

**SUMMARY OF CHANGES FOR THE
APPLE TREE CROP PROVISIONS (26-APT)
(Released January 2025)**

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

- Added an introductory paragraph to clarify the Apple Tree Crop Provisions are attached to and made part of the Common Crop Insurance Policy, Basic Provisions;
- Section 1 –
 - Deleted the definition of “density practice”;
 - Throughout:
 - Redesignated paragraphs (a), (b), (c), etc., as (1), (2), (3), etc., and paragraphs (1), (2), (3), etc., as (i), (ii), (iii), etc. to match regulatory paragraph numbering;
 - When a defined term contained more than one word and any of the words except the first is capitalized, removed the upper case and replaced with lower case;
- Section 2 –
 - Allowed optional units by type;
 - Clarified requirements for qualifying for an optional unit and enterprise unit;
- Section 3 – Added a new paragraph (b) to address price election and coverage level availability for catastrophic level of coverage;
- Section 13 – In paragraph (i)(1), reworded the paragraph for readability;
- Section 15 – Corrected formatting errors in the examples;
- Section 16 – Created a new section 16 for the examples and revised the examples for readability;
- Throughout the policy –
 - Made non-substantive editorial revisions;
 - Removed periods from section titles; and
 - Removed “the provisions of” and “the requirements of” when a policy reference follows.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
APPLE TREE CROP PROVISIONS



In return for your payment of premium and administrative fee for the coverage, these Apple Tree 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

Adjustment factor - A factor contained on the actuarial documents used to determine the percent of damage and damage value of fully damaged trees for purposes of determining an indemnity.

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

Amount of insured damage - The dollar amount determined by multiplying the damage value by the coverage level.

Amount of protection (unit) - The dollar amount for the unit calculated by multiplying the number of insurable trees reported by you in each stage-block by your tree reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you subject to any limit contained in the Special Provisions.

Block - A stand of trees of the same type on acreage sharing a common boundary with no discernable change in the planting pattern.

Bud union - The location on the tree trunk where a bud from one tree variety is grafted onto the rootstock of another variety.

Crop year - In accordance with the definition in the Basic Provisions, a period beginning with the date insurance attaches to the apple tree crop extending through June 30 of the following calendar year and is designated by the calendar year in which the period ends.

Damaged (damage) - A tree that requires removal or reset due to injury to the main trunk, central leader or roots (including leaning and toppling) due to an insured cause of loss that occurs during the insurance period.

Damage value - The dollar amount determined by multiplying the actual number of insurable trees in each stage-block damaged by the most recent cause of loss by your tree reference price for each stage-block, multiplying this result for each stage-block by the percent of damage applicable to each stage-block, and totaling these values.

Destroyed tree -

- (1) For damage due to insured causes of loss, any insurable tree that:
 - (i) Is dead (including trees with trunks broken at or near the bud union);
 - (ii) For a standard density orchard:
 - (A) Is a stage I – II tree that is toppled or leaning and you and we agree that reset is not practical; or
 - (B) Is a stage III tree that is toppled or leaning;

or

- (iii) For a high-density orchard is a stage I – III tree that is toppled or leaning and you and we agree that reset is not practical;
- (iv) Is missing; or
- (v) If the Fire Blight Endorsement is in effect:
 - (A) Is one to six (1 - 6) years of age with fire blight cankers on the trunk or central leader; or
 - (B) Is seven (7) or more years of age with fire blight cankers on the trunk or central leader at a height above the bud union equal to 25 percent of the height of the tree (e.g., location height equals 4.5 feet for a 16-foot tree with a bud union height of 0.5 feet (6 inches)).
- (2) Destroyed trees are considered 100 percent damaged.
- (3) See section 13(d), (e), and (i) for determining the percent of damage for destroyed trees.

Fully damaged tree -

- (1) An insurable tree requiring reset.
- (2) A fully damaged tree will be considered 100 percent damaged but is not destroyed. (See section 13(d) and (i) for determining the percent of damage for fully damaged trees.)

High density - Orchards containing the number of trees per acre specified in the Special Provisions.

Leaning (lean) - A tree that is leaning more than 15 degrees from the upright position.

Occurrence loss option - An option that may be elected by you that eliminates the unit deductible in accordance with section 15.

Practice - A practice as identified in the Special Provisions.

Remove (removal, removed, removing) - Conducting the necessary operations to prepare the planting site for a replacement tree including removing the damaged tree.

Replacement tree - A tree set out in an existing orchard in the same location of a damaged tree that cannot be reset or is otherwise destroyed.

Reset - Restoration of a toppled or leaning tree by:

- (1) Returning the tree to approximately the same position the tree occupied before it was caused to topple or lean; or
- (2) Stabilizing a leaning tree by:
 - (i) Installing a stake (a wooden or metal post of a standard size); and
 - (ii) Carrying out the cultural practices necessary to reestablish or maintain the tree.

For loss adjustment purposes only, reset is applicable only for stage I and II trees in standard density orchards

and all stages in high density orchards.

Sales closing date - In lieu of the definition in section 1 of the Basic Provisions, the sales closing date for the crop year and subsequent crop years will be April 15 unless another date is provided in the Special Provisions.

Set out - Transplanting a tree into the orchard.

Share - In addition to the definition in section 1 of the Basic Provisions, an insured tenant or operator must have a lease with the owner of the apple orchard that requires the tenant or operator to maintain the apple orchard using accepted orchard management practices. The lease agreement must clearly state the tenant or operator is entitled to their insured share of any indemnities under the Apple Tree Crop Provisions. A copy of the lease must be on file with us 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 - Each full 12-month period based on the age of the tree and tree density.

Stage	Age (of Tree)	
	Standard Density	High Density
I	1-2 Years	1 Year
II	3-6 Years	2-3 Years
III	7+ Years	4+ Years

Stage-block - A block in which at least 75 percent of the trees are the same stage at the time insurance attaches.

Stand of damaged trees - The area or areas within a unit where damage due to the same insurable cause of loss occurs, as established by us for the crop year, and used to determine the damage value for the unit. If distinct areas of damaged trees within the unit cannot be established, the stand of damaged trees will be the entire unit.

Standard density - Orchards containing the number of trees per acre specified in the Special Provisions.

Toppled - A tree that is leaning more than 60 degrees from the upright position or is leaning and has an exposed root system.

Tree reference price - The price per tree, by stage, type, and practice, listed on the actuarial documents that is used in calculating the unit value, the amount of protection, and the damage value.

Type - A category of apple trees as designated in the Special Provisions.

Undamaged - A tree that does not require removal or reset.

Underreport factor (URF) - A factor determined by us and used to adjust your indemnity in section 13(a) when you have underreported the number of insurable trees. The factor is the result of dividing the amount of protection by the unit value, rounded to three decimal places, not to exceed 1.000.

Unit deductible - The dollar amount determined by multiplying the actual number of insurable trees in each stage-block in the unit on the day before the loss (but not reduced for any insured damage that occurred during the crop year) by your tree reference price for each stage-block, totaling these values, and multiplying this result by the deductible (1.0 minus the coverage level).

Unit value - Unless otherwise specified on the actuarial

documents, the amount determined by multiplying the actual number of insurable trees in each stage-block in the unit, as determined by us, on the day before the loss (but not reduced for any insured damage that occurred during the crop year) by your tree reference price for each stage-block, totaling these values, and then multiplying this result by the coverage level selected by you.

2. Unit Division

(a) Optional units may be established by:

- (1) Organic and non-organic farming practice as provided in section 34(c)(3) of the Basic Provisions;
- (2) Non-contiguous land;
- (3) Type; or
- (4) Separate orchards located on contiguous acreage that is separated from any other orchard on such acreage and that meets the minimum distance and acreage requirements specified in the Special Provisions.

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

(c) Section 34(a)(2) of the Basic Provisions is not applicable. To qualify for an enterprise unit:

- (1) The enterprise unit must contain all insurable acreage of the same insured crop in:
 - (i) Two or more optional units;
 - (ii) Two or more sections, section equivalents, or FSA farm numbers;
 - (iii) Any combination of two or more parcels under section 2(c)(1)(i) or (ii); or
 - (iv) One optional unit, section, section equivalent, or FSA farm number that contains at least 660 planted acres of the insured crop; and
- (2) At least two of the optional units, sections, section equivalents, or FSA farm numbers, respectively, under section 2(c)(1)(i) – (iii) each must contain at least the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit. Separate optional units, sections, section equivalents, or FSA farm numbers, respectively, may be aggregated to meet the 20-acre or 20-percent acreage requirement.
- (3) You must separately designate on the acreage report each basis in 2(c)(1) you used to qualify for an enterprise unit.
- (4) You may elect an enterprise unit that contains all the insurable acreage of the same insured crop if allowed by the actuarial documents.
 - (i) You must meet the requirement in 2(c)(1) through (3) to qualify.
 - (ii) If we discover you do not qualify for an enterprise unit and such discovery is made:
 - (A) On or before the acreage reporting date, your unit division will be based on the basic or optional units, whichever you report on your acreage report and qualify for; or

(B) At any time after the acreage reporting date, we will assign the basic unit structure.

(d) Whole-farm units as provided in section 34(a)(1) and (3) of the Basic Provisions are not applicable.

3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

(a) In lieu of section 3(b)(1)(ii) and (iii) of the Basic Provisions:

(1) You may select a different coverage level for each insured type in the county insured under this policy. For example, you may elect the 75 percent coverage level on one type and the 65 percent coverage level on a different type.

(2) If the actuarial documents designate separate prices by type, you may select a different price for each type designated in the Special Provisions, even if the prices for each type are the same. The prices you choose for each type are not required to 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 for one type, you may choose 75 percent of the maximum price for another type.

(b) Notwithstanding section 3(a)(1) and (2), if you elect the Catastrophic Risk Protection (CAT) Endorsement, the CAT level of coverage and price election will be applicable to all insured apple tree acreage in the county.

(c) After the initial crop year of insurance, your coverage level election, price percentage and optional coverage may only be changed on or before the sales closing date prior to the beginning of the crop year for which the change is to be effective.

(d) Your request to elect a higher coverage level, price percentage, or to add optional coverage will not be accepted if a cause of loss that could or would cause damage to the insured crop is evident when your request is made.

(e) You may:

(1) By the sales closing date, elect:

- (i) A higher coverage level;
- (ii) A higher price percentage; or
- (iii) To add optional coverage.

(2) By the acreage reporting date:

- (i) Increase your insured share; or
- (ii) Report additional insurable trees such that the amount of protection will increase by more than 10 percent.

(f) If insured damage occurs after the sales closing date but before the date insurance attaches for the crop year, any election or change you have made under section 3(d)(1) or (2) will not be effective for the crop year for which the election or change was made.

4. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is January 31 preceding the cancellation date.

5. Cancellation and Termination

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are April 15.

6. Report of Acreage

(a) In addition to section 6(c) of the Basic Provisions, you must report by stage-block for each unit:

- (1) The stage of the trees; and
- (2) The number of trees, insurable and not insurable.

(b) You must submit a pre-acceptance worksheet and grove identification map, which indicates the location of each stage-block of trees by section, FSA farm number, or other applicable legal description and includes any trees not insurable, for each unit with your application. A revised worksheet and map must be submitted by the acreage reporting date if any trees are added in a succeeding crop year, stages change, or as required by FCIC-approved procedures.

(c) In lieu of section 6(d)(1) of the Basic Provisions, you may revise your acreage report after the acreage reporting date if the information on the acreage report is clearly transposed; you provide adequate evidence that we or someone from USDA have committed an error regarding the information on your acreage report; or if expressly permitted by the policy.

(d) Section 6(g)(1)(i) of the Basic Provisions does not apply.

7. Annual Premium

In lieu of section 7(c) of the Basic Provisions, we will determine your annual premium by multiplying the amount of protection for the unit times your share, times the applicable premium rate, and times any applicable premium adjustment factors shown on the actuarial documents.

8. Insured Crop

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all apple trees in the county for which a premium rate is quoted on the actuarial documents:

- (1) That are grown in the county listed on your application;
- (2) That are adapted to the production area;
- (3) In which you have a share;
- (4) That are at least one year of age on July 1 of the current crop year;
- (5) That have the potential to produce a yield typical of a healthy tree of the same age as the subject trees;
- (6) That are grown to produce a commodity intended to be sold for human consumption; and
- (7) For which you are insured under the fire blight endorsement as specified in the Special Provisions.

(b) In addition to the exclusions listed in section 8 of the Basic Provisions, we do not insure any trees that:

- (1) Are non-grafted seedlings (grown from seed);
- (2) Are unsound, diseased, or unhealthy;
- (3) Are toppled or leaning and that have not been reset (see reset definition);
- (4) Were damaged before the beginning of the insurance period (If trees suffered damage the previous crop year, then insurance will not attach until the previous year's damage is determined, you submit a revised acreage report, and the trees are accepted by us); or

(5) Are inspected by us and considered unacceptable.

9. Insurable Acreage

In lieu of section 9(a)(2)(v) of the Basic Provisions, apple trees 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.

10. Insurance Period

- (a) In lieu of section 11 of the Basic Provisions, coverage begins on July 1 of each crop year following the sales closing date, unless we notify you prior to July 1 that all or part of your trees are not insurable. You must provide any information that we require for the crop or to determine the condition of the orchard.
- (b) In lieu of section 11(c) of the Basic Provisions, coverage ends on any trees within a unit once any event specified in section 11(b) of the Basic Provisions occurs for the trees. Coverage only remains in effect on trees that have not been affected by an event specified in section 11(b).
- (c) In accordance with section 11(b) of the Basic Provisions, the calendar date for the end of insurance period is June 30 of the crop year.

11. 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 within the insurance period:
 - (1) Freeze;
 - (2) Wind (leaning or toppled tree damage);
 - (3) Hail;
 - (4) Volcanic eruption (volcanic ash);
 - (5) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard;
 - (6) Insects, diseases, and other pathogens, if allowed in the Special Provisions or by a separate endorsement (excludes damage due to insufficient or improper application of applicable control measures); and
 - (7) Failure of the irrigation water supply if caused by an unavoidable, naturally occurring event 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 due to:
 - (1) Wind resulting from the failure of inadequately constructed or poorly maintained trellis system; or
 - (2) Other than actual damage to the tree from an insurable cause specified in this section except as provided in section 13(e).

12. Duties in the Event of Damage or Loss

- (a) In addition to section 14 of the Basic Provisions, if you intend to claim an indemnity, you must not reset or remove any damaged trees until we have inspected the unit and given consent. 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 section 14(e)(3)(i) of the Basic Provisions, you must submit a claim for indemnity declaring the

amount of your loss not later than:

- (1) Sixty (60) days after the latest date for the end of the insurance period for all acreage in the unit as specified in section 11(b) of the Basic Provisions; or
 - (2) Twelve (12) months after the calendar date for the end of the insurance period for the crop year in which the insured damage occurred if the:
 - (i) Percent of damage cannot be determined within the 60-day period; or
 - (ii) Period of time to remove or reset damaged trees exceeds the 60-day period.
 - (c) A claim submitted under section 12(b)(2) must include all the information we require to determine your indemnity.
 - (d) The 12-month period in sections 12(b)(2) may be extended if authorized by FCIC.
- #### 13. Settlement of Claim
- (a) We will determine your loss on a unit basis. In the event of loss or damage covered by this policy, we will settle your claim as specified below:
 - (1) Determine the unit value and the URF;
 - (2) For trees within a unit that are damaged by an insurable cause of loss, your loss will be determined by:
 - (i) Calculating the unit deductible;
 - (ii) Calculating the damage value for the current loss;
 - (iii) Totaling the damage value for each prior loss that occurred since the beginning of the crop year;
 - (iv) Totaling the results of section 13(a)(2)(ii) and (iii);
 - (v) Subtracting the results of section 13(a)(2)(i) from the results of section 13(a)(2)(iv);
 - (vi) If the result of section 13(a)(2)(v) is less than or equal to zero, no indemnity is due for this loss occurrence. If the result of section 13(a)(2)(v) is greater than zero, multiply the result by the URF and your share; and
 - (vii) Subtracting any previous indemnity for the current crop year from section 13(a)(2)(vi) to determine the indemnity owed as a result of the most recent insurable cause of loss.
 - (3) The total amount of indemnities payable on a unit during the crop year is limited to:
 - (i) The lesser of the amount of protection for the unit or the unit value;
 - (ii) Times your share.
 - (b) The percent of damage for each stage-block within the stand of damaged trees will be determined separately for 100 percent damaged trees (destroyed or fully damaged).
 - (c) Trees that are 100 percent damaged will be determined as follows:
 - (1) Any destroyed tree will be considered 100 percent damaged; and
 - (2) Any fully damaged tree (a tree that requires resetting) will be considered 100 percent damaged.
 - (d) The percent of damage will be determined [see section 13(i)] for 100 percent damaged trees by:
 - (1) Separately dividing the number of destroyed and

- fully damaged (reset) trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees; and
- (2) Multiplying each applicable result of section 13(d)(1)(i) by:
- (i) 1.0 for destroyed trees; and
 - (ii) The applicable adjustment factor for fully damaged trees (reset trees) contained in the Special Provisions.
- (e) If the total percent of damage for destroyed trees within a stand of damaged trees for a stage-block is greater than 80 percent due to an insured cause of loss, the percent of damage for the stage block within a stand of damaged trees for the stage-block will be considered to be 100 percent unless the percent of damage for destroyed trees is reduced in accordance with section 13(i).
- (f) The applicable percent damage for the crop year will not exceed 100 percent for any stage-block or portion of a stage-block within a stand of damaged trees.
- (g) Any damage due to uninsured causes will not be included in the percent of damage for the unit.
- (h) Percent of damage will be determined not later than the earlier of:
- (1) Our determination of the total destruction of insured trees on the unit; or
 - (2) June 30 of the crop year unless the percent of damage cannot be determined; in such cases, it will be determined not later than 12 months after the calendar date for the end of the insurance period for the crop year in which the insured damage occurred.
 - (3) The 12-month period in section 13(h)(2) may be extended if authorized by FCIC.
- (i) For the purpose of determining the percent of damage:
- (1) Any tree meeting the requirements below is counted as a destroyed tree, if damaged by an insured cause of loss, is authorized by us to be removed, and you remove it:
 - (i) Dead (including trees with trunks broken at or near the bud union);
 - (ii) Damaged to the extent reset is not practical:
 - (A) For stage I and II trees in a standard density orchard; and
 - (B) All stages in a high-density orchard;
 - (iii) Toppled or leaning (for stage III trees in a standard density orchard); or
 - (iv) Destroyed due to fire blight as defined in section 1.
 - (2) If you do not remove such destroyed trees in the stand of damaged trees or any portion of the damaged trees, the percent of damage for destroyed trees will be based on the actual number of destroyed trees removed.
 - (3) To be considered a fully damaged tree, such tree must be reset. If you do not reset the fully damaged trees or any portion of the fully damaged trees in the stand of damaged trees, the percent of damage for fully damaged trees will be based on the actual number of fully damaged trees reset.

- (4) The total percent of damage for the stand of damaged trees will be the sum of (i)(2) and (3), as applicable.

14. Late and Prevented Planting, and Written Agreements

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

15. Occurrence Loss Option

- (a) The provisions of this option are continuous and will be attached to and made a part of your insurance policy, if:
- (1) You elect the Occurrence Loss Option on or before sales closing date and pay the additional premium indicated on the actuarial documents for this optional coverage; and
 - (2) You have not elected coverage under the Catastrophic Risk Protection Endorsement.
- (b) If you elect this option for the crop, all insurable trees of the crop within the county will be insured by this option.
- (c) This option may be cancelled by either you or us for any succeeding crop year by giving written notice on or before the cancellation date preceding the crop year for which the cancellation of this option is to be effective.
- (d) Your indemnity in the event of a loss will be determined as follows:
- (1) Calculate the unit value and the URF;
 - (2) In lieu of section 13(a)(2), for trees within a unit that are damaged by an insurable cause of loss, if the amount of insured damage is at least five (5) percent of the unit value or ten (10) percent if the Fire Blight Endorsement is applicable, your loss will be determined by:
 - (i) Multiplying the unit value by 0.05 (or 0.10, as applicable);
 - (ii) Calculating the damage value;
 - (iii) Calculating the amount of insured damage. If the amount of insured damage is:
 - (A) Equal to or greater than the result of section 15(d)(2)(i), multiply the amount of insured damage by the URF then multiply this result by your share to determine your indemnity; or
 - (B) Less than the result of section 15(d)(2)(i), no indemnity will be due.
 - (3) The total percent damage to any stage-block or portion of a stage-block within a stand of damaged trees cannot exceed 100 percent for the crop year.
 - (4) The total amount of indemnities payable on a unit during the crop year is limited to your share times the lesser of:
 - (i) The amount of protection for the unit; or
 - (ii) The unit value.

16. Examples

(a) Example of Coverage and Premium – 100 Percent Price Percentage

Assume that a standard density orchard owner selects the 75 percent coverage level (25 percent deductible) and 100 percent price percentage. The owner reports 3,000 apple trees under one unit: 2,200 stage III trees; 200 stage II trees; and 600

stage I trees. The owner has 100 percent interest in the unit. Stage I, II, and III standard density tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value. The premium rate is 0.5 percent.

- (1) The actuarial documents show the following tree reference prices: \$51.00/tree, stage III; \$29.00/tree, stage II; \$25.00/tree, stage I.
- (2) The amount of protection provided by the policy for the unit will be calculated as follows:
\$99,750 amount of insurance = [2,200 trees × (\$51 × 100%)] + [200 trees × (\$29 × 100%)] + [600 trees × (\$25 × 100%)] × 75 percent coverage level.
- (3) The premium due on the insured crop is:
\$499 = \$99,750 amount of protection × 100 percent share × 0.005 premium rate.

(b) Loss Example – 100 Percent Price Percentage (with no previous claim)

Now assume that freeze damaged the apple tree orchard in December and destroyed 1,000 stage III trees that the orchard owner intends to remove. The applicable stage III reference price is \$51.00/tree. The percent of damage is 100 percent. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- (1) The number of trees destroyed because of freeze is 1,000.
- (2) The unit deductible is \$33,250 = [2,200 trees × (\$51 × 100%)] + [200 trees × (\$29 × 100%)] + [600 trees × (\$25 × 100%)] × 25 percent deductible.
- (3) The damage value is \$51,000 = [1,000 trees × (\$51 × 100%)] × 100 percent damage for destroyed trees.
- (4) The damage value for the crop year for this loss minus the unit deductible is \$17,750 = \$51,000 damage value - \$33,250 unit deductible.
- (5) The preliminary indemnity multiplied by the URF and share is \$17,750 = \$17,750 × 1.000 × 1.000.
- (6) The indemnity payable is \$17,750.

(c) Example of Coverage and Premium – 75 Percent Price Percentage

Assume that a standard density orchard owner selects 75 percent coverage level (25 percent deductible) and 75 percent price percentage. The owner reports 3,000 apple trees under one unit: 2,200 stage III; 200 stage II; 600 stage I. The owner has 100 percent interest in the unit. Stage I, II, and III standard density tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value. The premium rate is 0.5 percent.

- (1) The actuarial documents show the following tree reference prices: \$51.00/tree, stage III; \$29.00/tree, stage II; \$25.00/tree, stage I.
- (2) The amount of protection provided by the policy for the unit will be calculated as follows:
\$74,813 amount of insurance = [2,200 trees × (\$51 × 75%)] + [200 trees × (\$29 × 75%)] + [600

× (\$25 × 75%)] × 75 percent coverage level.

- (3) The premium due on the insured crop is:
\$374 = \$74,813 amount of protection × 100 percent share × 0.005 premium rate.

(d) Loss Example – 75 Percent Price Percentage (with no previous claim)

Now assume that freeze damaged the apple tree orchard in December and destroyed 1,000 stage III trees that the orchard owner intends to remove. The applicable stage III reference price is \$51.00/tree. The percent of damage is 100 percent. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- (1) The number of trees destroyed because of freeze is 1,000.
- (2) The unit deductible is \$24,937 = [2,200 trees × (\$51 × 75%)] + [200 trees × (\$29 × 75%)] + [600 trees × (\$25 × 75%)] × 25 percent deductible.
- (3) The damage value is \$38,250 = [1,000 trees × (\$51 × 75%)] × 100 percent damage for destroyed trees.
- (4) The damage value for the crop year for this loss minus the unit deductible is \$13,313 = \$38,250 damage value - \$24,937 unit deductible.
- (5) The preliminary indemnity multiplied by the URF and share is \$13,313 = \$13,313 × 1.000 × 1.000.
- (6) The indemnity payable is \$13,313.

(e) Loss Example – 100 Percent Price Percentage (with previous claim)

Now assume that another 600 of the surviving stage III trees in the stand of damaged trees are damaged and destroyed due to freeze in February of the same crop year. The percent of damage is 100 percent. The applicable reference price contained on the actuarial documents for a stage III is \$51.00/tree. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- (1) The unit deductible is \$33,250 = [2,200 × (\$51 × 100%)] + [200 trees × (\$29 × 100%)] + [600 trees × (\$25 × 100%)] × 25 percent deductible.
- (2) The damage value for the current loss is \$30,600 = [600 trees × (\$51 × 100%)] × 100 percent damage for destroyed trees.
- (3) The total damage value for the crop year is \$81,600 = \$30,600 current damage value + \$51,000 damage value from previous loss.
- (4) The total damage value for the crop year minus the unit deductible is \$48,350 = \$81,600 total damage value for the crop year - \$33,250 deductible.
- (5) The preliminary indemnity for this occurrence is \$30,600 multiplied by the URF and share = \$30,600 × 1.000 × 1.000.
- (6) Indemnity owed for this most recent cause of loss is \$30,600 = \$48,350 total indemnity - \$17,750 previous indemnity.

(f) Example of Coverage and Premium – 100 Percent Price Percentage: Occurrence Loss Option

Assume that a standard density orchard owner selects 75 percent coverage level and 100 percent price percentage on the base policy. The owner reports 3,000 apple trees under one unit: 2,200 stage III; 200 stage II; 600 stage I. The owner has 100 percent interest in the unit. Stage I, II, and III standard density tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value. The premium rate is 1.25 percent (base policy with Occurrence Loss Option rate).

- (1) The actuarial documents show the following tree reference prices: \$51.00/tree, stage III; \$29.00/tree, stage II; \$25.00/tree, stage I.
- (2) The amount of protection provided by the policy for the unit will be calculated as follows:
 $\$99,750$ amount of insurance = $[2,200 \text{ trees} \times (\$51 \times 100\%)] + [200 \text{ trees} \times (\$29 \times 100\%)] + [600 \text{ trees} \times (\$25 \times 100\%)] \times 75$ percent coverage level.
- (3) The premium due on the insured crop is:
 $\$1,247 = \$99,750$ amount of protection \times 100 percent share \times 0.0125 premium rate.

(g) Loss Example: With Occurrence Loss Option (with no previous claim):

The apple trees were damaged due to freeze in December and destroyed 200 stage III trees. The orchard owner intends to remove the damaged trees. The applicable stage III reference price contained the actuarial documents is \$51.00/tree. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- (1) Five (5) percent of the unit value is \$4,988 = $\$99,750 \times 0.05$.
- (2) The damage value is \$10,200 = $[200 \text{ trees} \times (\$51 \times 100\%)] \times 100$ percent damage for destroyed trees.
- (3) The amount of insured damage is \$7,650 = $\$10,200 \times 75$ percent coverage level.
- (4) The amount of insured damage is more than five (5) percent of the unit value ($\$7,650 > \$4,988$).
- (5) Indemnity owed for the most recent cause of loss is $\$7,650.00 = \$7,650.00 \times 1.000$ URF \times 100 percent share.

(h) Example of Coverage and Premium – 100 Percent Price Percentage: Fire Blight Endorsement: Without OLO

Assume that for the standard density orchard owner selects 75 percent coverage level 25 percent deductible) and 100 percent price percentage on the base policy. The owner reports 3,000 apple trees under one unit: 2,200 stage III; 200 stage II; 600 stage I. The owner has 100 percent interest in the unit. Stage I, II, and III standard density tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value. The premium rate is 3.5 percent (base policy with Fire Blight Endorsement).

- (1) The actuarial documents show the following reference prices: \$51.00/tree, stage III;

\$29.00/tree, stage II; \$25.00/tree, stage I.

- (2) The amount of protection provided by the policy for the unit will be calculated as follows:
 $\$99,750$ amount of insurance = $\{[2,200 \text{ trees} \times (\$51 \times 100\%)] + [200 \text{ trees} \times (\$29 \times 100\%)] + [600 \text{ trees} \times (\$25 \times 100\%)]\} \times 75$ percent coverage level.
- (3) The premium due on the insured crop is:
 $\$3,491 = \$99,750$ amount of protection \times 100 percent share \times 0.035 premium rate.

(i) Loss Example with Fire Blight Endorsement – 100 Percent Price Percentage: Without OLO (with no previous claim):

Now assume that fire blight damaged the apple tree orchard and destroyed 1,000 stage III trees that the orchard owner intends to remove. The applicable stage III reference price is \$51.00/tree. The percent of damage is 100 percent. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity will be calculated as follows:

- (1) The number of trees destroyed because of fire blight is 1,000.
- (2) The unit deductible is \$33,250 = $[2,200 \text{ trees} \times (\$51 \times 100\%)] + [200 \text{ trees} \times (\$29 \times 100\%)] + [600 \text{ trees} \times (\$25 \times 100\%)] \times 25$ percent deductible.
- (3) The damage value is \$51,000 = $[1,000 \text{ trees} \times (\$51 \times 100\%)] \times 100$ percent damage for destroyed trees.
- (4) The damage value for the crop year for this loss minus the unit deductible is \$17,750 = $\$51,000$ damage value - \$33,250 unit deductible.
- (5) The preliminary indemnity multiplied by the URF and share is $\$17,750 = \$17,750 \times 1.000 \times 1.000$.
- (6) The indemnity payable is \$17,750.