

SUMMARY OF CHANGES FOR PRUNE CROP PROVISIONS (13-0036)

(Released September 2012)

The following is a brief description of changes to the Prune Crop Provisions that will be effective for the 2013 crop year. Please refer to the Prune Crop Provisions for more 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.

Revised the provisions to remove the phrase “varietal group” and replace it with the word “type” everywhere it appears.

Section 1 – Definitions

- Removed the definitions of “market price for standard prunes” and “substandard prunes.”

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

- Redesignated paragraph (c) as paragraph (d).
- Designated the second and third sentences in paragraph (b)(4)(iii) as paragraph (c) and revised newly designated paragraph (c).

Section 6 – Insured Crop

- Revised paragraph (c)(1) by removing the requirements for the insured crop to be grown on tree varieties that were commercially available when set out and adapted to the area and replaced with a requirement for the insured crop to be grown on types listed in the Special Provisions.

Section 8 – Insurance Period

- Revised paragraph (a)(1) to include the provisions from paragraph (c).
- Removed paragraph (c) and redesignated paragraph (d) as paragraph (c).

Section 9 – Causes of Loss

- Revised paragraph (a) to allow insects and disease to be insurable causes of loss unless damage is due to insufficient or improper application of control measures. Removed the provisions in paragraph (b)(1) that exclude insects and disease from insurability unless adverse weather prevents the proper application of control measures or causes properly applied control measures to be ineffective or causes disease or insect infestation for which no effective control mechanism is available.

Section 10 – Duties in the Event of Damage or Loss

- Added a new paragraph (a) to clarify the insured must leave representative samples for appraisal purposes in accordance with the Basic Provisions.

Section 11 – Settlement of Claim

- Revised the examples for clarity.
- Revised paragraph (c) to clarify that appraised unharvested production that meets the definition of standard prunes will be considered as production to count. For harvested production, clarified that production that meets the definition of standard prunes, prunes harvested and intended for fresh fruit, prunes that are sold as standard prunes, and prunes damaged by uninsured causes will be considered as production to count.
- Removed the provisions in paragraph (e) regarding quality adjustment for substandard prune.



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

1. Definitions.

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 field for the purpose of picking all or a portion of the crop.

Harvest - Picking of mature prunes from the trees or ground either by hand or machine.

Interplanted - Acreage on which two or more crops are planted in any form of alternating or mixed pattern.

Natural condition prunes - The condition of prunes in which they are normally delivered from a dehydrator or dry yard.

Prunes - Any type or variety of plums that is grown in the area for the production of prunes and that meets the requirements defined in the applicable Federal Marketing Agreement Dried Prune Order.

Standard prunes - Any natural condition prunes:

- (a) That grade "C" or better in accordance with the United States Standards for Grades of Fresh Plums and Prunes; or
- (b) That meet or exceed the grade standards in effect for the crop year if a Federal Marketing Agreement Dried Prune Order has been established for the area in which the insured crop is grown.

Ton - Two thousand (2,000) pounds avoirdupois.

2. Unit Division.

Provisions in the Basic Provisions that allow optional units by irrigated and non-irrigated practices are not applicable. Instead of establishing optional units by section, section equivalent, or FSA farm serial number optional units may be established if each optional unit is located on non-contiguous land.

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 price election for all the prunes 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 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 also choose 100 percent of the maximum price election for all other

types.

- (b) You must report, by the production reporting date designated in section 3 of the Basic Provisions, by type if applicable:
 - (1) Any damage, removal of trees, change in practices, or any other circumstance that may reduce the expected yields below the yield upon which the insurance guarantee is based, and the number of affected acres;
 - (2) The number of bearing trees on insurable and uninsurable acreage;
 - (3) The age of the trees and the planting pattern; and
 - (4) For the first year of insurance for acreage interplanted with another perennial crop, and any time the planting pattern of such acreage is changed:
 - (i) The age of the interplanted crop, and type, if applicable;
 - (ii) The planting pattern; and
 - (iii) Any other information that we request in order to establish your approved yield.
- (c) We will reduce the yield used to establish your production guarantee, as necessary, based on our estimate of the effect of any such situation listed in section 3(b) that may occur. If you fail to notify us of any situation in section 3(b), we will reduce the yield used to establish your production guarantee at any time we become aware of the circumstance. If the situation in section 3(b) occurred:
 - (1) Before the beginning of the insurance period, the yield used to establish your production guarantee will be reduced for the current crop year regardless of whether the situation was due to an insured or uninsured cause of loss;
 - (2) After the beginning of the insurance period and you notify us by the production reporting date, the yield used to establish your production guarantee will be reduced for the current crop year only if the potential reduction in the yield used to establish your production guarantee is due to an uninsured cause of loss; or
 - (3) After the beginning of the insurance period and you fail to notify us by the production reporting date, an amount equal to the reduction in the yield will be added to the production to count calculated in section 11(c) due to uninsured causes when determining any indemnity. We may reduce the yield used to establish your production guarantee for the subsequent crop year to reflect any reduction in the productive capacity of the trees.
- (d) You may not increase your elected or assigned coverage level or the ratio of your price election to the

maximum price election if a cause of loss that could or would reduce the yield of the insured crop has occurred prior to the time that you request the increase.

4. **Contract Changes.**

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

6. **Insured Crop.**

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

- (a) In which you have a share;
- (b) That are grown for the production of natural condition prunes;
- (c) That are grown on trees that:
 - (1) Are listed as insurable types in the Special Provisions;
 - (2) Are grown on rootstock that is adapted to the area;
 - (3) Are irrigated (except where otherwise provided in the Special Provisions);
 - (4) Are grown in an orchard that, if inspected, is considered acceptable by us; and
 - (5) Have reached at least the seventh growing season after being set out.

7. **Insurable Acreage.**

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

8. **Insurance Period.**

- (a) In accordance with the provisions in section 11 of the Basic Provisions:
 - (1) For the year of application, coverage begins on March 1. For each subsequent crop year the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.
 - (2) The calendar date for the end of the insurance period for each crop year is:
 - (i) October 1 for California; or
 - (ii) October 15 for Oregon.
- (b) In addition to the provisions of section 11 of the Basic Provisions:
 - (1) If you acquire an insurable share in any insurable acreage after coverage begins but on or before the acreage reporting date for the crop year, and after an inspection we consider the acreage acceptable, insurance will be considered to have

attached to such acreage on the calendar date for the beginning of the insurance period.

- (2) If you relinquish your insurable share on any insurable acreage of prunes on or before the acreage reporting date for the crop year and if the acreage was insured by you the previous crop year, insurance will not be considered to have attached to, and no premium or indemnity will be due for such acreage for that crop year unless:
 - (i) A transfer of coverage and right to an indemnity, or a similar form approved by us, is completed by all affected parties;
 - (ii) We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date; and
 - (iii) The transferee is eligible for crop insurance.
- (c) If your prune policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year but on or before the cancellation and termination dates, whichever is later, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

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 during the insurance period:
 - (1) Adverse weather conditions;
 - (2) Fire, unless weeds and undergrowth have not been controlled or pruning debris has not been removed from the orchard;
 - (3) Wildlife;
 - (4) Earthquake;
 - (5) Volcanic eruption;
 - (6) Failure of the irrigation water supply, if due to a cause 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; or
 - (8) Plant disease, but not damage 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 inability to market the prunes for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

10. **Duties in the Event of Damage or Loss.**

- (a) In accordance with the requirements of section 14 of the Basic Provisions, you must leave representative samples in accordance with our procedures.
- (b) In addition to the requirements of section 14 of the Basic Provisions, the following will apply:

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- (1) You must notify us within 3 days of the date harvest should have started if the crop will not be harvested.
- (2) You must notify us at least 15 days before any production from any unit will be sold by direct marketing or sold as fresh fruit. We will conduct an appraisal that will be used to determine your production to count for production that is sold by direct marketing or is sold as fresh fruit production. If damage occurs after this appraisal, we will conduct an additional appraisal. These appraisals, and any acceptable records provided by you, will be used to determine your production to count. Failure to give timely notice that production will be sold by direct marketing or sold as fresh fruit will result in an appraised amount of production to count of not less than the production guarantee per acre if such failure results in our inability to make the required appraisal.
- (3) If you intend to claim an indemnity on any unit, you must notify us at least 15 days prior to the beginning of harvest, or immediately if damage is discovered during harvest, so that we may inspect damaged production.
- (4) You must not destroy the damaged crop until after we have given you written consent to do so. If you fail to meet the requirements of this section and such failure results in our inability to inspect the damaged production, all such production will be considered undamaged and included as production to count.

11. Settlement of Claim.

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

Example 1: You select 75 percent coverage level, 100 percent of the price election, and have a 100 percent share in 50.0 acres of type A prunes in the unit. The production guarantee is 2.5 tons per acre and your price election is \$630.00 per ton. You harvest 10.0 tons. Your indemnity would be calculated as follows:

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| (1) | 50.0 acres x 2.5 tons = 125.0-ton production guarantee; |
| (2) | 125.0-ton guarantee x \$630.00 price election = \$78,750 value of production guarantee; |
| (4) | 10.0 tons x \$630.00 price election = \$6,300 value of production to count; |
| (6) | \$78,750 - \$6,300 = \$72,450 loss; and |
| (7) | \$72,450 x 1.000 share = \$72,450 indemnity payment. |

Example 2: In addition to the information in the first example, you have an additional 50.0 acres of type B prunes with 100 percent share in the same unit. The production guarantee is 2.0 tons per acre and the price election is \$550.00 per ton. You harvest 5.0 tons. Your total indemnity for both types A and B would be calculated as follows:

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| (1) | 50.0 acres x 2.5 tons = 125.0-ton production guarantee for type A and
50.0 acres x 2.0 tons = 100.0-ton production guarantee for type B; |
| (2) | 125.0-ton guarantee x \$630.00 price election = \$78,750 value of production guarantee for type A and
100.0-ton guarantee x \$550.00 price election = \$55,000 value production guarantee for type B; |
| (3) | \$78,750 + \$55,000 = \$133,750 total value of production guarantee; |
| (4) | 10.0 tons x \$630.00 price election = \$6,300 value of production to count for type A and
5.0 tons x \$550.00 price election = \$2,750 value of production to count for type B; |
| (5) | \$6,300 + \$2,750 = \$9,050 total value of production to count; |
| (6) | \$133,750 - \$9,050 = \$124,700 loss; and |
| (7) | \$124,700 loss x 1.000 share = \$124,700 indemnity payment. |

- (c) The total production to count (in tons) from all insurable acreage on the unit will include:
 - (1) All appraised production as follows:
 - (i) Not less than the production guarantee per acre for acreage:
 - (A) That is abandoned;
 - (B) That is sold by direct marketing or sold as fresh fruit if you fail to meet the requirements contained in section 10;
 - (C) That is damaged solely by uninsured causes; or
 - (D) For which you fail to provide acceptable production records;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production that meets the definition of standard prunes; and
 - (iv) Potential production on insured acreage you intend to abandon or no longer care for, if you and we agree on the appraised amount of

production. Upon such agreement, the insurance period for that acreage will end. If you do not agree with our appraisal, we may defer the claim only if you agree to continue to care for the crop. We will then make another appraisal when you notify us of further damage or that harvest is general in the area unless you harvested the crop, in which case we will use the harvested production. If you do not continue to care for the crop, our appraisal made prior to deferring the claim will be used to determine the production count; and

- (2) All harvested production from the insurable acreage that:
 - (i) Meets the definition of standard prunes;
 - (ii) Is intended for use as fresh fruit;
 - (iii) Is sold as standard prunes; or
 - (iv) Is damaged due to uninsured causes.

- (d) Any prune production harvested for fresh fruit will be converted to a dried prune weight basis by dividing the total amount (in tons) of fresh fruit production by 3.0.

12. Late and Prevented Planting.

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