage level) x \$3375 (lesser of the \$3375 Amount of Protection or \$3450 unit value) = \$911.

COVERAGE EXAMPLE # 2

Grove owner B:

- Selects 75 percent coverage level (25 percent deductible percentage)
- Crops covered under the policy
 - unit 0100 - avocado trees
 - unit 0200 - mango trees
- Buys the following amount of protection: \$4000 for avocado trees and \$5500 for mango trees. Total \$9500
- 100 percent interest in all crops
- Premium rate for both crops - 4.3%
- Premium is \$9500 x .043 = \$409
- Maximum reference price