

## **MGR-16-009**

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Date

November 29, 2016

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Brandon C. Willis, Administrator

Subject

2017 Crop Year Texas Citrus Fruit Claims

### **Background**

Processing of citrus juice in the Rio Grande Valley of Texas generally begins in December when harvest commences and terminates in May when harvest ends. When insured citrus fruit is damaged from December through May, market prices are generally available for settling claims. Market prices are generally unavailable for settling claims when insured citrus fruit is damaged from June through November and citrus juice processing is not in operation. The Risk Management Agency (RMA) provides market prices for settling claims for fruit damage that occurs when market prices are unavailable.

Section 12(e) of the Texas Citrus Fruit Crop Provisions (00-226) states that, "Where the actuarial documents provide, and you elect, the fresh fruit option, citrus fruit that is not marketable as fresh fruit due to insurable causes will be adjusted by: (1) Dividing the value per ton of the damaged citrus by the price of undamaged citrus fruit; and (2) Multiplying the result by the number of tons of such citrus fruit. The applicable price for undamaged citrus fruit will be the local market price the week before damage occurred." When citrus fruit policyholders elect the fresh fruit option and sell the damaged fresh fruit for juice processing, the juice price from the week

before damage occurred, if available, will be used to calculate claims for indemnity.

## Action

Effective for the 2017 crop year, for the purposes of section 12(e) of the Texas Citrus Fruit Crop Provisions (00-226), the applicable price per ton for damaged Texas citrus fruit and the local market price per ton for citrus fruit will be the prices in Table A and Table B, respectively.

Value per Ton for Damaged Citrus Production. Use either option 1 or 2 as required by the policy to determine the value per ton for damaged citrus production (juice price).

Option 1: Use the local market juice price per ton from the week before damage occurred for oranges or grapefruit from the area processor as the price for damaged fresh fruit when such price is available; or

Option 2: Use the orange or grapefruit juice price per ton in Table A as the price for damaged fresh citrus production.

**Table A. 2017 Crop Year Texas Citrus Price Per Ton for Damaged Citrus Production Sold for Juice**

<b>Citrus Crop</b>	<b>Juice Price per Ton</b>
All Oranges	\$70
All Grapefruit	\$49

If Option 2 is selected, the policyholder must agree in writing to settle claims using the applicable juice price per ton from Table A. AIPs must retain this agreement in the policyholder's claim file.

Local Market Price per Ton for Fresh Citrus Fruit Production. The local market price per ton for fresh Texas citrus will be the applicable price listed in Table B.

**Table B. 2017 Crop Year Texas Citrus Local Market Price Per Ton for Fresh Citrus Production**

<b>Citrus Crop/Code</b>	<b>Local Market Price per Ton</b>
Early/Mid Oranges (0224)	\$597
Late Oranges (0225)	\$582
Rio Red & Star Ruby Grapefruit (0238)	\$630

**Table B. 2017 Crop Year Texas Citrus Local Market Price Per Ton for Fresh Citrus Production**

<b>Citrus Crop/Code</b>	<b>Local Market Price per Ton</b>
Ruby Red Grapefruit (0228)	\$445
All Other Grapefruit (0226)	\$435

Calculate the amount of citrus fruit that is not marketable as fresh fruit and sold as juice by dividing the applicable price (using either Option 1 or Option 2) for damaged production by the applicable market price in Table B; and multiplying the result by the number of tons of such citrus fruit.

AIPs may settle 2017 Fresh Texas Citrus Fruit claims as soon as practical following the issuance of this bulletin for those policyholders choosing Option 2. Policyholders must elect either Option 1 or Option 2 consistent with Section 14 of the Basic Provisions, not later than 60 days after the end of the insurance period.

DISPOSAL DATE: May 31, 2018