

## **SUMMARY OF CHANGES FOR THE FLORIDA AVOCADO CROP PROVISIONS (11-0019.A)** **(Released April 2010)**

The following is a brief description of the changes to the Florida Avocado Crop Provisions that will be effective for the 2011 crop year. Please refer to the Crop Provisions for complete information.

The paragraph immediately preceding section 1 that referred to the order of priority in the event of conflict has been removed. This information is contained in the Basic Provisions.

### Section 1 – Definitions

- Added the definitions of “type” and “buckhorn.”
- Removed the definition of “APH.”
- Removed the definition of “buckhorning.”

### Section 3 – Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

- Revised paragraph (a) to clarify if Catastrophic Risk Protection (CAT) level of coverage is elected, then CAT level of coverage applies to all types of avocados in the county.
- Revised paragraph (b) to clarify if CAT level of coverage is elected, then the price election percentage will be equal to 55 percent of the applicable price election for each type of avocado in the county.

### Section 6 – Insured Crop

- Revised paragraph (b) by removing the last sentence and adding language stating avocados are not insurable if they are grown on trees that have not reached at least the fourth growing season and have not produced the minimum production per acre stated in the Special Provisions in at least one of the previous three crop years.

### Section 8 – Insurance Period

- Revised paragraph (a)(1) to make the provisions easier to read.
- Redesignated paragraph (a)(2) as (a)(3) and added a new paragraph (a)(2) to specify when coverage attaches for continuous policies.
- Revised newly redesignated paragraph (a)(3) to clarify the end of the insurance period, unless otherwise specified in the Special Provisions, is the first November 30<sup>th</sup> for early varieties of avocados and the second March 31<sup>st</sup> for late varieties of avocados.

### Section 11 – Settlement of Claim

- Revised paragraph (c)(1)(i)(B) by removing the phrase “will be marketed directly to consumers” and adding the phrase “will be sold by direct marketing” in its place.
- Added a settlement of claim example.

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Federal Crop Insurance Corporation**  
**FLORIDA AVOCADO CROP PROVISIONS**

**1. Definitions**

**Bushel** - A unit of measure equal to 55 pounds of avocados, unless otherwise specified in the Special Provisions.

**Buckhorn** - To prune any limb at a diameter of at least four inches.

**Crop year** - A period beginning with the date insurance attaches to the avocado crop and extending through the normal harvest time. The crop year is designated by the calendar year after insurance attaches.

**Direct marketing** - Sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the fields for the purpose of picking all or a portion of the crop.

**Harvest** - Picking of the avocados from the trees or ground by hand or machine.

**Pound** - A unit of weight equal to sixteen ounces avoirdupois.

**Set out** - Transplanting a tree into the grove.

**Type** - Either early varieties or late varieties of avocados, as specified in the Special Provisions.

**2. Unit Division**

Provisions in section 34 of the Basic Provisions that allow optional units by section, section equivalent, or FSA farm serial number and by irrigated and non-irrigated practices are not applicable. Optional units may be established by type when provided for in the Special Provisions.

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

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

(a) You may select only one coverage level for all the avocados in the county insured under this policy unless the Special Provisions provide that you may select a different coverage level for each avocado type designated in the Special Provisions. However, if you elect the Catastrophic Risk Protection (CAT) level of coverage, the CAT level of coverage will be applicable to all types of avocados you produce in the county.

(b) You may select only one price election for all the avocados in the county insured under this policy unless the Special Provisions provide different price elections by type, in which case you may select one price election for each avocado type designated in the Special Provisions. 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 choose 100 percent of the maximum price election for the other type. However, if you elect the CAT level of coverage, the price election percentage will be equal to 55 percent of the applicable price election

for each type of avocado you produce in the county.

(c) 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, trees that have been buckhorned, change in grove practices, or any other circumstance that may reduce the expected yield per acre to less than the yield upon which the production guarantee per acre is based, and the number of affected acres;

(2) The number of trees on insurable and uninsurable acreage;

(3) The age of the trees;

(4) Any acreage that is excluded under section 6 of these Crop Provisions; and

(5) For acreage interplanted with another crop:

(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 production guarantee per acre.

(d) We will reduce the yield used to establish your production guarantee as necessary, based on the effect of interplanting a perennial crop; removal of trees; trees that have been buckhorned; damage; or a change in practices on the yield potential of the insured crop. If you fail to notify us of any circumstance as set out in paragraph (c) of this section, we will reduce your production guarantee as necessary, at any time we become aware of the circumstance.

**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 the first November 30th after insurance attaches.

**6. Insured Crop**

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all the commercially grown avocado types for which a premium rate is provided by the actuarial documents for the county:

(1) In which you have a share;

(2) That are grown for harvest as avocados; and

(3) That are grown on trees that, if inspected, are considered acceptable to us.

(b) In addition to the avocados not insurable in section 8 of the Basic Provisions, we do not insure any avocados produced on trees that have not:

(1) Reached the fourth growing season after set out; and

(2) Produced the minimum production per acre as specified in the Special Provisions in at least one of the previous three crop years.

**7. Insurable Acreage**

In lieu of the provisions in section 9 of the Basic Provisions that prohibits insurance attaching to a crop planted with another crop, avocados interplanted with another perennial crop are insurable unless we inspect the acreage and determine it does not meet the requirements of insurability contained in these Crop Provisions.

## 8. Insurance Period

(a) In accordance with the provisions of section 11 of the Basic Provisions:

(1) For the year of application:

(i) If you apply for coverage on or before November 21<sup>st</sup>, coverage begins for the crop year on December 1 of the calendar year; or

(ii) If you apply for coverage after November 21 but prior to December 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 the requirements for insurability contained in your policy.

(iii) You must provide any information we require so we may determine the condition of the grove to be insured.

(2) For continuous policies, coverage begins for the crop year on December 1 of the calendar year. Policy cancellation that results solely from transferring an existing policy to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(3) The calendar date for the end of the insurance period, unless otherwise specified in the Special Provisions, is:

(i) The first November 30th after insurance attaches for early varieties of avocados.

(ii) The second March 31st after insurance attaches for late varieties of avocados.

(b) In addition to the provisions of section 11 of the Basic Provisions:

(1) If you acquire an insurable share in any insurable acreage of avocados after coverage begins, but on or before the acreage reporting date of any crop year, and if after inspection we consider the acreage acceptable, then 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 acreage of avocados on or before the acreage reporting date of any crop year, insurance will not be considered to have attached to, no premium will be due and no indemnity paid 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 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) 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 grove;

(3) Wildlife, unless control measures have not been taken;

(4) Earthquake;

(5) Volcanic eruption;

(6) Failure of the irrigation water supply caused by an insured peril specified in section 9(a)(1) through (5) that occurs during the insurance period.

(7) Insects, but not damage due to insufficient or improper application of pest control measures; and

(8) Plant disease, but not due to insufficient or improper application of disease control measures.

(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) Theft; or

(2) Inability to market the avocados 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, etc.

## 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 at least 15 days before any production from any unit will be sold by direct marketing.

(1) We will conduct a preharvest appraisal that will be used to determine your production. If damage occurs after the preharvest appraisal, and you can provide acceptable records to us that account for all production removed from the unit after our appraisal, we will conduct an additional appraisal that will be used to determine your production.

(2) Failure to give timely notice that production will be sold by direct marketing will result in an appraised production to count of not less than the production guarantee per acre if such failure results in an inability to make an accurate appraisal.

(b) If you intend to claim an indemnity on any unit, you must notify us 15 days prior to the beginning of harvest or immediately if damage is discovered during harvest so that we may inspect the damaged production.

(1) You must not destroy the damaged crop until after we have given you written consent to do so.

(2) If you fail to meet the requirements of this subsection, 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 production records:
- (1) For any optional unit, we will combine all optional units for which acceptable production records were not provided; or
  - (2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.
- (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 (see section 11(c)) by type, if applicable, 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.

For example:

You have a 100 percent share in 50 acres of early variety A in the unit, with a guarantee of 140 bushels per acre and a price election of \$16.00 per bushel. You are only able to harvest 6,000 bushels due to an insured cause of loss. Your indemnity would be calculated as follows:

- (1) 50 acres x 140 bushels = 7,000 bushel guarantee;
  - (2) 7,000 bushels x \$ 16.00 price election = \$112,000.00 value of guarantee;
  - (4) 6,000 bushels x \$16.00 price election = \$96,000.00 value of production to count;
  - (6) \$112,000.00 - \$96,000.00 = \$16,000 loss; and
  - (7) \$16,000 x 100 percent = \$16,000 indemnity.
- (c) The total production to count from all insurable acreage on the unit will include:
- (1) All appraised production as follows:
    - (i) Not less than the production guarantee for acreage:
      - (A) That is abandoned;
      - (B) That is sold by direct marketing if you fail to meet the requirements contained in section 10 of these Crop Provisions;
      - (C) That is damaged solely by uninsured causes; or
      - (D) For which you fail to provide production records that are acceptable to us;
    - (ii) Production lost due to uninsured causes;
    - (iii) Unharvested production;
    - (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 adequately 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.