

**SUMMARY OF CHANGES FOR THE
MACADAMIA NUT CROP PROVISIONS (26-0023)
(Released August 2024)**

The following is a brief description of changes to the Crop Provisions that will be effective for the 2026 and succeeding crop years. Please refer to the Crop Provisions for more complete information.

- Introductory paragraph – Clarified that the Macadamia Nut Crop Provisions are attached to and made part of the Common Crop Insurance Policy, Basic Provisions.
- Section 1 –
 - Reduced redundancy and eliminating potential conflicts between the Basic Provisions and these Crop Provisions by removing the definition of “crop year” and relying on the definition in the Basic Provisions; and
 - Revised the definitions of “age,” “interplanted,” and “production guarantee (per acre).”
- Section 2 – Allowed optional units by organic and non-organic farming practices while also authorizing enterprise units for organic farming practices in the Basic Provisions.
- Section 3 –
 - In paragraph (c), clarified the specific method and timing of actions that will be taken if any circumstances occur that may reduce yields from previous levels;
 - In paragraph (d), updated references to the Basic Provisions; and
 - In paragraph (e), updated the dates in the example.
- Section 11 – Updated the example with current prices.
- Throughout – Removed the phrase “the provisions of” where it refers to a section in the Basic Provisions.



**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
MACADAMIA NUT CROP PROVISIONS**

In return for your payment of premium and administrative fee for the coverage, these Macadamia Nut Crop Provisions will be attached to and made part of the Common Crop Insurance Policy, Basic Provisions (Basic Provisions) subject to the terms and conditions in your policy.

1. Definitions

Age - The number of complete 12-month periods that have elapsed since the month the trees were set out or were grafted, whichever is later. An age determination will be made for each unit, or portion of a unit, as of January 1 of each crop year.

Floater - Inedible, husked "field run" nuts identified by water flotation or laboratory testing.

Graft - The uniting of a macadamia shoot to an established macadamia tree rootstock for future production of macadamia nuts.

Harvest - Picking of mature macadamia nuts from the ground.

Interplanted - In lieu of the definition in section 1 of the Basic Provisions, acreage on which two or more crops are planted in any form of alternating or mixed pattern.

Peewees - Mature and immature wet in-shell nuts that are smaller than 16 mm (5/8 inch) in diameter.

Pound - A unit of weight equal to 16 ounces avoirdupois.

Production guarantee (per acre) - In addition to the definition in section 1 of the Basic Provisions, the number of pounds is wet, in-shell macadamia nuts.

Rootstock - The root and stem portion of a macadamia tree to which a macadamia shoot can be grafted.

Wet in-shell - The weight of the macadamia nuts as they are removed from the orchard with the nut meats in the shells after removal of the husk and excluding floaters and peewees but prior to being dried.

2. Unit Division

(a) Optional units may be established by:

- (1) Organic and non-organic farming practices as provided in section 34(c)(3) of the Basic Provisions; or
- (2) Non-contiguous land.

(b) Optional units by land location as provided in section 34(c)(1) of the Basic Provisions and by irrigation practice as provided in section 34(c)(2) of the Basic Provisions are not applicable.

3. Insurance Guarantees, Coverage Levels, and Prices

In addition to the requirements of section 3 of the Basic Provisions:

(a) You may select only one price election for all the macadamia nuts in the county insured under this policy unless the actuarial documents provide different price elections by type, in which case you may select one price election for each macadamia nut type designated in the actuarial documents. The price elections you choose for each type must have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent of the maximum price election for one type, you must also choose 100 percent of the maximum price election for all other types.

(b) You must report, by the production reporting date designated in section 3 of the Basic Provisions, by type if applicable:

- (1) Any damage, removal of trees, change in practices, or any other circumstance that may reduce the expected yield below the yield upon which the insurance guarantee is based and the number of affected acres;
- (2) The number of bearing trees on insurable and uninsurable acreage;
- (3) The age of the trees and the planting pattern; and
- (4) For the first year of insurance for acreage interplanted with another perennial crop, and any time the planting pattern of such acreage is changed:
 - (i) The age of the interplanted crop, and type if applicable;
 - (ii) The planting pattern; and
 - (iii) Any other information that we request in order to establish your approved yield.

(c) We will reduce the approved yield, as necessary, based on our estimate of the effect of any circumstance listed in section 3(b) that may reduce your yields from previous levels. If you fail to notify us of any circumstance that may reduce your yields from previous levels, we will reduce your approved yield at any time we become aware of the circumstance. If the circumstance occurred:

- (1) Before the beginning of the insurance period and you notify us by the production reporting date, the approved yield will be reduced for the current crop year regardless of whether the circumstance was due to an insured or uninsured cause of loss;
- (2) After the beginning of the insurance period and you notify us by the production reporting date, the approved yield will be reduced for the current crop year only if the potential reduction in the approved yield is due to an uninsured cause of loss; or
- (3) Before or after the beginning of the insurance period and you fail to notify us by the production reporting date, an amount equal to the reduction in the approved yield will be added to the production to count calculated in section 11(c)(1)(ii) due to uninsured causes. We will reduce your approved yield for the subsequent crop year to reflect any reduction in the productive capacity of the trees or in the yield potential of the insured acreage.

(d) Your approved yield will be determined in accordance with sections 3 and 5 of the Basic Provisions unless damage or changes to the orchard or trees require establishment of the yield by another method. In the

event of such damage or changes, the yield will be based on our appraisal of the potential of the insured acreage for the crop year.

- (e) Instead of reporting your production for the current crop year, as required by section 3(f)(1) of the Basic Provisions, there is a lag year and you are required to report production from two crop years ago by the production reporting date, e.g., 2024 crop year production must be reported by the production reporting date for the 2026 crop year.

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 Dates

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are December 31.

6. Insured Crop

In accordance with section 8 of the Basic Provisions, the crop insured will be all macadamia nuts in the county for which a premium rate is provided by the actuarial documents:

- (a) In which you have a share;
- (b) That are grown on tree varieties that:
 - (1) Were commercially available when the trees were set out;
 - (2) Are adapted to the area; and
 - (3) Are grown on a rootstock that is adapted to the area.
- (c) That are grown in an orchard that, if inspected, is considered acceptable by us;
- (d) That are grown on trees that have reached at least the fifth leaf year, including the fifth leaf year after grafting if grafting occurs after set out, unless otherwise allowed by the Special Provisions; and
- (e) That are produced from blooms that normally occur during the calendar year in which insurance attaches and that are normally harvested prior to the end of the insurance period.

7. Insurable Acreage

In lieu of the provisions in section 9 of the Basic Provisions that prohibit insurance attaching to a crop planted with another crop, macadamia nuts interplanted with another perennial crop are insurable unless we inspect the acreage and determine that it does not meet the requirements contained in your policy.

8. Insurance Period

- (a) In accordance with section 11 of the Basic Provisions:
 - (1) Coverage begins on January 1 of each crop year, except that for the year of application, if your application is received after December 22 but prior to January 1, insurance will attach on the 10th day after your properly completed application is received in our local office, unless we inspect the acreage during the 10-day period and determine that it does not meet insurability requirements. You must provide any information that we require for the crop or to determine the condition of the orchard.
 - (2) The calendar date for the end of the insurance period for each crop year is the second June 30th after insurance attaches, or as specified in the Special Provisions.
- (b) In addition to section 11 of the Basic Provisions:

- (1) If you acquire an insurable share in any insurable acreage after coverage begins but on or before the acreage reporting date for the crop year, and after an inspection we consider the acreage acceptable, insurance will be considered to have attached to such acreage on the calendar date for the beginning of the insurance period.
- (2) If you relinquish your insurable share on any insurable acreage of macadamia nuts on or before the acreage reporting date for the crop year, insurance will not be considered to have attached to, and no premium or indemnity will be due for such acreage for that crop year unless:
 - (i) A transfer of coverage and right to an indemnity, or a similar form approved by us, is completed by all affected parties;
 - (ii) We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date; and
 - (iii) The transferee is eligible for crop insurance.

9. Causes of Loss

- (a) In accordance with section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:
 - (1) Adverse weather conditions;
 - (2) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard;
 - (3) Earthquake;
 - (4) Volcanic eruption;
 - (5) Wildlife, unless proper measures to control wildlife have not been taken; or
 - (6) Failure of irrigation water supply, if caused by an insured peril that occurs during the insurance period.
- (b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss of production due to:
 - (1) Disease or insect infestation, unless adverse weather:
 - (i) Prevents the proper application of control measures or causes properly applied control measures to be ineffective; or
 - (ii) Causes disease or insect infestation for which no effective control mechanism is available;
 - (2) Inability to market the macadamia nuts for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

10. Duties in the Event of Damage or Loss

In addition to the requirements of section 14 of the Basic Provisions, the following will apply:

- (a) You must notify us within 3 days of the date harvest should have started if the crop will not be harvested.
- (b) If any portion of your crop will be direct marketed, you must notify us at least 15 calendar days before any production will be harvested. We will conduct an appraisal that will be used to determine your production to count for production that is sold by direct marketing. If damage occurs after this appraisal, we will conduct an additional appraisal. These

appraisals, and any acceptable records provided by you, will be used to determine your production to count. Failure to give timely notice that production will be harvested for direct marketing will result in an appraised amount of production to count of not less than the production guarantee per acre if such failure results in our inability to make the required appraisal.

- (c) If you intend to claim an indemnity on any unit, you must notify us at least 15 days prior to the beginning of harvest or immediately if damage is discovered during harvest, so that we may inspect the damaged production. You must not destroy the damaged crop until after we have given you written consent to do so. If you fail to meet the requirements of this section and such failure results in our inability to inspect the damaged production, we may consider all such production to be undamaged and include it as production to count.

11. Settlement of Claim

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate, acceptable production records:
- (1) For any optional units, we will combine all optional units for which such production records were not provided; or
 - (2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.
- (b) In the event of loss or damage covered by this policy, we will settle your claim by:
- (1) Multiplying the insured acreage for each type, if applicable, by its respective production guarantee;
 - (2) Multiplying each result in section 11(b)(1) by the respective price election for each type, if applicable;
 - (3) Totaling the results in section 11(b)(2);
 - (4) Multiplying the total production to be counted of each type, if applicable (see section 11(c)), by the respective price election;
 - (5) Totaling the results in section 11(b)(4);
 - (6) Subtracting the results in section 11(b)(5) from the results in section 11(b)(3); and
 - (7) Multiplying the result in section 11(b)(6) by your share.

Example for Section 11(b)

You select the 65 percent coverage level and 100 percent of the price election on 10 acres of macadamia nuts in the unit. Your share is 100 percent. Your production guarantee (per acre) is 4,000 pounds. The price election is \$1.00. You are able to harvest 25,000 pounds. Your indemnity would be calculated as follows:

- (1) 10 acres × 4,000 pounds = 40,000 pounds guarantee;
- (2) 40,000 pounds × \$1.00 price election = \$40,000 total value of guarantee;
- (3) Not applicable;
- (4) 25,000 pounds production to count × \$1.00 price election = \$25,000 value of production to count;
- (5) Not applicable;
- (6) \$40,000 total value of guarantee – \$25,000 value of production to count = \$15,000 loss; and

- (7) \$15,000 loss × 100 percent share = \$15,000 indemnity payment.

End of Example.

- (c) The total production to count (wet in-shell pounds) from all insurable acreage on the unit will include:
- (1) All appraised production as follows:
 - (i) Not less than the production guarantee per acre for acreage:
 - (A) That is abandoned;
 - (B) That is sold by direct marketing if you fail to meet the requirements contained in section 10;
 - (C) That is damaged solely by uninsured causes; or
 - (D) For which you fail to provide acceptable production records;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production; and
 - (iv) Potential production on insured acreage that you intend to abandon or no longer care for, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end. If you do not agree with our appraisal, we may defer the claim only if you agree to continue to care for the crop. We will then make another appraisal when you notify us of further damage or that harvest is general in the area unless you harvested the crop, in which case we will use the harvested production. If you do not continue to care for the crop, our appraisal made prior to deferring the claim will be used to determine the production to count; and
 - (2) All harvested production from the insurable acreage.

12. Late and Prevented Planting

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