



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

1. Definitions.

Adjustment factor – A factor contained in the Special Provisions for the applicable stage and restoration method (RM3 and RM4) used to determine the percent of damage and damage value of fully and partially damaged trees for purposes of determining an indemnity.

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

Amount of protection – The dollar amount for the unit calculated by multiplying the number of insurable trees reported by you in each stage-block in the unit times the applicable tree reference price for the stage and restoration method (RM1 or RM2 as reported on your acreage report), totaling these values, and then multiplying this result times the coverage level selected by you.

Block – A stand of trees of:

- (a) A pecan variety or varieties or seedling pecans on acreage sharing a common boundary with no discernible change in the planting pattern; or
- (b) Native pecans sharing a common boundary without regard to any planting pattern.

Budding – Grafting a single scion bud onto the rootstock (trunk or limb) to form a bud union.

Bud union – The location where a scion bud is grafted onto the rootstock of another tree.

Commercial orchard – An orchard which is managed in accordance with good farming practices performed on an annual basis, such as fertilization, disease, insect, and weed control for the purposes of selling the pecan production to a wholesale or retail market.

Crop year – The period beginning July 1 and extending through June 30 of the following year, and is designated by the calendar year in which the period ends.

Damage value – The dollar amount determined:

- (a) For destroyed trees by multiplying the actual number of insurable trees in each stage-block within the stand of damaged trees damaged due to the most recent cause of loss times the applicable tree reference price for the stage and restoration method (RM1 or RM2) and multiplying each result times the percent of damage determined in accordance with section 13(d) for each stage-block and totaling these values for all the stage blocks within the unit; and
- (b) For fully and partially damaged trees by multiplying the actual number of insurable trees in each stage-block within the stand of damaged trees damaged due to the most recent cause of loss times the RM1 tree reference price for the stage and multiplying each result times the percent of damage determined in accordance with section 13(d) for each stage block and totaling these values for all stage blocks within the unit.

Dead – A tree with no live limbs (includes all scaffold limbs and attached limbs).

Dehorn (dehorning) – To cut back scaffold limbs to within two to four feet of the trunk (or trunks if the tree has multiple trunks) in an attempt to rehabilitate the tree.

Destroyed tree –

- (a) For damage due to insured causes of loss, any insurable tree that:
 - (1) Is dead or dying;
 - (2) For stage I – III trees, is a tree that is toppled or leaning and you and we agree that reset is not practical;
 - (3) For stage IV – V, a tree that is toppled or leaning;
 - (4) Is missing; or
 - (5) Is damaged to the extent that you and we agree that rehabilitation is not practical.
- (b) Destroyed trees are considered 100 percent damaged.
- (c) See section 13(d) and (h) for determining the percent of damage for destroyed trees.

Die-back – A condition where the limbs in the upper portion of the tree (terminals) are dead (no new growth occurring along these limbs).

Dying – For purposes of determining insurable damage due to drought or the failure of the irrigation water supply due to an insurable cause, a tree in which:

- (a) At least one-third ($\frac{1}{3}$) of the upper tree canopy is dead as evidenced by die-back;
- (b) There are dead scaffold limbs with the majority of any new growth, if any, located along the trunk or scaffold limbs; or
- (c) A combination of (a) and (b) apply.

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

Fully damaged tree – An insurable tree that is damaged and requires rehabilitation (dehorning) or reset but is not destroyed. Such tree will be considered 100 percent damaged. See section 13(d) and (h) for determining the percent of damage for fully damaged trees.

Grafting – Creating a permanent union between two trees by inserting a scion into the rootstock (root, trunk, or limb) of another tree.

Graft union – The location where the scion is joined to the rootstock of another tree.

Hedging – A standard pruning practice conducted on an annual or periodic basis to remove vegetative growth from the tree canopy to improve production and prevent overcrowding of pecan trees.

Leaning – A tree that is leaning more than 10 degrees from the upright position.

Limb adjustment percentage – The percentage of normal limb breakage contained in the Special Provisions and used to determine the percent of damage for partially damaged trees.

Native tree – A pecan tree contained in a commercial orchard that has generally grown from a seed that fell from a tree in a naturally occurring pecan orchard (grove) without being planted or set out.

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

Orchard – Contiguous acreage of pecan trees within a common boundary containing one or more blocks. Acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered as contiguous.

Partially damaged tree – An insurable tree that requires rehabilitation (pruning but not dehorning) for which the percent of tree canopy damage is greater than 10 percent. See section 13(d) and (h) for determining the percent of damage for partially damaged trees.

Percent of damage – A percentage expressed as a decimal rounded to two decimal places and determined in accordance with section 13(d) and (h).

Practice – A practice as identified in the Special Provisions.

Prune (pruning) – The removal of limbs damaged by insured causes of loss from the tree canopy (excludes dehorning and hedging) resulting in a reduced canopy size.

Rehabilitation (rehabilitate) – The pruning of limbs or dehorning trees damaged by insured causes of loss in an attempt to remove the damaged areas and allow the tree to recover. Excludes hedging and annual pruning conducted as part of a standard tree management practice.

Removal/replacement cost factor – A factor contained in the Special Provisions used to calculate the portion of indemnity for native trees that is due upon the initial completion of the claim and the remaining portion of the indemnity that is due upon set out of replacement trees in accordance with section 13(i) of these Crop Provisions.

Remove (removing, removal) – Taking the entire tree including the roots out of the orchard.

Replace (replaced, replacing, replacement) – To cut the tree down leaving the stump and taking the remaining portion of the tree out of the orchard.

Replacement (transplant) tree – A tree set out in an existing orchard in the same location of a damaged tree that cannot be rehabilitated, reset, or is otherwise destroyed and that has been removed or replaced.

Reset – Restoring a toppled or leaning tree to approximately the same position the tree occupied before it was caused to topple or lean, and carrying out the cultural practices necessary to restore the tree. Reset is applicable only for stage I – III trees.

Restoration method – One of the methods listed below used by you to rehabilitate or reset damaged trees or remove/replace destroyed trees:

- (a) Restoration Method 1 (RM1) – Removing the entire tree and setting out a replacement tree in its place;
- (b) Restoration Method 2 (RM2) – Replacing the tree by cutting it down and leaving the stump, then setting out a replacement tree beside the stump;
- (c) Restoration Method 3 (RM3) – Rehabilitation; or

- (d) Restoration Method 4 (RM4) – Reset (stages I – III only).

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 May 15 unless another date is provided in the Special Provisions.

Scion (scion bud) – A mature dormant shoot or bud of a known variety used for grafting or budding.

Seedling tree – A pecan tree that develops from a planted pecan seed (nut).

Sequentially thinning (thin) – A method of systematically removing or replacing pecan trees for the purpose of improving sunlight penetration and maintaining the proper spacing necessary for continuous production.

Set out (setting 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 pecan orchard that requires him or her to maintain the pecan orchard using accepted tree management practices. The lease agreement must clearly state the tenant or operator is entitled to his or her insured share of any indemnities under these 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 based on tree diameter or the number of crop years remaining after pruning or dehorning.

- (a) The stage at the beginning of the current crop year for each insurable tree in the unit is:

Trunk Diameter and Stage at the Beginning of the Crop Year		Number of Crop Years Remaining at the Reduced Stage After the Crop Year of Pruning ¹ or Dehorning			
		Pruning		Dehorning	
Inches	Original Stage	Reduced Stage	Years ²	Reduced Stage	Years ²
≤ 6	I	I	1	I	3
6.01-10.0	II	I	1	I	4
10.01-15.0	III	II	2	I	5
15.01-20.0	IV	II	2	II	5
> 20.0	V	III	3	III	5

¹See (b) of this definition. ²Crop years remaining.

Example: A tree that is 14 inches in diameter is in stage III.

If the stage III tree is dehorned in the 2018 crop year, the tree will be reduced to a stage I tree for the 2019 – 2023 crop years. (5 crop years, the number of crop years remaining after the crop year of dehorning). For the 2024 crop year, the stage will be determined based on the tree diameter applicable for the crop year (i.e., if the tree diameter increased to 19.25 inches, the tree would be in stage IV).

- (b) Insurable trees that have been spaded and relocated will be considered pruned for purposes of

determining the reduced tree stage and crop years remaining when establishing your insurance coverage.

- (c) Insurable trees that are damaged to the extent they require rehabilitation will be staged based on the rehabilitation practice that is required regardless of whether the trees are rehabilitated.

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.

Toppled (topple) – A tree that is no longer upright with an exposed root system.

Tree reference price – The price per tree, by stage and restoration method listed on the actuarial documents for removing or replacing a tree (RM1 and RM2).

Trunk diameter – The diameter of the trunk based on standard measurement practices applicable for pecan trees and contained in our approved procedures.

Type – A grouping of similar pecan varieties or native and seedling pecan trees contained in the Special Provisions established to recognize differences in insurance risk or different tree reference prices under the Comprehensive Tree Value Endorsement.

Undamaged tree – A tree that does not require rehabilitation, reset, or have to be removed or replaced.

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 in a unit. 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) times the applicable tree reference price for the stage and restoration method RM1 or RM2, as applicable, totaling these values, and multiplying this result times the result of one (1) 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) times the applicable tree reference price for the stage and restoration method, RM1 or RM2 as applicable, totaling these values, and then multiplying this result times the coverage level selected by you.

Variety (improved) – A variety/cultivar of pecan trees that is developed as a controlled cross or by grafting or budding.

2. Unit Division.

A unit will be:

- (a) A basic unit, as defined in section 1 of the Basic Provisions.

- (b) In addition to the requirements of section 34(a)(4) of the Basic Provisions, an enterprise unit may be elected if the insured crop is located on at least two parcels of non-contiguous land and at least two of the parcels must contain at least the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit.

- (c) In lieu of the requirements contained in sections 34(b) and (c) of the Basic Provisions:

(1) Basic units may be divided into optional units if each optional unit is located on non-contiguous land.

(2) Optional units are selected and identified on the acreage report by the acreage reporting date. Units will be determined when the acreage is reported, but may be adjusted or combined to reflect the actual unit structure when adjusting a loss.

- (d) No further unit division is allowed except as provided under these Crop 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 must select either Restoration Method 1 or 2 by the sales closing date.

- (b) You may select only one coverage level for the insured crop.

- (c) After the initial crop year of insurance, your coverage level election 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 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) If by the May 15th sales closing and acreage reporting date,

(1) You elect:

- (i) A higher coverage level;
(ii) To add optional coverage;
(iii) To increase your insured share; or
(iv) To report additional insurable trees such that the amount of protection will increase by more than 10 percent; and

(2) Insured damage occurs after the May 15th date but before the date insurance attaches for the crop year, then any election or change you have made under section 3(e)(1) will not be effective for the crop year for which the election or change was made. Any additional trees reported under section 3(e)(2)(ii) will not be insurable.

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 June 30.

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;
 - (2) The number of trees, insurable and not insurable; and
 - (3) The applicable restoration method (RM1 or RM2).
- (b) If you intend to sequentially thin the trees on any unit during the current crop year, you must:
 - (1) Report on your acreage report as uninsurable those trees you intend to sequentially thin by the acreage reporting date;
 - (2) Provide with your acreage report a clear description of which trees will be thinned including a map of the orchard describing the location of the trees to be thinned if only a portion of the orchard will be thinned (for example, you intend to thin every other tree in a 1,000 tree orchard starting with second tree in the first row on the west side of the orchard); and
 - (3) Specify the date by which sequential thinning will start and be completed.
- (c) You must notify us within 30 days of the completion date specified in section 6(b)(3) that:
 - (1) Sequential thinning has been completed; or
 - (2) If sequential thinning will not be completed by the date identified in section 6(b)(3), you must provide sufficient justification why such trees were not sequentially thinned.
- (d) Any trees reported as uninsurable under section 6(b) that you do not sequentially thin during the current crop year in which they were reported as uninsurable:
 - (1) Will not be considered underreported for purposes of determining an underreport factor except as provided in section 6(e); and
 - (2) Must be reported on your acreage report as insurable for the following crop year unless you intend to thin them in the following crop year, in which case you must report the trees in accordance with section 6(b).
- (e) If all of the requirements of section 6(b), (c), or 6(d)(2), as applicable, are not met, all such trees will be considered underreported when determining the unit value for purposes of calculating an underreport factor when settling a claim.
- (f) If you elect to remove/replace any insured trees during the crop year for any reason, you must have our consent. Trees removed/replaced without consent will be considered undamaged for purposes of determining any indemnity under section 13.
- (g) For your initial year of application, you must submit by the acreage reporting a pre-acceptance worksheet and orchard identification map for each unit, which indicates the location of each stage-block of trees by section, FSA farm serial number, or other applicable legal description and includes any trees not insurable. A revised pre-acceptance

worksheet and map must be submitted by the acreage reporting date if any trees are added in a succeeding crop year, stages change, or tree damage occurs the previous crop year.

- (h) 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 percentages shown in the actuarial documents.

8. Insured Crop.

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all pecan trees in the county for which 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 have the potential to produce a yield typical of a healthy tree of the same trunk diameter as the subject trees, unless such trees were dehorned, pruned, or hedged;
- (5) That are grown in a commercial orchard for the purpose of producing a commodity intended to be sold for human consumption; and
- (6) That are located in an orchard that contains the minimum number of acres 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) Have not reached the second crop year after the crop year of set out before the date insurance attaches. For example, if the trees were set out in the 2018 crop year, insurance for such trees would attach July 1 for the 2020 crop year;
- (2) Are native trees that do not have a trunk diameter of at least three inches;
- (3) Have been grafted within a 12-month period before the date insurance attaches unless the grafting is a result of rehabilitation;
- (4) Are unsound, diseased, or unhealthy;
- (5) For stage I – III trees, are toppled or leaning to the extent that reset is required, if practical, and such trees are not reset (see the definition of reset);
- (6) For stage IV – V trees, are toppled or leaning;
- (7) 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 inspected and accepted by us); or
- (8) Are inspected by us and considered unacceptable.

(c) In addition to 8(b) of these Crop Provisions, we do not insure:

- (1) Blocks in which at least 25 percent of the:
 - (i) Trees are planted at a depth below the depth grown in the nursery or where the graft union is below the soil surface; or
 - (ii) Acreage is subject to poor drainage or ponding of water; or
- (2) Any trees you intend to sequentially thin during the current crop year.

9. Insurable Acreage.

- (a) In lieu of section 9(a)(2)(v) of the Basic Provisions, pecan 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.
- (b) Each insurable block must contain the minimum number of insurable trees per acre specified in the Special Provisions, if applicable.

10. Insurance Period.

- (a) In lieu of the provisions of section 11(a) of the Basic Provisions, coverage for the insured crop begins for the crop year on July 1 following the sales closing date unless we notify you prior to July 1 that all or part of your trees are not insurable.
- (b) In lieu of the provisions 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 the provisions contained in section 11(b) of the Basic Provisions, the calendar date for the end of the insurance period is June 30 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) Wind (tornado, hurricane);
 - (2) Unless otherwise provided on the Special Provisions, freeze damage on:
 - (i) Native trees with a trunk diameter of between three and seven inches; and
 - (ii) Trees that are in the third through fifth crop years after the crop year in which the trees were set out. For example, if the crop year of set out is the 2018 crop year; the third through the fifth crop years are 2021 – 2023;
 - (3) Freezing rain (ice damage);
 - (4) Drought, if allowed in the Special Provisions, resulting in dying or death of the trees;
 - (5) Flood;
 - (6) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard; and
 - (7) Failure of the irrigation water supply if caused by an insured cause of loss specified in sections 11(a)(1) through (6), drought, or salt levels in the water supply sufficient to cause damage (i.e. dying) to or death of the trees.

- (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, dehorn, reset, hedge, or remove/replace 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 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) Amount of damage cannot be determined within the 60-day period; or
 - (ii) Period of time exceeds the 60-day period to:
 - (A) Complete removing/replacing destroyed trees or dehorning, pruning, or resetting damaged trees; or
 - (B) Set out replacement trees for native pecan tree acreage (see section 12(c)).
 - (3) The twelve-month period in section 12(b)(2) may be extended if authorized by FCIC.
- (c) For an insured native pecan tree that is destroyed, a replacement tree must be set out and you must complete set out within twelve (12) months after the calendar date for the end of the insurance period for the crop year in which the insured damage occurred. You must notify us:
 - (1) The earlier of:
 - (i) The date you complete set out; or
 - (ii) By the end of the twelve-month period except as provided in section 12(e); and
 - (2) Of the number of replacement trees set out and upon your notification, we will pay you the indemnity that is due for set out/tree care in accordance with section 13(i)(2) and (3).
- (d) A claim submitted under section 12(b)(2) must include all the information we require to determine your indemnity.
- (e) The twelve-month period in section 12(b)(2) and (c) 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 underreport factor;

- (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 times 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 except as adjusted in accordance with section 13(i)(4) for units containing native trees.
- (3) 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.
- (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) and partially damaged trees.
- (c) Trees which are 100 percent damaged or partially damaged will be determined as follows:
- (1) Any destroyed tree will be considered 100 percent damaged;
 - (2) Any fully damaged tree (a tree that requires dehorning or resetting) will be considered 100 percent damaged; and
 - (3) Any tree considered partially damaged is a tree that can be rehabilitated (excluding dehorning) and is considered less than 100 percent damaged.
- (d) The percent of damage will be determined as follows (see section 13(h) for applicable limitations):
- (1) For 100 percent damaged trees:
 - (i) Separately divide the number of destroyed and fully damaged trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees;
 - (ii) Multiply each applicable result of section 13(d)(1)(i) times:
 - (A) 1.0 for destroyed trees; or
 - (B) The applicable adjustment factor for fully damaged trees (dehorned or reset trees) contained in the Special Provisions.
 - (2) For partially damaged trees divide the number of partially damaged trees by the number of trees in the appraisal sample for each stage block within the stand of damaged trees times the applicable adjustment factor contained in the Special Provisions for the canopy loss percent for partially damaged trees.
 - (e) 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.
 - (f) Any damage due to uninsured causes will not be included in the percent of damage for the unit.
 - (g) 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 and in such cases it will be determined not later than twelve (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 twelve-month period in section 13(g)(2) may be extended if authorized by FCIC.
 - (h) For the purpose of determining the percent of damage:
 - (1) For a destroyed tree resulting from an insured cause, which we authorize to be removed or replaced that:
 - (i) Is dying;
 - (A) The tree must be removed or replaced in order to be counted as a destroyed tree; and
 - (B) You must remove or replace all such trees in the stand of damaged trees (You may not select individual dying trees to remove or replace and not remove or replace other dying trees. If we determine you are selectively removing or replacing dying trees, all such damaged trees in the unit will be considered undamaged for purposes of determining the percent of damage for the unit);
 - (ii) Is dead or damaged to the extent reset (for stage I – III trees) or rehabilitation (all stages) is not practical or is toppled or leaning (for stage IV – V trees), the tree must be removed or replaced to be counted as a destroyed tree (If you do not remove or replace 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 or replaced).
 - (2) If the percent of damage is based on the number of trees considered fully damaged or partially damaged, such trees must be rehabilitated or reset. If you do not rehabilitate

- or reset 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 or reset.
- (i) Separate indemnities for destroyed native trees will be paid for removing or replacing the destroyed trees and for the set out/tree care of replacement trees.
- (1) The indemnity for removing or replacing destroyed native trees will be included in the indemnity determined in section 13(a)(vii) as adjusted under section 13(i)(4) and will be paid at the time the claim for the current loss is completed. The indemnity amount will be the result of:
- (i) The total number of destroyed native trees in all stands of damaged trees for the current loss multiplied times the applicable percent of damage for destroyed native trees times the applicable tree reference price; and
- (ii) Multiplying the result in section 13(i)(1)(i) times the applicable removal/replacement cost factor.
- (2) The indemnity for set out/tree care will be paid upon your notification that replacement trees have been set out. The indemnity amount will be the result of multiplying the result in section 13(i)(1)(i) times 1.0 minus the applicable removal/replacement cost factor.
- (3) Except as provided in section 12(e), if within the twelve-month period following the calendar date for the end of the insurance period for the crop year in which the damage occurred:
- (i) You do not set out any replacement trees, no indemnity under section 13(i)(2) will be due; or
- (ii) You replace only part of the destroyed native trees, any indemnity due under section 13(i)(2) will be reduced by multiplying the percentage determined by dividing the number replacement trees that have been set out times the number of destroyed native trees in the stand of damaged trees for the current loss.
- (4) Any indemnity determined in section 13(a)(vii) and payable at the time the claim for indemnity is completed will be adjusted by subtracting the indemnity amount determined for destroyed native trees in section 13(i)(2).

14. Late and Prevented Planting.

The late and prevented planting 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 May 15 and pay the additional premium in accordance with 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) of these Crop Provisions, for trees within a unit that are damaged by an insured cause of loss, and if the amount of insured damage is at least two (2) percent of the unit value if drought or failure of the irrigation water supply is not an insured cause of damage on the unit or five (5) percent of the unit value or as otherwise specified in the Special Provisions if drought or failure of the irrigation water supply is an insured cause of damage on the unit, your loss will be determined by:
- (i) Multiplying the unit value times 0.02 (0.05 if drought is the insured cause of loss);
- (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 times the URF then multiply this result times 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.
- (e) If any part of the indemnity determined in section 15 is based on destroyed native trees, such indemnity will be adjusted in accordance with section 13(i).

Example of Coverage and Premium

Assume that an orchard owner:

- Buys 75-percent coverage level (25-percent deductible).
- Restoration method 1 (RM1) tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value.
- Reports 3,000 pecan trees.
- Reports one unit and reports the actual stages as follows: 2,200 stage III trees; 200 stage II trees; 600 stage I trees.

- Holds 100 percent interest in the unit.
 - Is charged a premium rate of 4.7 percent.
- FCIC's actuarial documents show the following RM1 reference prices:
- \$290/tree, stage III; \$253/tree, stage II; \$117/tree, stage I.
 - The limb adjustment percentage contained in the Special Provisions is 10 percent.

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

- $\$569,100$ (RM1 reference prices) = $[(2,200 \text{ stage III trees} \times \$290) + (200 \text{ stage II trees} \times \$253) + (600 \text{ stage I trees} \times \$117)] \times 75\text{-percent coverage level}$.

The premium due on the insured crop is:

- $\$26,748 = \$569,100 \text{ amount of protection} \times 100\text{-percent share} \times 0.047 \text{ premium rate}$.

Loss Example (with no previous claim):

Now assume that wind (hurricane) damaged the pecan orchard in September and destroyed 1,000 stage III trees that the orchard owner intends to replace (restoration method RM1). The applicable RM1 reference price for stage III is \$290/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:

- The number of trees destroyed because of wind is 1,000.
- The unit deductible is $\$189,700 = [(2,200 \text{ stage III trees} \times \$290) + (200 \text{ stage II trees} \times \$253) + (600 \text{ stage I trees} \times \$117)] \times 25\text{-percent deductible}$.
- The damage value is $\$290,000 = 1,000 \text{ destroyed stage III trees} \times \$290 \times 100\text{-percent damage for destroyed trees}$.
- The damage value for the crop year for this loss minus the unit deductible is $\$100,300 = \$290,000 \text{ damage value} - \$189,700 \text{ unit deductible}$.
- The preliminary indemnity multiplied times the URF and share is $\$100,300 = \$100,300 \times 1.000 \times 1.000$.
- The indemnity payable is $\$100,300$.

Loss Example (with previous claim):

Now assume that the stand of damaged trees containing the remaining 1,200 stage III trees is partially damaged due to wind (hurricane) in October of the same crop year. The orchard owner intends to rehabilitate the trees that have been damaged. Restoration method 3 (RM3) applies for determining the damage value for trees that will be rehabilitated. The percent of canopy loss is 25 percent [35 percent average canopy loss – 10 percent (limb adjustment percentage)]. The percent of damage is 2.90 percent $((6 \text{ partially damaged trees} \div 10 \text{ sample trees}) \times .048 \text{ adjustment factor for 25 percent canopy loss})$. The applicable RM1 reference price contained in the actuarial documents for a stage III is \$290/tree. The unit value is determined to be the same as the amount of protection and the URF is 1.000. The indemnity for wind will be calculated as follows:

- The unit deductible is $\$189,700 = [(2,200 \text{ stage III trees} \times \$290) + (200 \text{ stage II trees} \times \$253) + (600 \text{ stage I trees} \times \$117)] \times 25\text{-percent deductible}$.
- The damage value for the current loss is $\$10,092 = (1,200 \text{ stage III trees} \times \$290 \times 2.90 \text{ percent of damage})$.

- The total damage value for the crop year is $\$300,092 = \$10,092 \text{ current damage value} + \$290,000 \text{ damage value from previous loss}$.
- The total damage value for the crop year minus the unit deductible is $\$110,392 = \$300,092 \text{ total damage value for the crop year} - \$189,700 \text{ deductible}$.
- The preliminary indemnity for this occurrence is $\$110,392$ multiplied times the URF and share = $\$110,392 \times 1.000 \times 1.000$.
- Indemnity owed for this most recent cause of loss is $\$10,092 = \$110,392 \text{ preliminary indemnity} - \$100,300 \text{ previous indemnity}$.

Loss Example - Native Trees (with no previous claim):

Now assume that wind (hurricane) damaged the native pecan orchard in September and destroyed 1,000 stage III trees that the orchard owner intends to replace (restoration method RM1). The applicable RM1 reference price for stage III is \$290/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 removal/replacement cost factor for the location state for the pecan orchard is 0.19. The indemnity will be calculated as follows:

- The number of trees destroyed because of wind is 1,000.
- The unit deductible is $\$189,700 = [(2,200 \text{ stage III trees} \times \$290) + (200 \text{ stage II trees} \times \$253) + (600 \text{ stage I trees} \times \$117)] \times 25\text{-percent deductible}$.
- The damage value is $\$290,000 = 1,000 \text{ destroyed stage III trees} \times \$290 \times 100\text{-percent damage for destroyed trees}$.
- The damage value for the crop year for this loss minus the unit deductible is $\$100,300 = \$290,000 \text{ damage value} - \$189,700 \text{ unit deductible}$.
- The preliminary indemnity multiplied times the URF and share is $\$100,300 = \$100,300 \times 1.000 \times 1.000$.
- The total indemnity payable for destroyed native trees is $\$100,300$ and is payable in two parts:
Indemnity for removal costs = Total payable indemnity x removal/replacement cost factor = $\$19,057$ ($\$100,300 \times 0.19$) payable upon completion of claim.
Indemnity for set out/tree care costs = Total payable indemnity x $(1.0 - \text{removal/replacement cost factor}) = \$81,243$ [$\$100,300 \times (1.0 - 0.19)$] payable upon tree set out.

Example of Coverage and Premium: Occurrence Loss Option

Assume that an orchard owner:

- Buys 75-percent coverage level (with 25-percent deductible).
- RM1 tree reference prices apply for determining the amount of protection, premium, unit deductible, and unit value.
- Reports 3,000 pecan trees.
- Reports one unit and reports the actual stages as follows: 2,200 stage III trees; 200 stage II trees; 600 stage I trees.
- Holds 100 percent interest in the unit.
- Is charged a premium rate of 9.5 percent (base policy with Occurrence Loss Option rate).

FCIC's actuarial documents show the following RM1

reference prices:

- \$290/tree, stage III, \$253/tree, stage II, \$117/tree, stage I.
- The limb adjustment percentage contained in the Special Provisions is 10 percent.

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

- $\$569,100 = [(2,200 \text{ stage III trees} \times \$290) + (200 \text{ stage II trees} \times \$253) + (600 \text{ stage I trees} \times \$117)] \times 75\text{-percent coverage level.}$

The premium due on the insured crop is:

- $\$54,065 = \$569,100 \text{ amount of protection} \times 100\text{-percent share} \times 0.095 \text{ premium rate.}$

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

The pecan trees in the stand of damaged trees containing 2,200 stage III trees are partially damaged due to wind (hurricane) in September. The orchard owner intends to rehabilitate the trees that have been damaged. Restoration method 3 (RM3) applies for determining the damage value for trees that will be rehabilitated. The percent of canopy loss is 55-percent of (65 percent average canopy loss – 10 percent (limb adjustment percentage)). The percent of damage is 3.6 percent ((5 partially damaged trees ÷ 10 sample trees) x .071 adjustment factor for 55 percent canopy loss). The applicable RM1 reference price contained in the actuarial documents is \$290/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:

- Two (2) percent of the unit value is $\$11,382 = \$569,100 \times 0.02$.
- The damage value is $\$22,968 = (2,200 \text{ stage III trees} \times \$290 \times 3.6 \text{ percent of damage})$.
- The amount of insured damage is $\$17,226 = \$22,968 \times 75\text{-percent coverage level.}$
- The amount of insured damage is more than two (2) percent of the unit value ($\$17,226 > \$11,382$).
- Indemnity owed for the most recent cause of loss is $\$17,226 = \$17,226 \times 1.000 \text{ URF} \times 100\text{-percent share.}$