United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

FCIC-24260 (08-2024)

ACTUAL REVENUE HISTORY (ARH) CITRUS PILOT INSURANCE STANDARDS HANDBOOK

2026 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM PRODUCTION AND CONSERVATION
RISK MANAGEMENT AGENCY

TITLE: ARH Citrus Pilot Insurance Standards Handbook	**NUMBER: FCIC-24260** **OPI: Product Management**
EFFECTIVE DATE: 2026 and Succeeding Crop Years	**ISSUE DATE: August 29, 2024**
SUBJECT: **Provides the underwriting procedures and instructions for administering the ARH Citrus Pilot Crop Insurance Program.**	**APPROVED:** ***/s/ John W. Underwood* for** **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

This handbook provides underwriting standards for administering the ARH Citrus Pilot Crop Insurance Program for the 2026 and succeeding crop years. This handbook replaces FCIC-24260, ARH Citrus Pilot Insurance Standards Handbook, dated November 20, 2023. This handbook is effective upon approval and until obsoleted.

SUMMARY OF CHANGES:

Listed below are the changes to the 2026 FCIC-24260 ARH Citrus Pilot Insurance Standards Handbook with significant content change. All changes and additions are highlighted. Minor changes and corrections are not included in this listing. *** used throughout the handbook indicates where major deletions occurred.

Reference	Description of Change
Throughout	Updated crop years and formatting throughout to comply with the 2025 External Handbook Standards.
Para. 22A	Updated unit language for the CP changes allowing EUs.
Exh. 3A and B	Revised elements to substantive.

ARH CITRUS PILOT INSURANCE STANDARDS HANDBOOK

TABLE OF CONTENTS

PART 1: GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose and Objective

The purpose of the handbook is to provide instructions for establishing crop insurance coverage in accordance with the ARH Citrus Pilot CP (24-0227) and to supplement the CIH, DSSH, GSH, and LAM via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH, DSSH, GSH, or the LAM, this handbook controls.

B. Source of Authority

The ARH Citrus Pilot Program is an RMA developed product approved by the FCIC Board of Directors on May 07, 2009, under Section 523 of the Federal Crop Insurance Act. This handbook provides the FCIC-approved procedures for administering the pilot.

C. Title VI of the Civil Rights Act of 1964

The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Therefore, programs and activities that receive Federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because they opposed an unlawful practice or policy, or made charges, testified or participated in a complaint under Title VI.

It is the AIPs' responsibility to ensure that standards, procedures, methods and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the USDA public website at www.usda.gov/oascr. For more information on the RMA Non-Discrimination Statement, see the DSSH.

D. Related Handbooks

The following table provides handbooks related to this handbook.

Note: Not all sections of related handbooks or all procedures in a section apply to ARH Citrus Pilot Program. See Part 3 for exceptions.

D. Related Handbooks (Continued)

Handbook	Relation/Purpose
CIH	This handbook provides the official FCIC-approved underwriting standards for policies administered by AIPs for the General Administrative Regulations, Common Crop Insurance Policy BP, and Area Risk Protection Regulations.
DSSH	This handbook provides the official FCIC-approved form standards and procedures for use in the sale and service of any eligible Federal crop insurance policy; required statements and disclosures; and the standards for submission and review of non-reinsured supplemental policies in accordance with the SRA.
GSH	This handbook provides the official FCIC-approved standards for policies administered by AIPs under the General Administrative Regulations, Common Crop Insurance Policy Regulations BP, including the Catastrophic Risk Protection Endorsement, the Area Risk Protection Insurance Regulations Basic Provisions; the Stacked Income Protection Plan of Insurance; the Rainfall Index Plans; and the Whole-Farm Revenue Protection Pilot Policy.
LAM	This handbook provides the official FCIC-approved general loss adjustment standards for all levels of insurance provided under FCIC unless a publication specifies that none or only specified parts of this handbook apply.
ARH Citrus Pilot Loss Adjustment Standards Handbook	This handbook provides the loss adjustment standards for this crop, which are the official standard requirements for adjusting losses in a uniform and timely manner.

E. Duration of Handbook

The ARH Citrus Pilot Program is available beginning with the 2011 crop year and is authorized until terminated or converted to a permanent program by the FCIC Board of Directors.

F. Area of Applicability

See the AD for the pilot area.

2 Responsibilities

A. RMA Responsibilities

Establish and maintain the policy, procedure, and instructions for administering the ARH Citrus Pilot Program. Provide guidance and clarification, as needed, regarding the policy, procedure, and instructions for the ARH Citrus Pilot Program.

B. AIP Responsibilities

AIPs must use standards, procedures, methods, and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any pilot program issues or concerns to PASD of RMA.

3-20 (Reserved)

PART 2: INSURABILITY

21 Insurable Types and Practices

A. Types Insurable

All types of navel oranges (including Cara Cara) are insurable under the ARH Citrus Pilot Program. See AD for type availability by county.

B. Insurable Practices

Citrus must be produced in an orchard that is acceptable to the AIP, if inspected. Insurable practices are listed in the AD. Generally, citrus must be irrigated to be insurable under the ARH Citrus pilot Program. Citrus interplanted with another perennial crops are insurable unless, upon inspection of the acreage by the AIP, it is determined the requirements contained in the policy are not met.

22 Units and Coverage Levels

A. Units

OUs may be established by organic and non-organic farming practices, non-contiguous land, or type, if type is specified in the SP. In addition, OU by land location as provided in section 34(c)(1) and by irrigation practice as provided in section 34(c)(2) of the BP are not applicable.

EUs in section 34(a)(2) of the BP are applicable.

Whole Farm unit provisions in section 34(a) of the BP does not apply.

B. Coverage Levels

Coverage is available in 5 percent increments from 50 percent to 85 percent. CAT coverage is not offered.

23 Insurance Dates and Causes of Loss

A. Insurance Dates

(1) The cancellation, termination, and sales closing dates are November 20.

(2) The contract change date is August 31 immediately preceding the cancellation date.

(3) The date for the end of the insurance period for physical damage for each crop year is August 31 during the calendar year in which the citrus is normally harvested.

(4) The date for the end of the insurance period for a loss of revenue due to an inadequate harvest price year is August 31 during the calendar year in which the bloom is normally set. If a citrus price pool has not closed by this date, the production associated with that pool will be valued using the annual price procedure. Per the annual price procedure, if none of the insured pools have closed by August 31, the annual price will be the NASS price. The NASS price is generally made available during the last half of September following harvest. If the price pool closes after August 31, but before September 30, the claim must be settled based on the annual price procedure because the insurance period ends on August 31.

(5) Regardless of the price used to determine the revenue to count, the notice of loss must be filed by September 30 following harvest.

(6) The acreage reporting and revenue reporting date is January 15 following the cancellation date.

(7) The premium billing date is August 15 of the calendar year that follows the calendar year that contains the cancellation date.

B. Insurable Causes of Loss

The following causes of loss are covered under the ARH Citrus Pilot Program:

(1) Adverse weather conditions.

(2) Fire, unless undergrowth has not been controlled or pruning debris has not been removed from the orchard.

(3) Wildlife damage.

(4) Earthquake.

(5) Volcanic eruption.

B. Insurable Causes of Loss (Continued)

(6) Insects and plant disease, if either of the following apply:

(a) adverse weather conditions prevent application of control measures or cause control measures to be ineffective after application, and reapplication is not possible or permitted before damage occurs or worsens; or

(b) no pesticides effective on the insect or plant disease are registered with the Environmental Protection Agency and labeled for use on the citrus crop.

Note: Causes of loss due to insects or plant disease are insurable causes of loss only if a natural event, such as rain, either prevents timely application of a pesticide or washes it off the trees before it has an opportunity to be effective. Further, the insured must have been unable to reapply the control measure before damage occurs or worsens due to continuing natural events, such as adverse weather, or because the label directions limit reapplication for several days after an initial application and there are no substitutes. In addition, a pest or disease may occur for which no pesticide has been registered for use on that disease or pest or, if a pesticide is registered, it has not been labeled for use on the citrus crop. Insureds must exercise normal and routine care of the orchard to control insects and disease outbreaks, but if natural events beyond the control of the insured occur and cause a production loss, such losses may be covered if all other requirements are met. Any new insured plantings must use citrus tristeza tolerant and tristeza free propagation material.

(7) Failure of irrigation water supplies, if caused by a cause of loss specified in Subparagraph B(1-6) that occurs during the insurance period.

(8) In addition to the causes of loss due to physical damage, loss of revenue due to an inadequate market price is a covered cause of loss for citrus which are delivered and sold or for citrus that are valued using the annual price procedure.

Note: Unsold citrus must be appraised to determine the cartons of marketable fruit and must be valued as revenue to count using the annual price procedure in accordance with the CP.

C. Uninsurable Causes of Loss

In addition to the uninsurable causes of loss listed in the BP, the following are not insurable causes of loss under the ARH Citrus Pilot Program:

(1) Failure to harvest in a timely manner for any reason, including the inability to obtain harvest labor, unless the failure to harvest is due to a physical peril(s) insurable cause of loss according to Subpara. B.

(2) Mechanical damage that occurs during the insurance period.

(3) Inability to market for any reason other than actual physical damage from an insurable cause.

Example: An insured's inability to market production due to quarantine, boycott, or refusal of any person to accept production is not an insurable cause of loss.

24 Reports

Revenue reports must contain insurable acreage amounts, total production, appraised production, and revenue; and must be separated in the appropriate manner to support the insurance guarantee. All information contained in the revenue report must be substantiated by verifiable records, such as AIP loss records, settlement sheets, or appraisals. Preharvest appraisals are required for direct marketing acreage and must also be accompanied by sales records.

AIP appraisal of unharvested marketable production may be used in the annual revenue determination. If the insured does not have an annual price from actual sales to use for the valuation of the unharvested marketable production the NASS price shall be used according to the annual price procedure. The revenue history refers to the insured's revenue from the harvesting and hauling of the fruit to the packinghouse door. Where the packinghouse pays for the harvesting and hauling costs, the net revenue is identified from packinghouse settlement statements as the gross revenue for all sales of marketable fruit less all packinghouse charges, except the charges for harvesting and hauling to the packinghouse door.

If a loss claim record was filed for a crop year, the revenue to count from the loss record must be used for the revenue report even if the loss was settled using the NASS price and the production was later sold.

If harvested marketable production is rejected by the packer, such production can be used in the annual revenue determination provided acceptable supporting records are provided. The acceptable supporting records must include gross production, percent of damaged fruit, grade, and document the condition of damaged fruit, such as freeze, decay, blemished, etc. The harvested marketable production which was rejected by the packer is valued using the annual price procedure.

24 Reports (Continued)

Acceptable supporting records for delivered and sold citrus are pool statements, pool summary statements, pack statements or year-end settlement sheets that indicate by crop/type, the number of standard size cartons (#58 container – 38 pounds for oranges) packed or the net weight of the packed fruit, and the total revenue from sales of marketable citrus.

If marketable citrus from the unit was delivered to more than one buyer or handler, the records of each buyer or handler must be aggregated to determine the total revenue and total number of standard cartons for the unit.

The average revenue per acre for a crop year is the total revenue received for marketable citrus divided by the number of insurable acres in the unit.

The average production from the unit also must be reported. Citrus production for which marketing records are expressed on a basis other than standard cartons must be converted to standard cartons on the basis of 38 pounds of packed fruit for the standard packed carton. The average production is the total number of standard cartons divided by the number of insurable acres in the unit.

The acreage also must be substantiated by verifiable records. However, since current acreage of bearing citrus trees can be measured, previous acreage can be determined with records of trees removed, trees planted, and so forth.

25 Alternative Protection

Alternative protection as referenced in the ARH Endorsement is not available for citrus.

26 Adjustments to Historic Revenue

The adjustments to historic revenues as described in sections 5(a)(1) and (2) of the ARH Endorsement do not apply to citrus.

27-30 (Reserved)

PART 3: APPLICABILITY OF HANDBOOKS

31 General Overview

This Part identifies information specific to the applicability of the CIH, DSSH, GSH, LAM, and any other issuance that may require supplemental information about the ARH Citrus Pilot Program or the ARH Endorsement. Unless specifically amended, supplemented, or deleted by information in this handbook, all procedure issuances apply to the ARH Citrus Pilot Program and the ARH Endorsement.

The ARH Citrus Pilot Program is applicable to navel oranges (including Cara Cara), or any other type listed in the AD.

32 Specific Information Regarding the Crop Insurance Handbook

The general rules of crop insurance, as provided in CIH and GSH, apply to the ARH Citrus Pilot Program with the exception that revenue reported by the insured must include only their revenue. The reported revenue will be stated as 100 percent share equivalent revenue for record keeping purposes. This change is needed because two or more persons sharing in the same acreage may not sell at the same time or to the same buyer and may realize different amounts of revenue.

All references to the term “yield” are replaced by the term “yield and revenue” and the term “APH” are replaced by the term “ARH,” as appropriate in procedures.

The ARH Pilot Endorsement allows for written agreements; however, the ARH Citrus Pilot Program does not allow written agreements. Any references to written agreements do not apply.

The following subparagraphs provide general information, changes, additions, deletions, and modifications, termed supplemental instructions, regarding the CIH applicability to the ARH Citrus Pilot Program. Any references in the CIH to navel oranges or citrus in California apply to the ARH insurance plan unless specifically changed.

A. CIH Part 13 and Part 15

The procedures below must be followed. The instructions provided pertain to both yield and revenue.

(1) AIPs are responsible for recording the appropriate acreage, yield, and revenue data using any form that meets all requirements. AIPs may elect to use two standard APH forms with the appropriate form labeled as “Revenue” or may elect to use a combined form of its design that meets the requirements stated below. An example of the elements is provided in Exhibit 3A and 3B.

(2) Insureds are required to certify only their share of the revenue from the unit. For record keeping purposes, the certified revenue is to be recorded on a 100 percent share equivalent basis to provide continuity in the event the share may change from year to year.

A. CIH Part 13 and Part 15 (Continued)

(3) Short-rated acreage apply to ARH Citrus Pilot Program.

(4) Crops where a production or revenue report is not required by the insured's production reporting date for the current crop year applies. See CIH Para 1321.

(5) The following are required for completion of the Production, Revenue, and Yield Report (ARH Form). See Exhibit 3A and 3B. The elements in this section are the minimum requirements for the ARH form.

(a) Insured's Net Revenue – Enter the insured's share of the revenue from the block/unit net of all non-allowable costs, such as cooling, culling, packing, etc. If non-allowable costs are not identified by unit, such as assessed on the entire quantity sold, allocate those costs pro-rata to the revenue derived from each unit (annual production on P15A).

(b) Average Revenue – Divide the Insured's Net Revenue by acres.

(c) Average Yield – Divide the total production by total acres (average acre production on P15A).

(d) Insured's Share – Enter the insured's percent share of the production (lbs.)

(e) 100% Share Equivalent Revenue – Divide Average Revenue by Share (annual yield on P15A).

(f) Total – Enter the total of the entries.

(g) Preliminary Yield – Enter the result of dividing the total of the "Average Yield" column by the number of crop years in the database.

(h) Approved Yield – Completed by the verifier in accordance with the GSH.

(i) Preliminary Revenue – Enter the result of dividing the total of the "100% Share Equivalent Revenue" column by the number of crop years in the database.

(j) Approved Revenue – Enter the approved ARH revenue after all entries are verified or any applicable adjustments/reductions.

(k) Prior Revenue – Enter the prior approved ARH revenue, if applicable. Enter N/A if it is not applicable.

Insureds who purchase ARH Citrus Pilot Program coverage are required to follow the guidelines for acreage and production (revenue) evidence requirements in the CIH and provide records necessary to compute ARH insurance guarantees.

B. CIH Part 16

(1) Section 1 APH Yield Adjustment

Apply the procedures to the revenues reported by the insured if the insured requests revenue substitution. The terms "yield" and "T-Yield" are supplemented by the terms "revenue" and "T-Revenue," respectively.

Apply the yield substitution only if the revenue substitution is elected and applied AND the individual year actual yield is less than 60 percent of the T-Yield. In the case of beginning farmers or ranchers, replace each excluded yield with a yield equal to 80 percent of the applicable T-Yield.

(2) Section 3 Quality Loss Option does not apply.

(3) Section 4 Yield Cup Option does not apply.

C. CIH Part 18

Citrus is an eligible Category C crop. Follow the requirements for Arizona-California Citrus. Category C APH crop procedures apply to both yield and revenue for citrus with included modifications.

(1) Section 6 APH Establishment Methods

Apply the procedures to both yield and revenue, as appropriate, and with the following exceptions or clarifications:

(a) Revenue pertains only to that paid to the insured.

(b) Include the production and value of unharvested marketable production in the yield and revenue calculation for a unit if an appraisal of unharvested marketable production was completed, regardless of whether an indemnity was paid. See Exhibit 4 for an example using the unharvested production adjustment when completing the revenue report for next year.

(2) Section 6 T-Yield Instructions

T-Revenues and T-Yields are applied on a unit basis instead of on a county/crop basis.

(a) "T-Revenues" will be available and will be used in the same manner as T-Yields are offered under the APH Citrus Pilot Program, according to CIH. This includes variable T-Revenues in the same circumstances as a variable T-Yield would apply under the APH program.

(b) "T-Yields" will be applicable in the same manner as offered in the APH program.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

D. CIH Part 20 and Part 21

Do not apply.

33-40 (Reserved)

PART 4: OTHER INFORMATION

41 Determining Annual Price

The annual price is the value used to determine the revenue to count for any appraised or unsold marketable production. See the definition in Exhibit 2 and CP for the annual price determination.

42 Unharvested Production Adjustment

The ARH Citrus Pilot Program adjusts the revenue to count for savings achieved by not harvesting all or a portion of the crop.

Note: This procedure is to ensure insureds are not compensated for harvest costs which was not incur in the insurance year. Historical harvest costs are implicitly included in the revenue guarantee because the price valuation point is the point of first delivery.

The unharvested production adjustment amount is not assessed against marketable cartons which are not harvested because such cartons are appraised and valued at the annual price. See below for instructions for calculating the unharvested production adjustment amount. See Exhibit 4 for example.

(1) Multiply the approved yield by the coverage level, share, and the number of acres damaged solely by uninsured causes.

Note: Cartons associated with an uninsured cause of loss appraisal. The loss procedure will price these cartons at a packing house door valuation point. Therefore, the total cartons associated with such appraisals should be excluded from any unharvested production adjustment.

(2) Add the result from step 1 to the sum of the insured's share of the number of appraised and harvested cartons.

Note: Total cartons appraised, harvested and cartons associated with uninsured cause of loss. Harvest costs are incurred on harvested cartons. Actual harvest costs are not incurred on appraised cartons; however, those cartons are valued at the annual price, which is a post-harvest valuation point. As such, adding additional revenue to count to reflect harvest cost not incurred is unnecessary.

(3) Multiply the approved yield by coverage level, share, and the number of insured acres.

Note: Total number of cartons associated with the amount of insurance represented by the revenue guarantee. These cartons represent the threshold amount for when an adjustment will occur.

(4) Subtract the result of step 2 from the result of step 3.

Note: Determines whether the unharvested production adjustment will apply.

42 Unharvested Production Adjustment (Continued)

(5) Multiply the result of step 4 by the unharvested production adjustment amount. If the result of step 4 is zero or negative, there is no assessment for harvest cost not incurred.

Note: Revenue to count associated with the unharvested production adjustment, if applicable.

43 Payment Factor

The payment factor is the same as the price election factor available for other crop insurance coverage plans. However, it must be handled differently than the price election factor.

In the APH insurance plan, for example, the amount of any indemnity is a two-step process:

(1) The amount of the production loss is calculated; and

(2) The production loss is multiplied by the price election. The price election factor simply reduces the effective price election, which also reduces the liability and the premium. It does not affect the guarantee, which is a production amount. Therefore, the loss inception point remains the same regardless of the level of the price election factor.

To properly calculate an indemnity in ARH, the calculations first must determine the indemnity as though the payment factor were 100 percent (100%). The 100 percent (100%) indemnity is then reduced to reflect the payment factor chosen by the insured (the default value is 1.00).

44-50 (Reserved)

EXHIBITS

Exhibit 1 Acronyms and Abbreviations

The following table provides approved acronyms used in this handbook.

Approved Acronyms and Abbreviations	Term
AD	Actuarial Documents
AIP	Approved Insurance Provider
APH	Actual Production History
ARH	Actual Revenue History
BP	Basic Provisions
BU	Basic Unit
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
CP	Crop Provisions
DSSH	Document and Supplemental Standards Handbook
ERF	Expected Revenue Factor
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook
LAM	Loss Adjustment Manual
NASS	National Agricultural Statistics Service
OU	Optional Unit
PASD	Product Administration and Standards Division
RMA	Risk Management Agency
SP	Special Provisions

<u>Adapted variety</u>: A variety of the insured crop recognized by the agricultural experts as compatible with agronomic and weather conditions in the county.

<u>Annual price</u>: In the event the insured does not have any sold production for a crop year, the California season average equivalent packinghouse door price per box (converted to carton equivalent for all navel and miscellaneous oranges reported by NASS for the crop year for the insured crop in the publication "Citrus Fruits YYYY Summary" (released in September of the crop year) or the price per carton determined by RMA if said publication is not available. See the SP to get the factor to convert the price per box listed by NASS. Any annual price based on the price reported by NASS in the cited publication is final. The price will not be recalculated even though NASS subsequently may revise that price. In the event that NASS does not report a specific price for the insured crop the SP will designate the price reported by NASS that will be used.

<u>ARH Endorsement</u>: The Actual Revenue History Pilot Endorsement.

<u>Carton</u>: A box designed to enable citrus to be sent from the origin to a destination without the contents being handled and for navel oranges weighs 38 net pounds.

<u>Crop</u>: Citrus fruit as listed in the SP.

<u>Crop year</u>: The period beginning with the date insurance attaches to an insured citrus crop and extending through normal harvest time. It is designated by the calendar year following the year in which the bloom is normally set.

<u>Harvest</u>: Removal of mature fruit of the insured crop from the trees either by hand or by a machine designed for that purpose.

<u>Leaf year</u>: As defined in the SP.

<u>Marketable</u>: Production of the insured crop that meets or exceeds the grading standards specified in the SP.

<u>Mechanical damage</u>: Physical injury to a tree that results in its destruction or reduces its ability to produce a normal crop, or injury to fruit such that it is not marketable, caused by the improper use of tools or machinery.

<u>NASS</u>: National Agricultural Statistics Service, an agency within USDA, or its successor, which publishes official United States Government crop estimates.

<u>Pesticide</u>: A generic term to include fungicides, herbicides, insecticides, rodenticides, etc.

<u>Pound</u>: A unit of weight equal to 16 ounces avoirdupois.

<u>Reasonable price</u>: A value per carton paid by buyers in the local area for the insured crop having similar quality on the date of sale.

<u>Rootstock</u>: The root and stem portion of a tree to which a scion can be grafted.

<u>Set out</u>: Transplanting a tree into the grove or grafting a scion onto rootstock.

Scion: Twig or portion of a twig of one plant that is grafted onto a rootstock.

Type: If applicable, a grouping of varieties within a crop as listed on the SP.

Unharvested production adjustment: A dollar amount per carton contained in the SP that the AIP uses to assess a cost for average yields that are lower than the approved yield. Since the amount of insurance includes harvesting and haulage costs, this value represents the AIP's determination of the expense the insured does not incur.

Unsold production: Any insured citrus produced during the crop year that is either harvested or unharvested for which the insured has not received a final settlement price on or before the calendar date for the end of the insurance period for losses due to an inadequate market price.

Value per acre: The approved revenue per acre multiplied by the expected revenue factor, the coverage level percent, and the insured's share.

In addition to the required elements on the production report, the revenue report requires the following additional elements. See the DSSH Exhibit 52 for additional production report requirements that are applicable to the revenue report. All items are substantive. ***

Crop Information

(1) "Insured's Net Revenue"

(2) "Average Revenue"

(3) "Insured's Share"

(4) "100% Share Equivalent Revenue"

(5) "Production"

Exhibit 3B ARH Report

The revenue and production reports are used to establish the ARH databases. In addition to the APH requirements, the ARH report requires the following additional elements. See the DSSH Exhibit 53 for additional APH requirements that are applicable to the ARH report. All items are substantive. ***

Crop Information

(1) "Insured's Net Revenue"

(2) "Average Revenue"

(3) "Insured's Share"

(4) "100% Share Equivalent Revenue"

(5) "Preliminary Yield"

(6) "Approved Yield"

(7) "Preliminary Revenue"

(8) "Approved Revenue"

(9) "Prior Revenue"

Exhibit 4 Examples

A. Example of ARH Report

Crop Year	Acres	Production	Average Yield	Insured's Net Revenue	Average Revenue	Insured's Share	100% Share Equivalent Revenue
2019	15	2,565	171	$16,065	$1,071	80%	$1,339
2020	15	7,140	476	$46,695	$3,113	100%	$3,113
2021	22	2,684	122	$23,034	$1,047	100%	$1,047
2022	22	7,260	330	$43,582	$1,981	100%	$1,981
2023	22	8,338	379	$57,112	$2,596	100%	$2,596
2024	22	10,142	461	$46,442	$2,111	100%	$2,111
Total			1,939	$232,930	$11,919		$12,187

Preliminary Revenue $2,031
Approved Revenue $2,031
Preliminary Yield 323
Approved Yield 323

B. Example of Calculating the Revenue Guarantee

The following is an example of calculating a revenue guarantee and is provided to illustrate the difference between the amount of insurance and the value per acre. The value per acre calculation is prior to application of the payment factor, and therefore, reflects the true loss inception point.

(1) The following information applies to this example:

(a) Insured reports the following eight years of revenue history:

Production Year	Insured Revenue
2017	$3,900
2018	$3,000
2019	$4,200
2020	$3,900
2021	$3,700
2022	$4,350
2023	$3,650
2024	$4,000
Total	$30,700

(b) Insured has an approved revenue of $3,838 per acre.

(c) Insured has an approved yield of 400 cartons per acre.

(d) Insured has 10 acres of navel oranges.

(e) RMA published ERF equals 1.00.

(f) Coverage level equals 0.75.

(g) Insured share equals 0.5000.

(h) Payment factor equals 0.80.

(2) The amount of insurance per acre (guarantee) is calculated as follows:

B. Example of Calculating the Revenue Guarantee (Continued)

Step 1 Multiply the approved revenue per acre times the ERF.
$3,838 × 1.00 = $3,838

Step 2 Multiply the result of step 1 times the coverage level.
$3,838 × 0.75 = $2,879

Step 3 Multiply the result of step 2 times the payment factor.
$2,879 × 0.80 = $2,303

Step 4 Multiply the result of step 3 times insured's share.
$2,303 × 0.500 = $1,152 (Amount of insurance per acre)

Step 5 Multiply the result of step 2 times insured's share.
$2,879 × 0.500 = $1,440 (Value per acre)

Step 6 Multiply the result of step 4 times the number of acres.
$1,152 × 10 = $11,520

C. Example of Calculating an Indemnity Base on Inadequate Market Price

The following is an example of calculating an indemnity. An indemnity is owed if the insured's revenue for the insurance year is less than the guarantee. The standard calculation sequence used for crop insurance must be modified for the ARH Citrus Pilot Program because only the revenue obtained by the insured person can be included in the revenue to count. Therefore, the insured's share must be introduced at an earlier step in the standard calculation.

The insured harvested an amount of citrus that exceeds the approved yield of 400 cartons/acre. However, the market price results in revenue to count of only $10,000 for the insured. The indemnity is calculated as follows:

Step 1 Calculate the value per acre for 10 acres, as provided in Para. A and B.
$1,440 × 10 acres = $14,400

Step 2 Subtract the revenue to count from the result of step 1.
$14,400 − $10,000 = $4,400 preliminary indemnity

Step 3 Multiply the result of step 2 times the payment factor.
$4,400 × 0.80 = $3,520 indemnity payment

The payment factor is not applied to the revenue to count, but instead is applied to the preliminary indemnity amount. In this example, the insured would have received an indemnity of $4,400 if the insured had elected to use the default payment factor of 1.00. Any payment factor other than 1.00 will reduce the overall insured's guarantee and premium amount without altering the loss inception point.

D. Example of Calculating an Indemnity Based on Crop Damage Resulting in Unmarketable Production

(1) For this example, the following data applies:

(a) Insured's share of the total harvested production was 1,000 cartons, which were sold for $10,000.

(b) 125 cartons of insured's share of unharvested marketable production were appraised and valued with the annual price of $10 per carton.

(c) Herbicide drift, an uninsurable cause of loss, damaged two acres of citrus, making the citrus unmarketable.

(d) Unharvested production adjustment amount in the SP is $0.70 per carton.

(2) There was a production shortfall, the unharvested production adjustment amount must be calculated in order to calculate the indemnity in this example. The following is the unharvested production adjustment amount calculation.

Step 1 Multiply approved yield times coverage level times insured share times number of acres unharvested.
400 × 0.75 × 0.500 × 2 = 300 cartons production corresponding to the acres damaged by uninsured cause of loss.

Step 2 Add result of step 1 to sum of unharvested marketable appraised production plus harvested sold production.
300 cartons + 125 cartons + 1,000 cartons = 1,425 cartons.

Step 3 Multiply approved yield per acre times coverage level times insured's share times number of total acres.
400 × 0.75 × 0.500 × 10 = 1,500 cartons implicit in guarantee.

Step 4 Subtract result of step 2 from result of step 3.
1,500 − 1,425 = 75 cartons implicit in guarantee which are not harvested or otherwise account for with appraisal and valuation.

Step 5 Multiply result of step 4 times the unharvested production adjustment amount in the SP.
75 × $0.70 = $53 of revenue to count representing the harvest cost not incurred due to the production shortfall.

D. Example of Calculating an Indemnity Based on Crop Damage Resulting in Unmarketable Production (Continued)

(3) After calculating the unharvested production adjustment amount, calculate the indemnity according to the following steps:

Step 1 Multiply the value per acre times the number of acres damaged by uninsured causes.
$1,440 × 2 = $2,880 appraisal for uninsured causes.

Step 2 Multiply the cartons of unharvested marketable production times the annual price.
125 × $10 = $1,250 appraisal for unharvested marketable production.

Step 3 Sum result of step 1 + result of step 2 + dollar amount received for harvested/sold production + revenue to count representing the harvest cost not incurred due to the production shortfall.
$2,880 + $1,250 + $10,000 + $53 = $14,183 total revenue to count.

Step 4 Subtract result of step 3 from amount of insurance.
$14,400 − $14,183 = $217 preliminary indemnity.

Step 5 Multiply result of step 4 times payment factor.
$217 × 0.80 = $174 total indemnity.

E. Example of Carrying Forward a Loss Claim with the Unharvested Production Adjustment

The following example demonstrates the loss information needed to complete the revenue report for the subsequent year when a complete loss occurred, and the unharvested production adjustment procedure was applied. Assume a unit of citrus was badly damaged by a freeze event. The appraisal determines zero production to count, a complete loss. There is no damage due to uninsurable causes. The insured does not harvest, and the unharvested production adjustment is applied to the approved yield. The unharvested production adjustment amount is $0.70 per carton.

E. Example of Carrying Forward a Loss Claim with the Unharvested Production Adjustment (Continued)

(1) The following data applies:

(a) Insured has an approved revenue of $2,780 per acre.

(b) Insured has an approved yield of 400 lbs. per acre.

(c) RMA published ERF equals 1.00.

(d) Coverage level equals 0.75.

(e) Insured share equals 1.000.

(f) Payment factor equals 1.00.

(g) Insured’s amount of insurance equals $2,085 per acre.

(2) Calculation of the unharvested production adjustment:

Step 1 Insured’s approved yield times coverage level and share equals 300 cartons per acre - (0 cartons damaged due solely to uninsured causes + 0 cartons appraised + 0 cartons harvested) = 300 cartons subject to the unharvested production adjustment.

Step 2 Multiply result of step 1 times the unharvested production adjustment amount. 300 cartons × $0.70 per carton unharvested production adjustment amount = $210 of revenue to count representing the harvest costs not incurred due to the production shortfall.

Step 3 Subtract result of step 2 from amount of insurance. $2,085 amount of insurance − $210 revenue to count= $1,875 indemnity.

(3) The data from the claim form must be used when determining next year’s annual revenue:

(a) 0 cartons production to count = 0 carton actual yield.

(b) $210 revenue to count = $210 actual revenue.

(4) Revenue substitution (RS) and yield substitution (YA) are applied if elected by the insured:

(a) 60% RS = $2,780 × 0.60 = $1,668.

(b) 60% YA = 400 cartons × 0.60 = 240 cartons.