

MGR-17-014-1

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Date

October 20, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano Acting Administrator

Subject

Clarification - Emergency Procedures for Crops Damaged by Hurricane Irma

Background

On September 22, 2017, the Risk Management Agency (RMA) issued MGR-17-014, Emergency Procedures for Crops Damaged by Hurricane Irma, authorizing emergency procedures for all counties in Alabama, Florida, Georgia, and South Carolina.

Since the issuance of MGR-17-014, RMA has received additional questions regarding the procedures related to Florida Citrus Fruit. This bulletin is to clarify emergency procedures related to Florida Citrus Fruit.

Action

(1) MGR-17-014 item (4) allowed AIPs to complete zero production claims without completing an appraisal worksheet, "For crops (other than Nursery, Florida Fruit Tree, & Pecan Tree) destroyed or damaged to the extent they will never be harvested." This procedure only applies in situations where the crop is destroyed or damaged to the extent they will never be harvested. It does not apply in cases where the producer chooses not to harvest marketable fruit.

(2) In MGR-17-014, item (7)(b) requires AIPs to use verifiable records from at least the three previous crop years to determine the average yield (potential production) when using the hurricane procedures to make loss determinations. Questions have been raised as to whether an insured may provide verifiable records for more than the three previous crop years, whether there are any limitations on how many years may be provided, and whether records must be from consecutive crop years. Although insureds are only required to provide the three previous crop years of records to establish the potential production, AIPs must use at least the three previous crop years of records and may use up to five previous crop years of records to establish potential production. All records used to establish the potential production of the insured's crop must be from consecutive crop years.

Questions related to a period longer than the 3 previous crop years also addressed how the commodity types in the 2014 Florida Citrus Fruit Crop policy would be correlated with the citrus groups in the 2009 policy. The table below provides a crosswalk that correlates commodity type for the 2014 policy to citrus group for the 2009 policy.

2014 Policy language

Commodity	Commodity Type
(1) Oranges;	Early Season (Juice) 123
	Mid Season (Juice) 127
	Late Season (Juice) 129
	Late Season (Fresh) 109
	Navel (Fresh) 131
(2) Grapefruit;	Juice 102
	Fresh 101

2014 Policy language

Commodity	Commodity Type
(3) Tangelos;	Fresh 101
(4) Mandarins/ Tangerines;	Fresh 101
(5) Tangors;	Temples 051 Murcots 052
(6) Lemons;	Juice 102
(7) Limes; and	Juice 102

2009 Policy Language

Citrus Group

- (1) Citrus I - Early and mid-season oranges
- (1) Citrus I - Early and mid-season oranges;
- (2) Citrus II - Late oranges juice;
- (8) Citrus VIII - Navel Oranges; and

- (3) Citrus III - Grapefruit for which freeze damage will be adjusted on a juice basis;

- (7) Citrus VII - Grapefruit for which freeze damage will be adjusted on a fresh fruit basis, and late oranges

- (4) Citrus IV - Tangelos and Tangerines;

- (4) Citrus IV - Tangelos and Tangerines;

2009 Policy Language

(5) Citrus V - Murcott Honey Oranges (also known as Honey Tangerines) and Temple Oranges.

(6) Citrus VI - Lemons and Limes;

(6) Citrus VI - Lemons and Limes;

(3) MGR-17-014, item (7)(b) allows AIPs to contact the Valdosta Regional Office (RO) for an average yield in situations where verifiable records from at least the three previous years are not available. The Valdosta RO will then provide an average yield on a case by case basis, which reflects the average yield of the producer's region. The bulletin states AIPs must verify and document that they are not able to fulfill the certification of verifiable records requirement prior to contacting the Valdosta RO with this request.

Questions were raised whether AIPs must verify and document that they are not able to fulfill the certification of verifiable records requirement prior to contacting the Valdosta RO with this request, or whether an insured must provide certification they do not have verifiable records that can be provided.

Item (7)(b) is only applicable in situations where verifiable records (harvest records, claim records, etc.) from at least the three previous crop years are not available. Therefore, it is the insureds responsibility to advise the AIP they do not have such records available, including why said records are not available. AIPs must verify and document that policyholders do not have at least three previous crop years of records available. A request by an AIP to the RO for an average yield-based NASS value for the Florida Citrus Fruit crop and age of the tree will be certification that such verifications have occurred.

(4) A definition or example was requested when it may not be practical to count ground fruit due to the amount of immature fruit on the ground. An example would be an instance where the AIP is unable to accurately determine which trees the fruit came from or if there is missing fruit that has been washed or blown away.

AIPs are reminded that they should not be using past production records as a standard loss adjustment procedure for establishing potential production. This procedure is only to be used when the AIP's loss adjuster determines, during an

onsite inspection, that a grove or sub-grove has displaced fruit and an accurate ground count appraisal cannot be made. In the event that a grove or sub-grove within a unit has fruit blown away by wind and/or carried away by flood, the hurricane procedures should be used. AIPs should establish the potential production prior to the damage occurring using the average production history determined from the insured's verifiable production records of fruit harvested and marketed from at least the three previous crop years to establish potential boxes produced per tree prior to damage occurring for only the groves or sub-grove(s) with displaced fruit. Continue to use the ground count procedure for other grove(s) or sub-grove(s) in the unit that do not have displaced fruit. When using the hurricane procedure in lieu of the ground count method, do not include ground counts with the potential production or harvested fruit.

Example:

Insured commodity type is Valencia intended as fresh. Potential Production from verifiable records equals two boxes per tree. After determination of pounds juice per box of harvested production and application of the fresh fruit factor and the test house results, the harvested production was 0.4 boxes per tree. The loss is calculated by subtracting the harvested production from the potential production: two boxes per tree potential production minus 0.4 boxes per tree harvested production equals 1.6 boxes per tree (80% damage).

December 31, 2018