UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation
CALIFORNIA CITRUS TREE CROP PROVISIONS

1. Definitions.

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.

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.

Citrus tree commodity - Each category of citrus trees listed below and contained in the actuarial documents:

(1) Orange trees;
(2) Lemon trees;
(3) Grapefruit trees;
(4) Mandarin/Tangerine trees;
(5) Tangelo trees; and
(6) Any other citrus trees designated in the actuarial documents.

Citrus trees – Citrus trees contained within each citrus tree commodity for each type specified in the Special Provisions.

Crop year – The period beginning November 21 and extending through November 20 of the following year and is designated by the calendar year in which the period ends.

Damaged (damage) – A tree that requires removal or rehabilitation 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.

Density practice – Each density practice designated in the Special Provisions.

Destroyed tree –

(a) For damage due to insured causes, any insurable tree that:
(1) Is dead;
(2) There is no live wood above the bud union;
(3) There is split bark on the trunk; or
(4) Has more than 50 percent canopy damage.

(b) Destroyed trees are considered 100 percent damaged. The percent of damage is determined in accordance with section 13(d), (e), and (i) of these Crop Provisions.

Freeze – The formation of ice in the cells of the trees caused by low air temperatures.

Grafting – Creating a permanent union between two plants by inserting an offspring of one tree into a stem or branch of another.

High Density – Groves containing the number of trees per acre specified in the Special Provisions.

Interstock – That area of the tree that is grafted to the rootstock. For example, the rootstock may be late season orange, the interstock grapefruit, and the grafted scion navel orange.

Occurrence loss option – Coverage that may be elected by you that eliminates the unit deductible in accordance with section 15 of these Crop Provisions.

Partial damage factor – A factor contained in the Special Provisions for stage II trees and used to determine the percent of damage for partially damaged trees.

Partially damaged tree – An insurable stage II citrus tree that requires rehabilitation for which damage to the tree's canopy is 30 percent or greater but not more than 50 percent. The percent of damage is determined in accordance with section 13(d) and (i) of these Crop Provisions.

Practice – A practice as identified in the Special Provisions.

Prune – The removal of limb(s) from the citrus tree.

Rehabilitation – The pruning of limbs of a partially damaged tree in an attempt to remove the damaged areas and allow the tree to recover. Rehabilitation is only applicable to stage II trees.

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

Replacement trees – Trees set out in an existing grove in the same location of a destroyed tree.

Set out – Transplanting a tree into the grove.

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 citrus grove that requires him or her to maintain the citrus grove using accepted grove management practices. The lease agreement must clearly state the tenant or operator is entitled to his or her insured share of any indemnities under the California Citrus 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 – A tree-classification system used by us. At the time insurance attaches, the stage of each insurable tree in the unit, unless otherwise specified in the Special Provisions, is:

(a) Stage I, from when the tree is set out through 24 months after set out.

(b) Stage II, trees that are 25 through 48 months old after set out.

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 – Groves containing the number of trees per acre specified in the Special Provisions.

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

Type – A category of citrus trees identified as a type in the Special Provisions for the purpose of allowing separate coverage levels and price elections (see section 3(a)(1) and (2) of these Crop Provisions).

Undamaged tree – An insurable tree that does not require rehabilitation or removal.

Underreport factor (URF) – A factor determined by us and used to adjust your indemnity in section 13(a) of these Crop Provisions 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 in 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) A basic unit will be established in accordance with section 1 of the Basic Provisions.

(b) In lieu of section 34(b), (c)(1), and (c)(2) of the Basic Provisions, optional units may be established only if each optional unit is:

(1) Located on non-contiguous land;

(2) A separate grove located on contiguous acreage that is separated from any other grove on such acreage and that meets the minimum distance and acreage requirements specified in the Special Provisions, or

(3) Established in accordance with section 34(c)(3) of the Basic Provisions.

(c) In lieu of section 34(a)(2), (4)(i), and (4)(ii) of the Basic Provisions, for an enterprise unit:

(1) To qualify, an enterprise unit must contain all of the 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 where sections, section equivalents, or FSA farm numbers are applicable for unit division purposes;

(iii) Any combination of two or more parcels under section 2(c)(1)(i) and (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 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 may be aggregated to meet the 20 acre or 20 percent acreage requirement.

(3) Section 34(a)(4)(iii), (iv), (v), and (viii) 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, you may:

(1) Select a different coverage level for each type of the insured crop in the county insured under this policy. For example, you may elect the 75 percent coverage level on early/mid-season orange trees and the 65 percent coverage level on navel orange trees. However, if you elect the Catastrophic Risk Protection (CAT) level of insurance for any citrus tree type for the insured crop, the CAT level of coverage will be applicable to all insured citrus tree acreage of the insured crop in the county.

(2) If the actuarial documents designate separate prices by type, you may select one price election for each type so 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 early/mid-season orange trees you may choose 75 percent of the maximum price for navel orange trees.

(b) 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.

(c) 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.

(d) You may elect:
  (1) By the November 1st sales closing date:
    (i) A higher coverage level;
    (ii) A higher price percentage; or
    (iii) To add optional coverage; or
  (2) By the acreage reporting date:
    (i) To increase your insured share; or
    (ii) To report additional insurable trees such that the amount of protection will increase by more than 10 percent.

(e) 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 3(d)(2) of these Crop Provisions 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 August 31 preceding the cancellation date.

5. Cancellation and Termination.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are November 1 .

6. Report of Acreage.

(a) In addition to the provisions in 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 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:
  (1) 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; or
  (2) As provided in section 10(a)(2) of these Crop Provisions.

(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 by your share, by the applicable premium rate, and by any applicable premium adjustment percentages shown in the actuarial documents.

8. Insured Crop.

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be those trees of each citrus tree commodity contained in the Special Provisions, for which you elect insurance coverage and a premium rate is quoted in 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 irrigated;
  (5) That have the potential to produce a yield typical of a healthy tree of the same age as the subject trees; and
  (6) That are grown to produce a commodity intended to be sold as fruit or juice for human consumption.

(b) In addition to the exclusions listed in section 8 of the Basic Provisions, we do not insure any trees that:
  (1) Have been grafted within a 12-month period before the date insurance attaches;
  (2) Are non-grafted seedlings (grown from seed);
  (3) Are unsound, diseased, or unhealthy;
  (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 **s**ection 9(a)(2)(v) of the Basic Provisions, citrus 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 the provisions of section 11 of the Basic Provisions, coverage begins:
  (1) On November 21 following the sales closing date unless we notify you prior to November 21 that all or part of your trees are not insurable; or
  (2) For any crop year, upon set out for trees initially set out or set out as replacement trees after the date insurance attaches for the crop year, if:
    (i) A revised acreage report to increase the amount of protection is submitted within 72 hours of set out;
    (ii) The trees are inspected and accepted by us; and
    (iii) We approve the revised acreage report.

(b) In accordance with the requirements contained in section 11(b) of the Basic Provisions, the calendar date for the end of insurance period is November 20 of the crop year.

11. Causes of Loss.

(a) In accordance with the provisions of 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) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the grove; and

(3) 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 other than actual damage to the tree from an insurable cause specified in this section.

12. Duties in the Event of Damage or Loss.

(a) In addition to the requirements of section 14 of the Basic Provisions, if you intend to claim an indemnity, you must not prune, or remove any damaged trees until we have inspected the unit. 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) 60 days after the calendar date for the end of the insurance period; or

(2) Twelve months after the calendar date for the end of the insurance period in which insured damage occurred if the amount of damage cannot be determined within the 60-day period.

The claim must include all the information we require to determine your indemnity.

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 underreport factor (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 result of section 13(a)(2)(i) from the result 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 (destroyed) trees and partially damaged trees.

(c) Trees that are 100 percent damaged or partially damaged will be determined as follows:

(1) Any destroyed tree will be considered 100 percent damaged; and

(2) Any tree considered partially damaged is a tree that can be rehabilitated and is considered less than 100 percent damaged.

(d) The percent of damage will be determined separately for destroyed and partially damaged trees by:

(1) For destroyed trees, dividing the number of destroyed trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees.

(2) For partially damaged trees, dividing the number of partially damaged trees by the number of trees in the appraised sample for each stage block within the stand of damaged trees and multiplying the result by the applicable partial damage factor contained in Special Provisions for partially damaged trees.

(3) The percent of damage determined in section 13(d)(1) and (2) may be adjusted in accordance with section 13(i).

(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 the earlier of:

(1) Our determination of the total destruction of insured trees on the unit; or

(2) November 20 of the crop year unless the percent of damage cannot be determined. In such cases, it will be determined not later than twelve months after November 20 of the

crop year in which the damage occurred.

(i) For the purpose of determining the percent of damage:

(1) For a tree damaged by an insured cause, which we authorize to be removed that is destroyed must be removed to be counted as a destroyed tree.

(2) If you do not remove such damaged trees in the stand of damaged trees or any portion of the damaged trees, the percent of damage will be based on the actual number of trees removed.

(3) If the percent of damage is based on the number of trees considered partially damaged, such trees must be rehabilitated. If you do not rehabilitate the damaged trees or any portion of the damaged trees in the stand of damaged trees, the percent of damage will be based on the actual number trees rehabilitated.

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 November 1 and pay the additional premium indicated in 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 a 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) of these Crop Provisions, for trees within a unit that are damaged by an insurable cause of loss, and if the amount of insured damage is at least five percent of the unit value (unless otherwise specified in the Special Provisions), your loss will be determined by:

(i) Multiplying the unit value by 0.05;

(ii) Calculating the damage value;

(iii) Calculating the amount of insured damage;

(iv) If the amount of insured damage is:

(A) Equal to or greater than the result of 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 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:

(i) The lesser of the amount of protection for the unit or the unit value;

(ii) Times your share.

Example of Coverage and Premium

Assume that a grove owner:

- Buys 75-percent coverage level (25- percent deductible).
- Selects the 100% price percentage.
- Insures two crops (units) under the policy: orange trees (the early season type) and grapefruit trees.
- Reports the following numbers and types of standard density trees: 600 early season orange trees and 3,000 grapefruit trees.
- Reports one unit each for early season orange and grapefruit trees and reports the actual stages as follows:

  Early season orange trees: 300 stage I; 300 stage II;

  Grapefruit trees: 1,400 stage I; 1,600 stage II.
- Holds 100-percent interest in each crop unit.
- Is charged a premium rate of 1.5 percent for each crop.

FCIC''s actuarial documents show the following tree reference prices for standard density trees:

- early season orange trees: $39.00/stage I tree; $60.00/stage II tree;
- grapefruit trees: $62.00/stage I tree; $119.00/stage II tree.

The amount of protection provided by the policy for each crop unit will be calculated as follows:

- early-season orange trees = $22,275.00 [(300 stage I trees x ($39.00 x 100%)] + [(300 stage II trees x ($60.00 x 100%)] x 75- percent coverage level; and
- grapefruit trees = $207,900.00 [(1,400 stage I trees x ($62.00 x 100%) + (1,600 stage II trees x $119.00 x 100%)] x 75- percent coverage level.

The premium due on each insured crop is:

- early season orange trees = $334.00 ($22,275.00 amount of protection x 100-percent share x 1.5-percent premium rate); and
- grapefruit trees = $3,119.00 ($207,900.00 amount of protection x 100-percent share x 1.5-percent premium rate).

Loss Example (with no previous claim):

Assume that freeze damage in the grapefruit grove in December destroyed 700 standard density stage II grapefruit trees. 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:

- The number of trees destroyed because of freeze is 700.
- The unit deductible is $69,300.00 = [(1,400 stage I trees x ($62.00 x 100%)] + [(1,600 stage II trees x ($119.00 x 100%)] x 25-percent deductible.
- The damage value is $83,300.00 =[(700 stage II trees x ($119.00 x 100%)] x 100-percent damage for destroyed trees.

- The damage value for the crop year for this loss minus the unit deductible is $14,000.00 = $83,300.00 damage value - $69,300.00 unit deductible.
- The preliminary indemnity multiplied by the URF and share is $14,000.00 = $14,000.00 x 1.000 x 1.000.
- The indemnity payable is $14,000.00.

Loss Example (with previous claim):
Now assume that 700 of the remaining standard density stage II grapefruit trees are partially damaged due to freeze in January of the same crop year. The percent of partial damage is 3.1 percent [(700 partially damaged trees ÷ 900 trees) × .04 partial damage factor]. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity for freeze will be calculated as follows:
- The unit deductible is $69,300.00 = [(1,400 stage I trees x ($62.00 x 100%)] + [(1,600 stage II trees x ($119,00 x 100%)] x 25-percent deductible.
- The damage value for the current loss is $3,320.00 = [(900 stage II trees x ($119.00 x100%)] x 3.1 percent damage for partial damage.
- The total damage value for the crop year is $86,620.00 = $3,320.00 current damage value + $83,300.00 damage value from previous loss.
- The total indemnity for the crop year is $17,320.00 = $86,620.00 total damage value for the crop year - $69,300.00 deductible.
- The preliminary indemnity for this occurrence multiplied by the URF and share is $3,320.00 = $3,320.00 x 1.000 x 1.000.
- Indemnity owed for this most recent cause of loss is $3,320 = $17,320.00 total indemnity for the crop year - $14,000.00 previous indemnity.

Example of Coverage and Premium: Occurrence Loss Option
Assume that a grove owner:
- Buys 75-percent coverage level (25-percent deductible).
- Selects the 100% price percentage.
- Insures two crops covered under the policy: orange trees (the early season type) and grapefruit trees.
- Reports the following number of standard density trees: 600 early season orange trees and 3,000 grapefruit trees.
- Reports one unit each for early season orange and grapefruit trees and reports the actual stages as follows:
  Early season orange trees: 300 stage I; 300 stage II;
  Grapefruit trees: 1,400 stage I; 1,600 stage II.
- Holds 100-percent interest in all crops.
- Is charged a premium rate of 3 percent for each crop (base policy with Occurrence Loss Option rate).

FCIC's actuarial documents show the following standard density tree reference prices:
- early season orange trees: $39.00/stage I tree; $60.00/stage II tree;
- grapefruit trees: $62.00/tree stage I; $119.00/tree stage II.

The amount of protection provided by the policy for each crop will be calculated as follows:
- early season orange trees: $22,275.00 = [(300 stage I trees x ($39.00 x 100%)] + [(300 stage II trees x ($60.00 x 100%)] x 75- percent coverage level; and
- grapefruit trees: $207,900.00 = [(1,400 stage I trees x ($62.00 x 100%)] + [(1,600 stage II trees x ($119.00 x 100%)] x 75- percent coverage level.

The premium due on each insured crop is:
- early season orange trees: $668.00 = $22,275.00 amount of protection x 100-percent share x 3-percent premium rate; and
- grapefruit trees: $6,237.00 = $207,900.00 amount of protection x 100-percent share x 3-percent premium rate.

Loss Example with Occurrence Loss Option (with no previous claim):
Assume that freeze damage in the grapefruit grove in December destroyed 700 standard density stage II grapefruit trees. 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:
- Five percent of the unit value is $10,395.00 = $207,900.00 x 0.05.
- The damage value is $83,300.00 = [(700 stage II x ($119.00 x 100%)] x 100% damage for destroyed trees.
- The amount of insured damage is $62,475.00 = $83,300.00 x 75-percent coverage level.
- The amount of insured damage is more than five percent of the unit value ($62,475.00 > $10,395.00).
- Indemnity owed for the most recent cause of loss is $62,475.00 = $62,475.00 x 1.000 URF x 100-percent share.