



United States
Department of
Agriculture

Risk
Management
Agency

6501 Beacon Drive
Kansas City,
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March 14, 2006

INFORMATIONAL MEMORANDUM: R&D-06-010

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Tim B. Witt /s/*Tim B. Witt*
Deputy Administrator

SUBJECT: Florida Fruit Tree Pilot Program Crop Insurance Provisions and Related
Materials for the 2007 and Succeeding Crop Years

BACKGROUND:

A new crop insurance pilot program has been developed for citrus and tropical fruit trees in Florida for crop year 2007 (CY-2007). The new CY-2007 Florida Fruit Tree Pilot Program (07-0014) will take effect on July 1, 2006. It will provide coverage for both citrus and tropical-fruit (i.e., avocado, mango, and carambola) trees.

The old, CY-2006 Florida Fruit Tree Pilot Program (06-014) and the Avocado and Mango Tree Pilot Program (2001-0212) will terminate at midnight, June 30, 2006. No coverage will be provided under either of the CY-2006 policies after that date. Because the two CY-2006 programs are being terminated early, unearned premium will be refunded in accordance with the statement on program transition provided in the Special Provisions of Insurance for the 2006 programs.

In order to be covered for CY-2007, all producers must submit an application, regardless of whether they were covered during CY-2006. For the 2007 crop year only, the sales closing date is May 24, 2006. Insurance will attach on July 1, 2006 for applications received by the sales closing date. For subsequent crop years, the sales closing date will be May 1, with insurance attaching on June 1.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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Rules for policy-holder transition to the new program were published in the Special Provisions of Insurance of the two CY-2006 programs. A copy of that transition statement is attached to this memorandum.

The new Florida Fruit Tree Pilot Program contains significant enhancements over the old programs, including:

1. An option to determine indemnities on an occurrence basis for freeze, wind and other non-Asiatic Citrus Canker (ACC) perils;
2. An option to cover the comprehensive net present value for lost trees. This endorsement is not available for losses due to ACC;
3. A loss adjustment methodology that measures live wood to determine the amount of damage for trees;
4. Prices were updated to reflect current tree values; and
5. Updated procedures for handling ACC based on the latest information in the draft Citrus Response Health Plan, which is currently under development by State and Federal plant health authorities.

ACTION:

The Risk Management Agency (RMA) has placed the Florida Fruit Tree Pilot Program Crop Provisions (07-0014), the Comprehensive Tree Value Endorsement, and the Underwriting Guide on the Risk Management Agency Website at:

<http://www.rma.usda.gov/pilots/2007pilot.html>

The Florida Fruit Tree Pilot Program Loss Adjustment Standards Handbook will be released in the near future.

DISPOSAL DATE:

This informational memorandum is for the purpose of transmitting information and the expiration date is November 30, 2006.

ATTACHMENT
TRANSITION STATEMENT FROM THE CY-2006
FLORIDA FRUIT TREE SPECIAL PROVISIONS OF INSURANCE

Policy Transition - If FCIC introduces a new tree pilot crop insurance program (new program) to replace the coverage provided under the current Florida Fruit Tree Pilot Crop Insurance Provisions (06-014) (current Provisions) before the end of the 2006 crop year, the current Provisions (06-014) will be revised as follows:

1. In lieu of the provisions in Section 9(b) of the current Provisions (06-014), the end of the insurance period will be the day before the date of the beginning of the insurance period for the new program.
2. In lieu of Section 5 of the current Provisions (06-014), the cancellation and termination dates will be the day before the date of the beginning of the insurance period for the new program.
3. The current Provisions (06-014) will automatically terminate the day before the beginning of the insurance period for the new program.
4. To obtain coverage under the new program, you must make application by the date specified in the Provisions of the new program. Failure to make timely application for the new program will result in:
 - (A) a lapse of insurance coverage; and
 - (B) no liability incurred, and no indemnity paid, under the current Provisions (06-014) for any losses that occur after the beginning of the insurance period for the new program.
5. The date for the beginning of the insurance period, commencement of coverage, and all other terms and conditions under the new program, will be specified in the Provisions of the new program. Regardless of when coverage commences, the first year of coverage under the new program will be considered the 2007 crop year.
6. Any damage from an insured cause of loss that occurs before the end of the insurance period for the current Provisions (06-014) will be indemnified, if an indemnity is due, under the current Provisions (06-014).

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7. To be eligible for coverage under the new program for the 2007 crop year, you must have paid in full any premium owed under the current Provisions (06-014) and not be ineligible for insurance as a result of placement on the Ineligible Tracking System.
8. Your premium due under the current Provisions (06-014) will be reduced for each whole monthly period as shown on the FCI-35, Monthly Proration Factors Table, during which you are not covered by the current Provisions (06-014).
9. Any premium paid in excess of the reduced amount required for the shortened insurance period for the 2006 crop year under the current Provisions (06-014) will:
 - (A) be credited against premium that you will owe under the new program. If you elect coverage under the new program; or
 - (B) be paid directly to you if you do not elect coverage under the new program.