

# *HAWAII TROPICAL FRUIT PILOT INSURANCE PROGRAM*

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## TRAINING PACKAGE FOR *HAWAII TROPICAL FRUIT*

BANANAS, COFFEE, AND PAPAYA

OCTOBER 2006

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

FEDERAL CROP INSURANCE TRAINING  
MODULE

SUBJECT:

HAWAII TROPICAL FRUIT PILOT CROP  
INSURANCE PROGRAM

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# INTRODUCTION

## **PURPOSE OF THIS TRAINING HANDBOOK**

The Hawaii Tropical Fruit (HTF) Pilot Insurance Program Training Package is to be used for the following crops: bananas, coffee, and papaya. The training package is intended to familiarize crop insurance agents and adjusters with the conditions, provisions and terms of this pilot insurance program. The course contains all of the basic information necessary to understand the major elements of the HTF Pilot Insurance Program. In addition, because the crops in Hawaii are unique, a short description of each crop is included. The package should be used to teach crop insurance agents and adjusters how the HTF Pilot Insurance Program works. It is intended to supplement, not replace, the applicable HTF documents.

The training manual is written with the understanding that the instructors and students are familiar with government-subsidized MPCl crop insurance programs.

## **ABBREVIATIONS**

The following abbreviations will be used throughout this training manual:

- APH** – Actual Production History
- BBTV** – Banana Bunchy Top Virus
- CIH** – Crop Insurance Handbook
- HTF** – Hawaii Tropical Fruit
- LAM** – Loss Adjustment Manual
- LASH** – Loss Adjustment Standards Handbook
- MPCI** – Multi Peril Crop Insurance
- PRV** – Papaya Ringspot Virus
- RMA** – Risk Management Agency
- RO** – Regional Office
- UG** – Underwriting Guide

## **FORMAT**

The manual is divided into six chapters. The chapter numbers and their corresponding chapter names are as follows:

- ⚙ Chapter 1: Crop Summaries
- ⚙ Chapter 2: Crop Provisions
- ⚙ Chapter 3: Underwriting Guide
- ⚙ Chapter 4: Loss Adjustment Standards Handbook
- ⚙ Chapter 5: Special Provisions
- ⚙ Chapter 6: FCI-35s

Each chapter follows a specific format, where applicable, and is organized with an introduction, a discussion of the learning objectives, the lesson, a summary of the chapter, and questions for review. Within each chapter, primarily in the lesson section, the following icons will be used to draw attention to and/or separate out specific information and examples.



*The light bulb icon indicates important information that should be emphasized relative to the current topic.*



*The sun icon will be used to indicate examples.*

# CERTIFICATION PROCESS

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## **CERTIFICATION EXAM**

### **PURPOSE**

The purpose of the examination is to evaluate the student's understanding of the material presented in this training manual and to determine if the training objective has been met. After classroom instruction or self-study of this material, a test will be administered to evaluate the individuals understanding of the course materials

The examination is an open-book format of selected questions similar to the questions presented at the end of each chapter. In addition, students will be permitted to use insurance policies and supporting documentation or other study and reference materials. Collaboration with others is not allowed. The student will have two hours to complete the exam.

The student will be notified of their test result in writing and must receive a score of 80% or higher for successful completion. The student may re-take the exam in order to obtain a passing grade.

# TRAINING SCHEDULE

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The training schedule will utilize two full days. The test will be administered at the end of the second day.

## **DAY ONE**

### **MORNING**

Introduction and Overview of Training

Chapter 1: Crop Summaries

Chapter 2: Crop Provisions

### **AFTERNOON**

Chapter 3: Underwriting Guide

Chapter 4: Loss Adjustment Standards Handbook

## **DAY TWO**

### **MORNING**

Chapter 5: Special Provisions

Chapter 6: Actuarial Documents

### **AFTERNOON**

Review

Certification Exam



# CHAPTER 1: CROP SUMMARIES

## INTRODUCTION

This chapter of the training manual, Crop Summaries, gives a brief description of each crop that is included in the Hawaii Tropical Fruit Pilot Insurance Program. These crops are as follows:

- ✿ Bananas
- ✿ Coffee
- ✿ Papaya

The purpose of this section is to briefly familiarize the student with each crop and to outline those elements that directly influence the policy and subsequent documents. This section does not outline all acceptable “good farming practices.” When specific information is needed or a practice is questionable, agricultural experts, such as University of Hawaii and Cooperative State Research and Extension Service (CSREES) personnel, should be consulted.

## BANANAS

### OVERVIEW



- Giant perennial herb
- Stalks grow multiple times from the same root system
- Fruits mature 10-15 months after planting
- In a field, there are various stages of banana development occurring simultaneously
- Two groups: Cavendish and Brazilian (also called Hawaii Apple)
- Harvested year-round
- Wind and Banana Bunchy Top Virus are the main perils

Banana plants are fast-growing perennials and the stalks can grow to heights of 15–30 feet. The above-ground portion of the plants (stalks) grows multiple times from the same root system. Each stalk produces one huge flower cluster, bears fruit, and then dies. Even before the harvest, the next stalks are starting to sprout from the root (rhizome) and the whole process starts again.

Cavendish and Brazilians are the two major groups of dessert bananas in Hawaii. The Cavendish group includes Williams, Valery, Hamakua, Grand Nain, and Chinese varieties. The Brazilian

bananas (also called Hawaii Apple) include the Dwarf Brazilian variety. The Brazilian plants are stouter and are not as susceptible to wind damage and disease (such as the Banana Bunchy Top Virus (BBTV)). In addition, Brazilian fruit generally receive 11–17 cents per pound more than the Cavendish fruit varieties.

Banana harvest is an ongoing process that occurs throughout the year, with slight seasonal peaks between the months of July and December and low points between February and May. Smaller operations might harvest two to three times per week, while larger operations harvest daily during the workweek.

Because suckers are constantly being produced, fruit production in an orchard eventually becomes distributed throughout the year. Consequently, in a banana field, there are various stages of banana development occurring simultaneously. Some of the plants will be fruiting, while others are flowering and still others are in the leaf development stage.

One of the main diseases affecting banana trees is BBTV. The disease is a serious problem for banana growers statewide. BBTV is a viral disease that causes stunting and discoloration of leaves, eventually killing the stalk, in the meantime, infected plants may produce stunted fruit or no fruit at all.

Eradication of BBTV is difficult, and the likelihood of finding a cure is small. Once the virus is present, the entire plant has to be destroyed, because the plant roots will never completely die as a result of BBTV. Several islands have been affected and subsequently quarantined. The quarantine is a state regulation that prohibits movement of plant parts, but the fruit can still be marketed and sent to other islands. In addition to the quarantine, state and county officials, with the input of Hawaii's banana and farming industries, have set up eradication zones that call for the removal of all plants within the zone (10 sq. miles in Kona and 8 sq. miles in Kauai).

Wind damage is another major peril to banana plants. It is usually associated with winter storms or hurricanes and is usually not statewide. In severe wind storms, plants are uprooted and blown to the ground. The risk of wind damage is less when the young suckers are 2–3 feet tall, prior to leaf formation, and is significantly higher once bunches have formed. Bunches make the tree heavier and more susceptible to being blown over.

## INSURANCE NOTES

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- Unless limited by the Special Provisions, optional units may be established by non-contiguous land, type, and/or harvest period. The harvest periods are specified on the Special Provisions.
- The loss of production due to the destruction of live fruit trees authorized by the company to contain the spread of disease is an insured cause of loss.

# COFFEE

## OVERVIEW



- Tropical perennial evergreens
- Plants bear 2–3 years after transplant and reach full bearing in 5 years
- Fruit on the tree (before being processed) is referred to as “cherry”
- Harvest depends on area, spanning from August to January
- Grown on all of the islands
- Kona coffee (in the Kona region on the island of Hawaii) is hand-picked and receives a premium price
- Big-acreage coffee production on other islands (Molokai, Maui, and Kauai) is mechanically harvested; smaller-acreage farms are hand-picked
- Most planted varieties: Guatemalan (Kona typica), Red Catuai, and Yellow Catuai
- Nematodes and weather are the biggest perils

## ITEMS TO NOTE

Coffee is grown on the islands of Hawaii, Kauai, Maui, Molokai, and Oahu. In Kona, picking 4–8 times in any one season is common, with a month’s interval between each picking. In the lower part of the Kona coffee belt, coffee ripens from late August to December. In the extreme upper (cooler), wet and cloudy section of Kona and elsewhere in Hawaii with similar conditions, the harvesting period can stretch throughout the year, with cherries ripening almost year-round. On Kauai, the fruit ripens in late September. On Hawaii Island, Molokai, Maui, and Oahu, cherries ripen from August to January.

The growth of the branches affects all other stages of development, especially flowering and fruiting. The coffee tree has two distinct types of branches: vertical and lateral. Flowering and fruiting occur at the nodes of the laterals and rarely on the verticals. The new growth (this year’s growth) on laterals is called growing wood. Fruit clusters appear at the nodes of this growth during its second year, when it becomes known as bearing wood. While fruit is maturing on the bearing wood, new growing wood for the next crop is being produced at the end of the lateral. The size of the next crop will depend on how much growing wood is produced during any given year. When the tree is overloaded with fruit, very little growing wood is produced. Because the next year’s crop is produced on this year’s growing wood, overbearing during one year results in a small crop the next year (biennial bearing).

One of the biggest perils to coffee production, especially in the Kona region, is nematodes. The presence of these microscopic insects in a field is characterized by the occurrence of individual or clustered, poorly growing or stunted coffee trees. Symptoms are drooping leaves; wilting; leaf loss; and wobbly, loosely anchored trees. Nematode entry and feeding within roots disrupt plant growth processes and cause growth decline.

Growers who propagate coffee plants by using volunteer seedlings from abandoned fields suffer a higher risk of infestation. Management practices to help prevent infestation into new plantings include using certified, nematode-free, grafted rootstock or using seedlings grown in pots with synthetic media or sterilized soil.

Estimates of Kona district nematode infestation have been as high as 85% of the coffee acreage. The level of nematode infestation is influenced by the age of the trees. The younger the tree is when infected, the faster its decline. If a grower plants small seedlings in infested soil, they will die in two to three years, or may not produce at all. Older trees decline gradually, and once the tree has a good root system, it could take 15 to 20 years for the nematode to completely infest the tree. Thus, nematodes are more of a problem in new and expanding orchards.

## INSURANCE NOTES

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- The coffee fruit is only insured through the cherry level, before it is processed. Therefore, the price and yield used to determine amount of insurance and potential indemnities is based on the cherry level.
- Unless limited by the Special Provisions, optional units may be established by non-contiguous land and/or type.
- Insurance will not attach to any acreage of the crop that has not reached three years of age by December 31 preceding the crop year.
- A decrease in yields due to nematode infestation is not an insured cause of loss for trees that are less than five years of age.
- The loss of production due to the destruction of live fruit trees authorized by the company to contain the spread of disease is an insured cause of loss.
- The insurance period for coffee is different than the other crops. It is based on the crop year as opposed to the calendar year. This difference is due to cultural practices (harvest extends beyond December) and data-reporting methods (Hawaii Agricultural Statistics Service reports coffee data by crop year).

# PAPAYA

## OVERVIEW



- Short-lived, fast-growing, woody herb
- Begin fruiting 9–12 months after transplant
- Generally cut down after third year, as the plant gets too tall to harvest
- University of Hawaii (UH) SunUp and UH Rainbow transgenic varieties are resistant to Papaya Ringspot Virus
- Major commercial plantings located on islands of Oahu and Big Island (specifically in the Puna district); exist to lesser extent on the other islands

## ITEMS TO NOTE

There are two types of papayas: Hawaiian and Mexican. The Hawaii varieties are those commonly found in supermarkets. All commercially grown Hawaii papayas are called “solo” types, because they are usually small enough to be eaten by one person alone. ‘UH SunUp’ and ‘UH Rainbow’ were developed to resist infection by Papaya Ringspot Virus (PRSV), which is highly prevalent in the major papaya-producing areas. According to the HASS, the Big Island primarily produces ‘Kapoho,’ ‘Rainbow,’ and ‘SunUp,’ in that order, while Kauai produces primarily ‘Sunrise.’

Papayas flower and produce fruit year-round. All Hawaiian cultivars produce harvestable fruit 9–12 months after planting, with the exception of ‘Kapoho,’ which takes up to 14 months. Fruit development is directly related to climatic conditions. During the summer, fruit takes 22 weeks to mature, while 26 weeks are needed during the winter. Fruit is typically harvested weekly at color-break, but harvest may be increased to twice weekly during the summer.

The most common plant disease and biggest peril of papaya is PRSV; it serves as the limiting factor in papaya production in many areas, and has had a significant impact on papaya production in Hawaii. There are no control methods once the plant is infected. Trees found to be infected with PRSV are dug out and destroyed to minimize the spread of the virus. Virus problems can be avoided by planting genetically modified PRSV-resistant cultivars. PRSV is not transmitted via seeds, but it can be spread to areas where it is not present by being transported through infected seedlings. For this reason, papaya seedlings are not transported between islands.

## INSURANCE NOTES

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- The loss of production due to the destruction of live fruit trees authorized by the company to contain the spread of disease is an insured cause of loss.
- Mature papaya fruit that will not grade Hawaii No. 1 will not be considered in determining the total production to count for the unit.

# CHAPTER 2: CROP PROVISIONS

## INTRODUCTION

This chapter of the training manual, *Crop Provisions*, details each section of the Hawaii Tropical Fruit Pilot Crop Provisions. There are 14 numbered sections in the lesson, and each one corresponds to the numbered sections of the policy. The section names and numbers are as follows:

- 1) Definitions
- 2) Unit Division
- 3) Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities
- 4) Contract Changes
- 5) Cancellation and Termination Dates
- 6) Report of Acreage
- 7) Insured Crop
- 8) Insurable Acreage
- 9) Insurance Period
- 10) Causes of Loss
- 11) Duties in the Event of Damage or Loss
- 12) Settlement of Claim
- 13) Late and Prevented Planting and Written Agreements

## LEARNING OBJECTIVES

After completing this section, you should be able to:

- ✓ Be familiar with the overall structure of the Hawaii Tropical Fruit Pilot Crop Provisions in such a manner that specific questions or issues can be effectively referenced.
- ✓ Define and understand the terms and concepts used in the HTF Pilot Crop Provisions.
- ✓ Determine allowable unit structure.
- ✓ Cite crop-specific exceptions and requirements.
- ✓ Understand how nematodes, BBTV, and PRSV are addressed in the provisions.
- ✓ Calculate indemnities.



## LESSON

As stated, each section in the lesson corresponds to the numbered items in the policy. For greater detail and specific policy language, the Hawaii Tropical Fruit Pilot Crop Provisions should be consulted.

### 1. DEFINITIONS

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#### AGE (YEAR OF GROWTH)

For insurance purposes, tree age will be determined on December 31<sup>st</sup> according to the table below:

Year	Months After Set Out
1	≤12
2	13–24
3	25–36
4	37+



*Examples: A papaya tree that is direct seeded into a field six months prior to the beginning of the insurance period is considered one year old. A coffee tree that was transplanted into a field 38 months prior to the beginning of the insurance period is considered four years old.*

#### CROP

Each of the following tropical fruits grown for fresh market or processing:

- ☼ Bananas grown for fresh market.
- ☼ Papayas grown for fresh market.
- ☼ Coffee cherries grown for processing.

#### CROP YEAR

In lieu of the Basic Provisions, the period beginning January 1, and extending through December 31 of the same calendar year for banana and papaya. For coffee, the period beginning January 1 and extending through February 28 of the following calendar year. The crop year will be designated by the calendar year in which the period begins.



*The insurance period for coffee is different than for the other crops, as it is based on the crop year as opposed to the calendar year. This difference is due to cultural practices (harvest extends beyond December) and data reporting methods (Hawaii Agricultural Statistics Service reports coffee data by crop year).*



## DAMAGE

Any reduction in the yield of fruit due to an insured cause of loss listed in Section 10, Causes of Loss of the HTF Pilot Crop Provisions.

## 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 orchard for the purpose of picking all or a portion of the crop.



***Producers are required to follow additional guidelines if they plan on direct marketing any of their production from a damaged unit. See Section 11(c) (Duties in the Event of Damage or Loss) in the Crop Provisions.***

## FALLOWED

Land cleared of tropical trees and not replanted to any crop for the specified amount of time, as contained in the Special Provisions.

## HARVEST

The severance of mature fruit or coffee cherries from the tree by manually pulling or cutting the fruit from the tree. For mechanically harvested coffee, the picking or removal of coffee from the tree by machine.

## HAWAII NO. 1 PAPAYA

Papaya fruit that grades Hawaii No. 1 (also classified as Hawaii Grade A) or those papayas grading better than Hawaii No. 1, which includes Hawaii Fancy (also classified as Hawaii Grade AA), unless otherwise specified in the Special Provisions.

## NEMATODES

(*Meloidogyne konaensis*: the Kona Coffee root-knot nematode)-the small, parasitic roundworms that reside in the earth of some areas of Kona, which reduces production, and could result in the death of coffee trees growing in these areas.



***For coffee, nematodes are not an insured cause of loss for coffee grown on trees less than five years of age (i.e. four years after setout). See Causes of Loss Section 10(a) (3) of the Crop Provisions.***

## POUND

A unit of weight equal to 16 ounces avoirdupois.

## SET OUT

The event of the tree being transplanted or direct-seeded into the orchard.

## STUMPING

For coffee, a cultural practice that severely prunes or cuts back the tree that is recommended by crop experts at the University of Hawaii or other agricultural experts. It is not an acceptable cultural practice for bananas and papayas.

## TYPE

Class of a tropical fruit crop with similar characteristics that are grouped for insurance purposes and are contained in the Special Provisions.



*Examples of types that may be applicable include Cavendish and Brazilian (for bananas) and Genetically Modified Organisms (GMO) and non-GMO varieties (for papayas).*

## 2. UNIT DIVISION

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Units	
Allowed	Not Applicable
<b>Optional units</b> -By non-contiguous land* (except for papaya trees)  -By harvest period for bananas*  -By type*	<b>Optional units</b> -By irrigated and non-irrigated practices  -By section, section equivalent, or FSA farm serial number
<b>Enterprise and whole-farm units</b>	

\*If allowed and provided for in the Special Provisions.

## 3. INSURANCE GUARANTEES, COVERAGE LEVELS, AND PRICES FOR DETERMINING INDEMNITIES

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### PRODUCTION GUARANTEE

$$\text{Production Guarantee} = \text{Approved Yield} \times \text{Coverage Level}$$

The Production Guarantee is established on a unit basis and will be reduced based on the company's estimate of the effects of the following:

- Stumping of trees;
- Removal or destruction of trees;
- Fallowing of the acreage;
- Damage;
- Change in farming practices;
- Interplanted perennial crop; or
- Other circumstances that may reduce the yield from previous levels.



### **Example: Production Guarantee**

Joe Farmer has five acres of coffee in Kona, Hawaii. He has selected a 75% coverage level. He also has the following production history (in cherry pounds) for the past four years:

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
5,600	5,000	5,200	4,900

Average Yield (APH) = 5,175 lbs.

His production guarantee would be calculated as follows:

$$\text{Guarantee} = 5,175 \text{ lbs.} \times 0.75 \text{ coverage level} = 3,881 \text{ lbs. per acre}$$

### **PRODUCTION GUARANTEE LIMITATION FOR ADDITIONAL ACREAGE**

To mitigate the risk of producers increasing their acreage due to the availability of insurance, limitations are in place for insuring increased acreage. This limitation does not apply to an acreage increase of five or fewer acres, but does apply to all acreage of the insured crop in the county for the crop year.

If the insurable acreage of the insured crop in the county for the current crop year exceeds 125 percent of the greatest number of insurable acres of the crop that the policyholder produced in the county for any one of the three previous crop years, the amount of insurance (per acre) for the current crop year will be reduced as follows:

- Step 1) Multiply the greatest number of acres of the insured crop produced in the county in any one of the three previous crop years by 1.25;
- Step 2) Divide the result by the number of acres of the insured crop produced in the county in the current crop year; and
- Step 3) Multiply the resulting factor (rounded to two decimal places and not to exceed 1.00) by the amount of insurance (per acre) for the current crop year.



### Example: Production Guarantee Limitation

For each of the previous five years, Joe Farmer had 50 insurable acres of coffee. He acquires 50 additional acres of coffee.

Greatest number of acres in past 3 years =	50
Additional acreage =	50
Current crop year insurable acreage =	100
Production guarantee per acre =	1,500 lbs.

To determine the amount of insurance per acre for the current crop year with the additional trees:

Step 1)	$50 \times 1.25 =$	62.5
Step 2)	$62.5 / (100) =$	0.63
Step 3)	$0.63 \times 1,500 \text{ lbs.} =$	945 lbs.

### PRICE ELECTION

The insured may select only one price election for each crop in the county insured under this policy, unless the Special Provisions provide different price elections by type.



*For example, if the insured chooses 100 percent of the maximum price election for one type, they must also choose 100 percent of the maximum price election for all other types.*

## 4. CONTRACT CHANGES & 5. CANCELLATION AND TERMINATION DATES

Crops	Contract Change Date	Cancellation and Termination Dates
HTF Crops	September 30 <sup>th</sup>	December 31 <sup>st</sup>

## 6. REPORT OF ACREAGE

In addition to the information required in Section 6 of the Basic Provisions, the insured must submit an annual acreage report that includes, by unit and crop:

- The number of trees that have been replaced;
- The number of trees that have been removed and not replaced; and
- The number and the age of any trees that were stumped.

## 7. INSURED CROP

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### CROP AND PRODUCER REQUIREMENTS FOR ELIGIBILITY:

For all crops, the crop insured will be all the acreage in the county:

- 1) For which the insured elects insurance coverage;
- 2) For which a premium rate is provided on the actuarial documents;
- 3) That is grown to produce a crop intended to be sold for human consumption;
- 4) That is grown from plant material adapted to the area and propagated using acceptable propagation practices;
- 5) In which the insured has a share; and
- 6) That is grown in an orchard, that if inspected is considered acceptable to the insurance provider.

### CROP-SPECIFIC REQUIREMENTS:

#### *Bananas*

Insurance will attach on acreage January 1<sup>st</sup> following the year of setout.

The insured must provide at least the most recent four consecutive crop years of acreage and production history, excluding the year of setout.

#### *Coffee*

Insurance will attach to coffee that has reached age three (3) on December 31<sup>st</sup> preceding the crop year.

The insured must provide at least the most recent four consecutive crop years of acreage and production history, excluding the year of setout.

#### *Papayas*

Insurance will attach to acreage of papaya fruit:

- 1) That is more than twelve (12) months old on December 31 preceding the crop year; and
- 2) That is less than four (4) years old on December 31 preceding the crop year.

The insured must:

- 1) Have experience as a papaya producer growing papaya for commercial sale or participating in the management of a farming operation that grew the papaya for commercial sale; and
- 2) Provide acceptable records (acreage and production) for the most recent four consecutive crop years to establish the insured's production experience.

## 8. INSURABLE ACREAGE

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Crops listed in section 1 of the HTF Crop Provisions interplanted with another perennial crop are insurable unless the acreage is inspected and determined that it is not insurable.

## 9. INSURANCE PERIOD

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### BEGINNING OF INSURANCE COVERAGE

Crops	Insurance Coverage Begins
All HTF Crops	January 1st

### END OF INSURANCE COVERAGE

Crops	Insurance Coverage Ends the Earlier of:		
Coffee	February 28 <sup>th</sup>	Or	Upon the insurance provider's determination of the total destruction of the insured crop on the unit
Banana and Papaya	December 31st		

## 10. CAUSES OF LOSS

Cause of Loss	Exceptions / Notes	
Adverse Weather		
Disease	Not damage due to insufficient or improper application of disease-control measures	
Insects	Not damage due to insufficient or improper application of insect or pest-control measures	For coffee – nematode infestation is not an insured cause of loss for trees that are less than five years of age
Fire due to natural causes	Unless weeds and other forms of undergrowth have not been controlled	Unless pruning debris have not been removed from the field
Earthquake		
Tsunami		
Volcanic Eruption		
Wildlife	Unless proper measures to control wildlife have not been taken	
Failure of irrigation water supply	If caused by an insured peril	
Loss of production due to destruction of live fruit trees	If authorized by the insurance provider	To contain the spread of disease

In addition to the causes of loss excluded in section 12 of the Basic Provisions, damage or loss of production due to the inability to market the crop for any reason (other than actual physical damage from an insurable cause specified above) will **NOT** be insured.



*For example, if the insured is unable to market the crop due to quarantine, boycott, or refusal of any person to accept production, he or she will not be paid an indemnity.*

## 11. DUTIES IN THE EVENT OF DAMAGE OR LOSS

In addition to the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions, the insured must notify the insurance provider in each of the following circumstances:

- 1) If disease has infected the unit that will require the fruit to be destroyed:  
*The insured must notify the insurance provider within 48 hours.*
- 2) If the crop will not be harvested:  
*The insured must notify the insurance provider within 3 days of the date harvest should have started.*



3) If the insured intends to claim an indemnity on any unit:

*The insured must notify the insurance provider at least 15 days prior to the beginning of harvest, or immediately if damage is discovered during harvest, so that the damaged production may be inspected.*

\*The insured must not destroy the damaged crop until after written consent has been given.

\*\*If the insured fails to meet the requirements and such failure results in the inability to inspect the damaged production, all such production may be considered undamaged and included as production to count.

4) If any production from any damaged unit will be sold by direct marketing:

*The insured must notify the insurance provider at least fifteen (15) days before it is sold.*

\*The insurance provider will conduct an appraisal that will be used to determine the insured's production to count for production that is sold by direct marketing. If damage occurs after this appraisal, the insurance provider will conduct an additional appraisal. These appraisals, and any acceptable records provided by the insured, will be used to determine the production to count.

\*\*Failure to give timely notice that production will be sold by direct marketing will result in an appraised amount of production to count of not less than the production guarantee (per acre) if such failure results in the insurance provider's inability to make the required appraisal.

## 12. SETTLEMENT OF CLAIM

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### UNITS

We will determine the loss on a unit basis. In the event the insured is unable to provide separate, acceptable production records:

- For any optional units, the insurance provider will combine all optional units for which such production records were not provided; or
- For any basic units, the insurance provider will allocate any commingled production to such units in proportion to the liability on the harvested acreage for the units.

### TOTAL PRODUCTION TO COUNT



*The total production to count from all insurable acreage on the unit = all appraised production + all harvested production.*

Appraised Production Includes:	
1)	Production lost due to uninsured causes
2)	Unharvested production
3)	Potential production on insured acreage that the insured intends to abandon or no longer care for
	<ul style="list-style-type: none"> <li>• If the insured and the insurance provider agree on the appraised amount of production, the insurance period for that acreage will end.</li> <li>• If the insured does not agree with the appraisal, the insurance provider may defer the claim only if the insured agrees to continue to care for the crop. The insurance provider will then make another appraisal when the insured notifies the insurance provider of further damage or that harvest is general in the area unless the insured harvested the crop, in which case the insurance provider will use the harvested production. If the insured does not continue to care for the crop, the insurance provider's appraisal made prior to deferring the claim will be used to determine the production to count.</li> </ul>
4)	Not less than the production guarantee (per acre) for acreage:
	<ul style="list-style-type: none"> <li>• That is abandoned;</li> <li>• That is sold by direct marketing if the insured fails to meet the requirements contained in section 11 (c);</li> <li>• That is damaged solely by uninsured causes; or</li> <li>• For which the insured fails to provide acceptable production records.</li> </ul>



*For papaya, mature papaya fruit that will not grade Hawaii No. 1 will not be considered in determining the total production to count for the unit, for both appraised and harvested production.*

### STEPS TO SETTLE THE INSURED'S CLAIM

- Step 1) Multiply the insured acreage for each type, if applicable, by its respective production guarantee (per acre);
- Step 2) Multiply each result in Step 1 by the respective price election for each type, if applicable;
- Step 3) Total the results in Step 2;
- Step 4) Multiply the total production to be counted of each type by the respective price election;
- Step 5) Total the results in Step 4;
- Step 6) Subtract the results in Step 5 from the results in Step 3; and
- Step 7) Multiply the result in Step 6 by the insured's share.



### Example: Settlement of Claim

Joe Farmer has five acres of coffee in Kona, Hawaii and a production guarantee of 3,881 pounds per acre. After a hurricane, his production to count (PTC) is 2,000 pounds per acre, for a total of 10,000 pounds. He only has one type of coffee, and the applicable price election is \$1.00 per pound. He has 100% share of the insured crop.

His settlement of claim would be calculated as follows:

Step 1)	5 acres × 3,881 lb./acre production guarantee =	19,405 lbs.
Step 2)	19,405 lbs. × \$1.00 price election =	\$19,405
Step 3)	Total of all types =	\$19,405
Step 4)	10,000 PTC × \$1.00 price election =	\$10,000
Step 5)	Total of all types =	\$10,000
Step 6)	\$19,405 – \$10,000 = Loss =	\$9,405
Step 7)	\$9,405 × 100% share = Indemnity =	<b>\$9,405</b>

## **13. LATE AND PREVENTED PLANTING AND WRITTEN AGREEMENTS**

Provisions in section 16 (Late Planting), section 17 (Prevented Planting), and section 18 (Written Agreements) of the Basic Provision are not applicable.

### **SUMMARY**

In this chapter, the Hawaii Tropical Fruit Crop Provisions were discussed. The primary points to remember from the chapter are the:

- ✓ overall structure of the Hawaii Tropical Fruit Pilot Crop Provisions;
- ✓ definitions and concepts used in the HTF Pilot Crop Provisions;
- ✓ allowable unit structure;
- ✓ crop specific exceptions and requirements;
- ✓ calculating the production guarantee and settlement of claim; and
- ✓ insurance eligibility requirements.

## QUESTIONS

- 1) If allowed by the Special Provisions, optional units by harvest period are available for which crop(s)?
  - a. Bananas
  - b. Coffee
  - c. Papaya
  - d. All of the above
  - e. None of the above
  
- 2) The production guarantee is calculated by multiplying \_\_\_\_\_.
  - a. Approved yield  $\times$  price
  - b. Approved yield  $\times$  coverage level
  - c. Price  $\times$  coverage level
  - d. Price  $\times$  share
  
- 3) The production guarantee may be reduced based on the company's estimate of the \_\_\_\_\_.
  - a. Damage
  - b. Stumping of trees
  - c. Interplanted perennial crop
  - d. Removal of trees
  - e. All of the above
  
- 4) The production guarantee per acre may be reduced if the insured increases his/her insurable acreage more than 25%.
  - a. True
  - b. False
  
- 5) The contract change, cancellation, and termination dates for coffee is different than for bananas and papayas.
  - a. True
  - b. False
  
- 6) For coffee, insurance will not attach to any acreage that has not reached \_\_\_\_ years of age by December 31 preceding the crop year.
  - a. One
  - b. Two
  - c. Three
  - d. Four
  
- 7) Insurance will attach to acreage of papaya fruit that is more than four years old on December 31 preceding the crop year.
  - a. True
  - b. False

- 8) The insured has the following data: 3,000 pounds per acre and 75% coverage level. The price election is \$2.00 per pound. What is his production guarantee?
- 2,250 pounds
  - 4,500 pounds
  - \$2,500.00
  - \$6,000.00
- 9) For coffee, insurance coverage begins on which date?
- January 1
  - March 31
  - July 1
  - November 31
  - None of the above
- 10) If authorized by the insurance provider, the loss of production due to the destruction of live fruit trees to contain the spread of disease is an insured cause of loss.
- True
  - False
- 11) For coffee, nematode infestation is not an insured cause of loss for trees that are less than \_\_\_\_ years of age.
- One
  - Two
  - Three
  - Four
  - Five
- 12) If a disease has infected the unit which will require the fruit to be destroyed, the insured must notify the company within \_\_\_\_\_ .
- 24 hours
  - 48 hours
  - 10 days
  - 15 days
- 13) When determining production to count for papaya, only papaya grading Hawaii No. 1 or better will be counted.
- True
  - False

# CHAPTER 3: UNDERWRITING GUIDE

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## INTRODUCTION

This chapter briefly addresses the main concepts of the HTF Pilot Crop Insurance Underwriting Guide (UG). In general, most of the information found in the HTF UG is also found in the HTF Crop Provisions, and there is repetition. For example, the definitions and the insurance eligibility requirements in the two documents are identical, and therefore, will be noted as such and not listed again. Also, the HTF UG supplements the Crop Insurance Handbook, and unless noted in the UG, the CIH applies.

## LEARNING OBJECTIVES

At the end of this Chapter, you should be able to:

- ✓ Identify the sections of the UG that are also in the HTF Pilot Crop Provisions.
- ✓ Calculate the Amount of Insurance.
- ✓ Determine agent responsibility.

## LESSON

Note: These section numbers refer to the corresponding section of the Underwriting Guide.

### 3. DEFINITIONS

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The definitions listed in the Underwriting Guide are identical to those in the HTF Pilot Crop Insurance Policy. *See Chapter 2, Section 1 of this Training Guide.*

### 5. COVERAGE INFORMATION

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The approved yield for the current crop year will be reduced as necessary, from the previous year's approved yield, based on the insurance provider's estimate of the effect of the following:

- Stumping of trees
- Removal of trees
- Destruction of live trees
- Fallowing
- Any type of damage
- Change in farming practices

- Interplanted perennial crop
- Any other circumstances.



**Example: Reducing the Production Guarantee**

Joe Farmer has one acre of coffee in Kona, Hawaii. His average yield for the past four years is 5,000 pounds. Before the insurance period begins, he stumps half of his trees.

Based on the insurance provider’s estimates, because of the stumping, the insured should only expect half of his average yield. Therefore, his approved yield for insurance purposes is reduced to 2,500 pounds.

**B. PRODUCTION GUARANTEE LIMITATION FOR ADDITIONAL ACREAGE**

To mitigate the risk of producers increasing their acreage due to the availability of insurance, limitations are in place for insuring increased acreage. This limitation does not apply to an acreage increase of five or fewer acres, but does apply to all acreage of the insured crop in the county for the crop year.

If the insurable acreage of the insured crop in this county for the current crop year exceeds 125 percent of the greatest number of insurable acres of the crop that were produced in the county for any one of the three previous crop years, the production guarantee (per acre) for the current crop year will be reduced as follows:

- Step 1) Multiply the greatest number of acres of the insured crop produced in the county (by the insured) in any one of the three previous crop years by 1.25.
- Step 2) Divide the result by the number of acres of the insured crop produced in the county (by the insured) in the current crop year.
- Step 3) Multiply the resulting factor (not to exceed 1.00) by the amount of insurance (per acre) for the current crop year.

**C. DETERMINING AGE**

For insurance purposes, age (or year of growth) is defined as each 12-month growth period beginning with the month the trees were set out, expressed in whole years. The tree matures by one year for each 12-month period on each anniversary of the month of setout as shown below:

Year	Months After Set Out
1	≤12
2	13–24
3	25–36
4	37+

Age determination will be made for each insured crop for each crop year as of December 31 for all HTF crops.



### **Examples: Determining Age**

- 1) A papaya seed grown from seed planted (set out) in a field six months prior to January 1 of the crop year is considered one year old.
- 2) A coffee plant that was transplanted (set out) into a field 38 months prior to January 1 of the crop year is considered four years old.

Insurance will attach to:

- (1) Banana acreage on January 1 following the year of tree setout.
- (2) Papaya acreage:
  - (a) That is more than twelve (12) months old on December 31 preceding the crop year and;
  - (b) Less than four years old on December 31 preceding the crop year.
- (3) Coffee acreage that has reached age three (3) on December 31 preceding the crop year.

### **Important Dates:**

- (1) Contract Change Date: For all HTF crops, September 30 preceding the cancellation date.
- (2) Cancellation, Termination, and Sales Closing Dates: December 31 for all HTF crops.
- (3) Acreage Reporting Dates: February 15 for banana and papaya, and March 15 for coffee..
- (4) Beginning of the Insurance Period Dates: January 1 of each crop year for all HTF crops.
- (5) End of the Insurance Period Dates: December 31 for banana and papaya and February 28 for coffee.

## **6. INSURED CROP INFORMATION**

- (1) The crop insured will be those of each crop (banana, coffee, and papaya) in the county for which the producer elects coverage and a premium rate is provided on the actuarial documents:



- (a) In which the producer has a share;
  - (b) That are grown to produce a crop intended to be sold for human consumption;
  - (c) For which the insured has provided:
    - 1 For coffee and bananas, acceptable records of at least the most recent four consecutive crop years of acreage and production history for the crop, excluding the year of set out;
    - 2 For papaya for which the insured has experience as a producer,
      - (i) Growing papaya for commercial sale; or
      - (ii) Participating in the management of a farming operation that grew the papaya for commercial sale; and
      - (iii) For which the insured provides acceptable records of at least the most recent four consecutive crop years of production history used to establish their papaya production experience.
    - 3 Acceptable records of production history required under subsection (a) and (b) of the HTF Pilot Crop Provisions must be reported on a production report or other approved form acceptable to the insurance provider when the insured submits the application and in subsequent crop years by the production reporting date;
  - (d) That, if the orchard is inspected, is acceptable to the insurance provider;
  - (e) That meets the applicable age requirements for the crop provided in the HTF Pilot Crop Provisions; and
  - (f) That is an HTF crop specifically listed in the policy.
- (2) Hawaii tropical fruit crops interplanted with another crop are insurable, unless the insurance provider inspects the acreage and determines that it does not meet the requirements contained in the policy.
  - (3) For coffee: Nematodes are not an insured cause of loss on coffee grown on trees less than five years of age (e.g. four years after setout).
  - (4) Refer to Basic Provisions for additional provisions of insurability.

## **B. Insurance Period**

Coverage begins on:

- (1) January 1 of each crop year for all HTF crops, or

- (2) The 30<sup>th</sup> day after the insured's properly completed application is received in the insurance provider's local office if the application is submitted between:
  - (a) December 2 and January 1 for all HTF crops; and
  - (b) the acreage is inspected and meets the insurability requirements contained in the HTF Pilot Crop Provisions.

**C. Unit Determination:**

- (1) Units are available by:
  - (a) Basic units; and
  - (b) Optional units (unless limited by the Special Provisions) for:
    - (i) Noncontiguous land (except papaya);
    - (ii) Type (if types are specified in the Special Provisions); and
    - (iii) Harvest period (for bananas).
- (2) Enterprise units, whole farm units, and optional units by irrigated and non-irrigated practices, legal descriptions or farm serial numbers are not available.

**D. APH Determinations:**

- (1) APH determinations are made in accordance with the CIH.
  - (a) Separate APH yields are required by:
    - (i) Unit;
    - (ii) PTV (if different T-yields apply); and
    - (iii) T-Yield map areas.



**Example: APH Determinations**

Joe Farmer insures Brazilian and Cavendish types of bananas under the Early, Mid, and Late Harvest practices.

<u>Type</u>	<u>Practice</u>	<u>T-Yield (Actuarial Table)</u>
Brazilian	Early Harvest	2,212
	Mid Harvest	2,410
	Late Harvest	2,820
Cavendish	Early Harvest	2,212
	Mid Harvest	2,410
	Late Harvest	2,820

Separate T-yields are established for each harvest practice by type, thus a separate APH yield for each type/practice combination insured is required.

## 7. REPORTING REQUIREMENTS

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### **Acreage Reporting Information**

In order to verify the underwriting information provided by the producer and that the insurability requirements for each crop have been met, the Insurance Provider will conduct a pre-acceptance inspection. The forms listed below, or other forms approved by RMA, can be used to report the required information and any other information determined to be necessary by the Insurance Provider.

### **Pre-Acceptance (Perennial Crop) Inspection Report and Addendum Worksheet**

- (1) Orchard inspections are required to be performed by an Insurance Provider inspector:
  - (a) For all new applicants;
  - (b) For added land units (land not previously in the operation);
  - (c) Whenever initiated by the insurance provider; and
  - (d) As indicated in Section 7F of the CIH for all other circumstances.
- (2) Inspection deadlines: During the 10-day period applicable under Section 6B(3) of this guide; otherwise see Section 7F(5) of the CIH.
- (3) A combined Inspection Report/Addendum Worksheet for Macadamia nuts and other perennial crops, shown in Exhibit 16 1H of the CIH, may be used for HTF crops.
  - (a) Note any change in cultural practices (stumping of trees, removal of trees, fallowing, any type of damage, a change in farming practices, an interplanted perennial crop, or any other circumstance) that may reduce expected yields in the “Remarks” section.
  - (b) Report the numbers and ages of trees removed since the previous inspection in the “Remarks” section.

### **Producer’s Pre-Acceptance Worksheet**

- (1) Policyholders are required to annually certify updated underwriting information for each insured crop by the production reporting date.
- (2) Information specific to the approved yield for the current or upcoming crop year should be reported. This should include, but is not limited to, the following:
  - (a) The number and age of any trees that were stumped;
  - (b) The number of trees that were replaced;
  - (c) The number of trees removed and not replaced; and

- (d) Cultural practices that may reduce expected yield, such as stumping coffee trees
  - (e) Other conditions listed in the HTF Pilot Crop Provisions.
- (3) Instructions for completion are provided in Section 7E of the CIH.
  - (4) Refer to the insurability requirements for bananas, coffee, and papaya given in the HTF Pilot Crop Provisions and Sections 5D and 6A of this handbook.

### **Production Reporting**

- (1) Applicants are required to report the most recent four (4) consecutive years of acreage and production history, excluding the year of setout for bananas and coffee.
- (2) Policyholders are required to submit a production report by the production reporting date.
- (3) The APH Form examples, procedures, and instructions are provided in Section 9 of the CIH and can be used to report prior production and acreage.

### **Acreage Report:**

- (1) In addition to the acreage reporting requirements contained information required in Section 6 of the Basic Provisions, the applicant/policyholder you must report by unit for each insured crop include the following additional information on the Acreage Report:
  - (a) Enter the number of acres and trees for each age on separate lines within each unit.
  - (b) Enter the date set out was completed.
  - (c) Enter in the Remarks section the number of trees that have been replaced, the number of trees that have been removed and not replaced during the previous crop year, and the number and age of trees that have been stumped.
- (2) The producer will report the ages of insured trees based on his/her records and the definition of age found in the HTF Pilot Crop Provisions.
- (3) The agent will assist the insured in correctly reporting his/her trees (by age) and tree acreage as required by the HTF Pilot Crop Provisions.

## SUMMARY

The important information to remember from this chapter is:

- ✓ The HTF UG has many sections that list information, including definitions and insurability requirements, that are also found in the HTF Pilot Crop Provisions.
- ✓ Tree age determination and verification are important. Agents need to confirm that the acreage report was filled out correctly, and they may need to assist the insured in completing the necessary forms.
- ✓ Important dates.

## QUESTIONS

- 1) The majority of Section 4 (*General Rules*) of the UG can also be found in the HTF Pilot Crop Provisions.
  - a. True
  - b. False
  
- 2) The production guarantee is established on a unit basis.
  - a. True
  - b. False
  
- 3) The production guarantee limitation for additional acreage does not apply to acreage increases of \_\_\_\_ or fewer acres.
  - a. 1
  - b. 5
  - c. 10
  - d. 15
  
- 4) For insurance purposes, a tree that was set out 14 months ago is considered to be in Year \_\_\_\_\_.
  - a. 0
  - b. 1
  - c. 2
  - d. 3
  
- 5) The agent is responsible for:
  - a. Assigning ages to the insured trees based on the producer's records and the definition of age found in the HTF Pilot Crop Provisions.
  - b. Confirming that the insured has correctly reported his/her trees by unit by comparing with plat maps, past acreage reports, and/or other reasonable sources.
  - c. Modifying the Acreage Reporting Form.
  - d. All of the above.
  
- 6) For all crops except coffee, the acreage reporting date is \_\_\_\_\_.
  - a. February 15<sup>th</sup>
  - b. June 30<sup>th</sup>
  - c. August 15<sup>th</sup>
  - d. December 31<sup>st</sup>

# CHAPTER 4: LOSS ADJUSTMENT STANDARDS HANDBOOK

## INTRODUCTION

The HTF Training Manual is intended to familiarize crop insurance adjusters with the activities, requirements, language and conditions found in the Loss Adjustment Standards Handbook.

This training manual does not replace any of the procedures or modify any provisions contained in the pilot insurance policy. Adjusters should understand the content and provisions of the following:

- Common Crop Insurance Policy;
- HTF Pilot Crop Provisions;
- Crop Insurance Handbook, Underwriting Guide;
- Loss Adjustment Manual;
- Actuarial Documents; and
- Catastrophic Risk Protection Endorsement (as applicable)

## LEARNING OBJECTIVES

In this chapter, you will:

- ✓ Determine when an appraisal is needed.
- ✓ Determine the appropriate appraisal method and production counting method to be utilized.
- ✓ Acquire a general understanding of how to complete the Loss Adjustment Appraisal Worksheet and Production Worksheet.

## OVERVIEW OF THE LASH

The Loss Adjustment Standards Handbook (LASH) identifies the crop-specific procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) losses under the HTF Pilot Crop Provisions. The purpose of the LASH is to assist the adjuster in determining when a claim is filed and whether an appraisal is needed and (if applicable) to provide the instruction needed to accurately complete the Appraisal and Production Worksheets.



***For Agent training purposes, this training manual is a general overview of the LASH. For more specific information, please consult the LASH.***



*It is recommended that a copy of the HTF LASH be available for review during this training instruction.*

Two separate worksheets (Appraisal and Production) should be completed when calculating the Value of Production to Count. Worksheet Number One, the Appraisal Worksheet, determines the amount of production damaged by a covered peril. Worksheet Number Two, the Production Worksheet, compiles the information obtained from the Appraisal Worksheet to determine the Value of Production to Count, which will be used in calculating any potential indemnity payment.

## **SPECIAL INSTRUCTIONS**

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General loss adjustment terms, abbreviations and definitions are identified in the Loss Adjustment Manual (LAM). HTF specific instructions, terms, abbreviations and definitions are found in this section of the LASH to assist the adjuster with any terminology specific to this policy.

## **INSURANCE CONTRACT INFORMATION**

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The insurance provider is to determine that the insured has complied with all policy provisions of the insurance contract. Crop provisions that are to be considered in this determination include (but are not limited to) the following:

### **INSURABILITY**

The insurability section defines specific requirements for the crop as delineated in the Basic Policy and Underwriting Guide.



*The requirements contained in the Insurability section of the LASH are duplications from the Crop Provisions section of the training guide.*

### **PROVISIONS NOT APPLICABLE TO CAT COVERAGE**

Provisions that would not be insurable if the grower had purchased catastrophic coverage are:

- 1) Optional Units.
- 2) Written Agreements (also not applicable to buy-up coverage).
- 3) Hail and Fire Exclusion Provisions.
- 4) High Risk Land Exclusion.
- 5) Occurrence Loss Option
- 6) CTV Endorsement



## TROPICAL FRUIT APPRAISALS

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Specifically for HTF, circumstances that require an appraisal are (but not limited to): when the insured chooses not to harvest the acreage; when verifiable production records will not be available; when any production will be sold by direct marketing; or in the case of disease that requires destruction of infected live trees to prevent the spread of the disease to other parts of the field, unit, and surrounding areas.

Within the policy provisions is a requirement that insureds file a notice of damage or loss within 72 hours (but not later than 15 days after the end of the insurance period). In addition, the Crop Provisions require notice for the following events:

- (a) Within 48 hours upon determination that the disease has infected insured acreage.
- (b) Within three days of the date that harvest of the damaged variety should have started if the crop will not be harvested.
- (c) When direct marketing is authorized through the Special Provisions, at least fifteen days before any production from any unit will be sold by direct marketing or sold for cash is harvested.

**NOTE:** In the event the insured fails to give timely notice that the production will be sold by direct marketing, apply an appraised amount of production to count of not less than the production guarantee per acre, if such failure results in the inability of the insurance provider to make the required appraisal.

- (d) If the insured gave notice previously, in accordance with section 14 of the Basic Provisions, and intends to claim an indemnity on any unit, notice must be given at least 15 days prior to the beginning of harvest, or immediately if damage occurs during harvest, so that the insurance provider may inspect the damaged production.

## SELECTING REPRESENTATIVE SAMPLES FOR APPRAISALS

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The appraisal method will be determined by the crop being appraised, the number of acres, and whether a portion of the crop has been harvested or not.

The Adjuster must select a representative area to appraise. The Adjuster should use the following guidelines to determine what area should be used. The Adjuster should make a general examination of all acreage in the orchard and then determine the number and general location of trees to be used in the representative sample based on:

- 1) Total acreage and number of trees bearing insurable tropical fruit in the unit;

- 2) Whether or not any areas have been partially picked;
- 3) The number of trees with unharvested fruit; and
- 4) If the fruit damage is uniform over the entire acreage or if the fruit damage is concentrated in certain areas of the acreage.

A minimum number of trees are required to be sampled, as shown below:

Number of Acres:	Select:
10.0 or less	The lesser of five trees or 5% of the number of trees/lots in the orchard (rounded to the nearest whole tree).
10.1 to 100.0	Five trees plus one tree per additional 10.0 acres.
100.1 or more	14 trees plus one tree per additional 100.0 acres.

## APPRAISAL METHODS

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The instructions contained in the HFT LASH provide standards for selecting representative samples and appraising production and losses.

The Harvest Production Appraisal Method is to appraise unharvested acreage only when the acreage has been inspected prior to harvest and damage occurs prior to harvest of the entire unit. If the unit acreage had been determined to be of uniform production, the damaged unharvested acreage can be appraised at the yield per acre from the harvested portion.

The Unharvested Production Appraisal Method should be used when no fruit has been harvested from any acreage within the orchard.

Each particular crop should be appraised using its respective standard of appraisal instructions as follows:

### ***FOR PAPAYAS:***

- (1) Select representative samples using the following criteria:
  - (a) Establish separate representative fields if the crop acreage in the sample does not have the similar production potential or damage or when all or part of the acreage is left unharvested or partially harvested.
  - (b) The sample selected should be representative of the age of trees in the field. If there are trees of varying ages, separate samples for each age group will be taken.
  - (c) The sample trees must be selected randomly throughout the field, unless the damage is spotty and further subdividing the field into subfields will not assure that the extent of damage and remaining production can be accurately

determined. In such cases, the sample should include trees that contain both damaged and undamaged fruit, to establish an accurate appraisal.

- (d) Sample trees will not include any trees that will not produce harvestable fruit within the crop year.
  - (e) The sample fruit are to be obtained from the inside, outside, top, and bottom of all four quadrants of the sample trees. Include any fruit on the ground.
  - (f) Samples may be obtained by selecting fruit from each sample tree in a representative number of rows. **A minimum of 10 percent of the trees per representative sample must be sampled.** For example, if there are 200 trees in the orchard, a minimum of 20 trees (10% of 200) must be sampled.
- (2) After selecting the sample trees, count the number of fruit per sample tree and the number of fruit on the ground that you determine to be from the sample tree. Fruit must be within two feet of the base of the sampled tree to be counted for that tree. Total this amount for all sample trees and then divide by the total number of sample trees (results in whole fruit) to determine the average fruit per tree. For loss adjustment purposes, only papaya fruit sampled that meets the standards for Hawaii No. 1 (also classified as Hawaii Grade A) or better than Hawaii No. 1 (which includes Hawaii Fancy, also classified as Hawaii Grade AA) will be appraised production to count.
- (3) Using the same sample trees, pick the lesser of **10 percent or 20 of the mature fruit from each sample tree (round to the nearest whole fruit; however, do not use less than one mature fruit per sample tree)**. Exclude sample trees that do not include mature fruit. Include 10 percent of any mature fruit on the ground from the sample tree. Weigh the mature picked and fallen fruit to determine the total fruit weight (rounded to nearest whole pound).
- (4) Divide the total fruit weight by the total number of fruit weighed to determine the average weight per fruit (to tenths of a pound).
- (5) Multiply the average fruit per tree by the average weight per fruit to determine the average pounds per tree (to tenths of a pound).
- (6) Multiply the average pounds per tree by the number of insurable trees per acre to determine the fruit pounds per acre (in whole pounds).
- (7) Record the information on the Appraisal Worksheet. Record each age group separately on separate Appraisal Worksheets.



***NOTE: Make sure the fruit being selected as a representative sample for appraisal is fruit that will be harvested and is insured for the current crop year.***

## ***FOR BANANAS:***

For loss adjustment purposes, the banana “tree” is actually a group of stalks representing separate harvest periods residing in a single “banana mat.” The banana mat is defined as the entire plant consisting of one or more pseudostems (upright, trunk-like structures) formed by tightly packed, concentric layers of sheaths, an underground rhizome, and a fibrous root system. The oldest, or tallest, stalk is considered the “mother plant,” with the younger, or smaller, stalks called “daughter plants” growing up and around the mother plant. If the mother plant is destroyed, the entire tree is considered destroyed, because the daughter plants exist via the root system of the mother plant. The loss adjuster must determine if optional units are allowed by the Special Provisions for the insured crop and have been elected by the insured for the unit. If optional units are in effect for the unit, each separate stalk in the banana mat is an optional unit, because each stalk represents a different harvest period.

Appraise unharvested production (for computing indemnities) as follows using separate Appraisal Worksheets by age group and by unit.

- (1) Select representative samples using the following criteria:
  - (a) Establish separate representative fields if the crop acreage in the sample does not have similar production potential and damage or when all or part of the acreage is left unharvested or partially harvested.
  - (b) Except for bananas, the sample trees selected should be representative of the age of the trees in the field. If there are trees of varying ages, separate samples for each age group will be taken.
  - (c) Bananas are insured by harvest period (each harvest period may also qualify as an optional unit if allowed by the Special Provisions; up to two optional units at any given time). Separate samples are required for each harvest period (or optional unit; each optional unit is adjusted using a separate Appraisal Worksheet).
  - (d) Sample trees will not include any trees that will not produce harvestable fruit within the current crop year.
  - (e) The sample trees must be selected randomly throughout the field, unless the damage is spotty and further subdividing the field into subfields will not assure that the extent of damage and remaining production can be accurately determined. In such cases, the sample should include trees that contain both damaged and undamaged fruit to establish an accurate appraisal. It is recommended that the samples are varied and include both exterior and interior rows along the perimeter of the sample field. The sample should also include banana trees located in the center of the sample field using a zig-zag pattern extending from one corner of the field to the opposite corner, diagonally.

- (f) Samples can be obtained by selecting fruit from each sample tree in a representative number of rows in the orchard. **A minimum of 10% of the trees per representative sample must be utilized for the sampling.** For example, if there are 200 trees in the orchard, a minimum of 20 trees (10% of 200) must be sampled.
- (2) The number of banana bunches per tree cannot exceed one. Total the number of bunches for all sample trees and then divide by the total number of sample trees (round results to hundredths) to determine the average number of bunches per tree.
  - (3) Using the same sample trees, pick each mature banana bunch. Exclude sample trees that do not include mature bunches. Weigh the mature banana bunches to determine the total fruit (bunch) weight (rounded to nearest tenth of a pound).
  - (4) Divide the total weight by the total number of mature banana bunches weighed to determine the average weight per fruit (bunch) (round to tenths of a pound).
  - (5) Multiply the average fruit (bunch) per tree by the average weight per fruit (bunch) to determine the average pounds per tree (to tenths of a pound).
  - (6) Multiply the average pounds per tree by the number of insurable trees per acre to determine the fruit (bunch) pounds per acre (in whole pounds).
  - (7) Record the information on the Appraisal Worksheet. Record each age group or harvest period separately.

**NOTE:** Make sure the fruit being selected as a representative sample for appraisal is fruit that will be harvested in and is insured for the current crop year.

### ***FOR COFFEE:***

Appraise all unharvested production (for computing indemnities) as follows, either by individual tree or by sample field:

- (1) Estimating yield by individual tree (for five or less trees):
  - (a) Count and record the number of Fruitful Branch Units (FBU) on the tree by working around the perimeter of the tree back to the point where you started. The result is the number of FBUs per tree.

Note: An FBU is a primary lateral with at least three nodes, with fruit totaling 10 or more cherries. The branch can have secondary branches (laterals). If the primary branch has two or more secondary branches that have more than 10 cherries each, then the secondary branches can also be designated as FBUs. You

must ignore branches that have fewer than 10 cherries, as they do not generally produce harvestable cherries.

- (b) Walk around the tree a second time. Count and record the number of fruit on 10 randomly chosen FBUs (identify each FBU for use in item (d) below) and divide by 10. The result is the average number of fruit per FBU.
  - (c) Multiply the number of FBUs per tree times the average number of fruit per FBU. The result is the average fruit per tree.
  - (d) Collect 50 ripe fruit from the 10 randomly chosen FBUs (five fruit from each), weigh them, and divide by 50 to determine the average weight per fruit to the nearest thousandth of a pound (or measure in grams and convert to pounds by dividing by 453.5).
  - (e) Multiply the average weight per fruit times the average fruit per tree to determine the average pounds per tree.
  - (f) Multiply the average pounds per tree times the number of insurable trees per acre to determine the fruit pounds per acre.
  - (g) Record the information on the Appraisal Worksheet.
- (2) Estimating yield by sample field (six or more trees):
- (a) The adjuster will determine the area to be adjusted by selecting an area that is representative of the unit.
  - (b) Count how many trees are in the sample area.
  - (c) Walk a zigzag pattern across the area randomly selecting **a minimum of 10 percent of the insured trees per sample.**
  - (d) Walk halfway around the first selected tree and count and record the number of FBUs (see Note in (1) above) on half the tree. Multiply the number of FBUs per half-tree by two to determine the number of FBUs per sample tree.
  - (e) On the same tree half, count and record the number of fruit on 10 randomly chosen FBUs (identify each FBU for use in (g) below). Total the number of fruit and divide by 10. The result is the average number fruit per FBU for the sample tree.
  - (f) Repeat the determinations in (d), (e), (f), and (g) on each additional sample tree, except that FBU and fruit counts are taken from the alternating sides of each following sample tree. The purpose is to count and record from an equal number of half-tree sides for the sample trees.

- (g) For each sample tree, multiply the number of FBUs per sample tree times the average number of fruit per FBU, total the results, and divide by the number of sample trees. The result is the average fruit per tree.
- (h) Collect 50 ripe fruit from the 10 randomly chosen FBUs (five fruit from each), weigh them, and divide by 50 to determine the average weight per fruit to the nearest thousandth of a pound (or measure in grams and convert to pounds by dividing by 453.5).
- (i) Total the weight from each sample tree (from (h) above) and divide the total weight by the result of 50 times the number of sample trees to determine the average weight per fruit to nearest hundredth of a pound.
- (j) Multiply the average weight per fruit times the average fruit per tree to determine the average pounds per tree.
- (k) Multiply the average pounds per tree times the number of insurable trees per acre to determine the fruit pounds per acre.
- (l) Record the information on the Appraisal Worksheet.

NOTE: Be careful that the fruit being selected as a representative sample for appraisal is fruit that will be harvested in and is insured for the current crop year.

## HARVESTED APPRAISAL METHODS

This method should be used to appraise harvested acreage only when the acreage has been inspected prior to harvest and damage occurs prior to harvest of the entire unit. This method may be used irrespective of the type of HTF crop.

- (1) Prior to harvest, the insured must notify the insurance provider of any damaged HTF production so the insurance provider can inspect and verify the damaged production.
- (2) Divide harvested production by the number of harvested acres to calculate the harvested yield per acre.
- (3) Document such inspections and calculations in the “Narrative” section of the claim form or on a Special Report.

## APPRAISAL WORKSHEET ENTRIES AND COMPLETION PROCEDURES

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The adjuster should complete the Appraisal Worksheet from the information gained from the applicable appraisal method prior to completing the Production Worksheet (Claim form). General information (Company, Insured’s Name, Policy # etc…) is requested prior to the information gained during the physical field audit.

The counted fruit samples are calculated by trees, acres, etc... to obtain the total appraisal pounds for the entire unit. This amount will be used in determining production to count on the Production Worksheet. The instructions to calculate the appraisal in pounds are as follows:

10. **Number of Fruit per Sample Tree:** Number of fruit counted from each sample tree using the applicable sampling instructions listed in Sections 4.B and 5 in this handbook. For coffee, two entries are required for each sample tree. The top number will be the number of FBUs per tree. The bottom number will be the average number of fruit per FBU.
11. **Total Fruit - All Sample Trees:** Total number of fruit counted from item 10 from all of the sample trees. For coffee, multiply the number of FBUs per tree times the average number of fruit per FBU for each sample tree (item 10). Total the results for all sample trees and enter in this block.
12. **Total Fruit Weight - All Sampled Trees:** Weigh all sampled fruit (to the nearest tenth of a pound); or for coffee, collect 50 fruit and weigh to the nearest thousandth of a pound or measure in grams and convert to pounds by dividing by 453.5.
13. **Number of Sample Trees:** Total number of sample trees.
14. **Average Fruit per Tree:** Item 11 divided by item 13 (results in whole fruit).
15. **Average Weight per Fruit:** Item 12 divided by Item 11. The total weight of fruit divided by the number of fruit weighed rounded to nearest tenth of a pound (from item 12). For coffee, Item 12 divided by the number of fruit collected and weighed (50) rounded to nearest thousandths of a pound.
16. **Average Pounds per Tree:** Item 14 multiplied by item 15, rounded to nearest tenth of a pound (for coffee, round to the nearest thousandth of a pound).
17. **Insurable Trees per Acre:** Enter the number of insurable trees per acre.  
  
Note: For the purpose of determining the fruit pounds per acre **only**, the number of insurable trees may be reduced by the number of trees the insurance provider has authorized the insured to destroy to limit the spread of disease.
18. **Fruit Pounds per Acre:** Item 16 multiplied by item 17 rounded to whole pounds.
19. **Reject Factor:** MAKE NO ENTRY.
20. **Net Fruit Pounds per Acre:** Entry from Item 18.



21. **% Acres Appraised:** Column 9 divided by item 5.
22. **Fruit/Acre:** Item 20 multiplied by item 21.
23. **Appraisal (Lbs. /A.):** Total of all item 22 entries.



*Please review the blank copy of the Appraisal Worksheet. Consult the HTF LASH for any questions regarding completion of the Appraisal or Production Worksheet.*



## CLAIM FORM ENTRIES AND COMPLETION PROCEDURES

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### A. GENERAL INFORMATION

The Production Worksheet is a progressive form containing all notices of damage for all preliminary and final inspections on a unit, with the intention of keeping track of the guarantee and to calculate any potential indemnity due the producer.

### B. FORM ENTRIES AND COMPLETION INFORMATION

The adjuster should complete the Production Worksheet using the information obtained from the Appraisal Worksheet. Additional field entries requiring calculations will need to be completed within Sections I and II of the Production Worksheet to obtain production to count.

The instructions in the LASH for Section I of the Claim form, Column J through Column Q, assist the adjuster in calculating the amount of appraised production and insurance guarantee. These instructions are as follows:

J. **Appraised Potential:** Per-acre appraisal in WHOLE pounds of POTENTIAL production for the acreage appraised. (Refer to Section 5 for additional instructions.)

K. MAKE NO ENTRY.

L. MAKE NO ENTRY.

M. **Uninsured Cause:** EXPLAIN IN THE NARRATIVE.

a. Hail and Fire exclusion NOT in effect.

- (1) Enter NOT LESS than the insured's production guarantee per acre in WHOLE pounds for the line, (calculated by multiplying the elected coverage level percentage times the approved APH yield per acre shown on the APH form) for any "P" stage acreage.

**NOTE:** On preliminary inspections, advise the insured to keep the harvested production from any acreage damaged SOLELY by an uninsured cause separate from other production.

- (2) For acreage that is damaged PARTLY by uninsured causes, enter the APPRAISED UNINSURED loss of production per acre in whole pounds, for any such acreage.

b. Refer to the LAM when a Hail and Fire Exclusion is in effect and damage is from hail or fire.

- c. Enter the result of adding uninsured cause appraisals to Hail and Fire Exclusion appraisals.

**NOTE:** For fire losses, if the insured also has other fire insurance (double coverage), refer to the LAM.

- N. **Adjusted Potential:** Column “J” plus Column “M.”
- O. **Total to Count:** Column “C” or “C<sub>1</sub>” (**actual** acres) times Column “N,” with results in WHOLE pounds.
- P. **Per Acre:** Per acre Guarantee: Enter the per-acre production guarantee from the insured’s policy.
- Q. **Total:** Column “C<sub>2</sub>” (reported acres, “C” if acreage is not under-reported) times Column “P,” in WHOLE pounds.

The instructions in the LASH for Section II of the Claim form, Column N through Column S, assist the adjuster in calculating the Production to Count for the harvested acreage and is totaled for the two sections in Line 24. These instructions are as follows:

- N. **Adjusted Production:** Enter WHOLE pounds from column “I.”
- O. **Prod. Not to Count:** Net production NOT to count in WHOLE pounds WHEN ACCEPTABLE RECORDS IDENTIFYING SUCH PRODUCTION ARE AVAILABLE from harvested acreage that has been assessed an appraisal of not less than the guarantee per acre, or from other sources (e.g., other unit or uninsured acreage).

EXPLAIN ANY “PRODUCTION NOT TO COUNT” IN THE NARRATIVE.

NOTE: ALL UNHARVESTED papaya is considered as Hawaii No.1 papaya. Culled papaya fruit (i.e., not grading as Hawaii No. 1 papaya) of HARVESTED papaya fruit is considered production not to count.

- P. **Production:** Column “N” minus column “O” results in WHOLE pounds.
- Q. – R. MAKE NO ENTRY.
- S. **Production to Count:** Column “P” entry in WHOLE pounds.

**NOTE:** FOR ITEMS 22 AND 23 – WHEN SEPARATE LINE ENTRIES ARE MADE FOR VARYING SHARES, STAGES, APH YIELDS, PRICE ELECTIONS, TYPES, ETC., WITHIN THE UNIT, AND TOTALS NEED TO BE KEPT SEPARATE FOR CALCULATING INDEMNITIES, MAKE NO

ENTRY AND FOLLOW THE INSURANCE PROVIDER'S INSTRUCTIONS; OTHERWISE, MAKE THE FOLLOWING ENTRIES.

22. **Section II Total:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Total of Column "S," to WHOLE pounds.

23. **Section I Total:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Enter figure from Section I, Column "O" total.

24. **Unit Total:**

**PRELIMINARY:** MAKE NO ENTRY.

**FINAL:** Total of 22 and 23, in WHOLE pounds.



*Please review the Production Worksheet and consult the HTF LASH for detailed instructions on completing the Production Worksheet.*

## PRODUCTION WORKSHEET (For Illustration Purposes Only)

1. Crop/Code #	2. Unit #	3. Legal Description	7. Company	8. Name of Insured		
-----		-----		9. Claim #	11. Crop Year	
4. Date of Damage			Agency	10. Policy #		
5. Cause of Damage				14. Date(s) Notice of Loss		
6. Primary Cause %				1 <sup>st</sup>	2 <sup>nd</sup>	Final
12. Additional Units				15. Companion Policy(ies)		
13. Est. Prod. Per Acre						

### SECTION I - ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS

Actuarial									Potential Yield						Stage Guarantee	
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Field ID	Prelim Acres	Final Acres	Interest or Share	Risk	Practice	Type Class Variety	Stage	Intended or Final Use	Appraised Potential	Moisture % Factor	Shell and/or Quality Factor	Uninsured Causes	Adjusted Potential	Total to Count	Per Acre	Total
16. TOTAL														17. TOTALS		

NARRATIVE (If more space is needed, attach a Special Report)

### SECTION II - HARVESTED PRODUCTION

18. DATE HARVEST/SALE COMPLETED	19. IS DAMAGE SIMILAR TO OTHER FARMS IN THE AREA? <input type="checkbox"/> Yes <input type="checkbox"/> No	20. ASSIGNMENT OF INDEMNITY? <input type="checkbox"/> Yes <input type="checkbox"/> No	21. TRANSFER OF RIGHT TO INDEMNITY? <input type="checkbox"/> Yes <input type="checkbox"/> No x
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MEASUREMENTS					GROSS PRODUCTION				ADJUSTMENTS TO HARVESTED PRODUCTION										
A1 /A2 A2	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
Share	Length of Diameter	Width	Depth	Deduction	Net Cubic Feet	Conversion Factor	Gross Prod. (F x G)	Bu. Ton Lbs. CWT	Shell/Sugar Factor	FM% Factor	Moisture % Factor	Test Wt. Factor	Adjusted Production	Production Not to Count	Production (N-O)	Value Mkt Price	Quality Factor	Production to Count (PxR)	

I certify the information provided above, to the best of my knowledge, to be true and complete and that it will be used to determine my loss, if any, to my insured crops. I understand that this Production Worksheet and supporting papers are subject to audit and approval by the company. I understand that this crop insurance is subsidized and reinsured by the Federal Crop Insurance Corporation, an agency of the United States. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.

22. SECTION II TOTAL
23. SECTION I TOTAL
24. UNIT TOTAL

25. Adjuster's Signature (1st inspection)	Code #	Date	26. Insured's Signature (1st inspection)	Date
(2nd inspection)	Code #	Date	(2nd inspection)	Date
(Final inspection)	Code #	Date	(Final inspection)	Date

## SUMMARY

The primary concepts to remember from the chapter are:

- ✓ When an appraisal is needed.
- ✓ How to figure the number of representative samples that should be counted.
- ✓ How to determine the appropriate production counting method to be utilized.
- ✓ How to accurately complete the Appraisal and Production Worksheets.

## QUESTIONS

- (1) Circumstances that do not require an appraisal are:
  - a. When the insured chooses not to harvest the acreage.
  - b. When verifiable production records will not be available (roadside markets, etc.).
  - c. When production will be sold by direct marketing.
  - d. In the case of disease that requires destruction of infected live trees to prevent the spread of the disease to other parts of the field, unit, and surrounding areas.
  - e. None of the above
- (2) Production not to count needs to be explained in the narrative.
  - a. True
  - b. False
- (3) For papayas, what percent of the trees per representative sample area must be sampled?
  - a. 5%
  - b. 10%
  - c. 15%
  - d. 25%
- (4) The Adjuster should use as many samples as necessary to accurately determine harvested production.
  - a. True
  - b. False

- (5) Within the policy provisions is a requirement that insureds file a “notice of damage or loss.” With respect to the previous statement, which of the answers is incorrect?
- a. Immediately upon determination that the disease has infected insured acreage.
  - b. Within three days of the date that harvest of the damaged variety should have started if the crop will not be harvested.
  - c. When direct marketing is authorized through the Special Provisions, at least three days before any production from any unit will be sold by direct marketing.
  - d. Within three days if damage occurs during harvest, so that the insurance provider may inspect the damaged production.



# CHAPTER 5: SPECIAL PROVISIONS

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## INTRODUCTION

This section will present information describing the format and use of the HTF Pilot Special Provisions. This actuarial document is located in the County Actuarial Book. The RMA publishes and releases the actuarial documents for each eligible county crop program prior to the contract change date listed in the HTF Pilot Crop Provisions.

At the time of this publication, the Special Provisions for the four counties in Hawaii were identical within each crop. The RMA Regional Offices are responsible for updating the documents to account for county differences as needed.

The Special Provisions for the HTF Pilot Insurance Program are similar to and formatted like Special Provisions for other insured crops. Therefore, most of the information found is self explanatory.

## LEARNING OBJECTIVES

At the end of this Chapter, you should be able to:

- ✓ Become familiar with the HTF Special Provisions.
- ✓ Determine which types and practices are available for each crop.
- ✓ Understand important dates and statements.

## LESSON

The Special Provisions is part of the insured's crop policy. The Special Provisions takes precedence over the basic provisions and the crop provisions. The information on the document is generally specific to the county. In addition to displaying the insurable county, crop types and practices, there are two types of information found on the document: (1) program dates; and (2) statements.

In this chapter, three example Special Provisions are included—one for each crop.

## BANANA, EXAMPLE

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10/12/2006

County Actuarial Table

Page 1

### Special Provisions 2007 And Succeeding Crop Years

ST: Hawaii (15)  
CO: Hawaii (001)

CROP: BANANA (0255)  
PLAN: Actual Production History (90)

THE SPECIAL PROVISIONS IS THE PART OF THE POLICY THAT CONTAINS SPECIFIC PROVISIONS OF INSURANCE FOR THE INSURED CROP IN THIS COUNTY.

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#### INSURABLE TYPES AND PRACTICES:

TYPE(S) -----	PRACTICE(S) -----
(117) Cavendish *1	(997) No Practice Specified (016) Early Harvest (017) Mid Harvest (018) Late Harvest
(118) Brazilian *2	(997) No Practice Specified (016) Early Harvest (017) Mid Harvest (018) Late Harvest

---

#### PROGRAM DATES FOR INSURABLE TYPES AND PRACTICES:

SALES CLOSING	INITIAL PLANTING	FINAL PLANTING	ACREAGE REPORTING	BILLING DATE
TYPE(S) -----	PRACTICE(S) -----			
ALL TYPES LISTED ABOVE	ALL PRACTICES LISTED ABOVE			
12/31/2006		02/15/2007		10/01/2007

---

#### TYPE STATEMENT(S):

- \*1 Cavendish – varieties include: Chinese, Williams, Valery, Grand Nain, Bluefields, Dwarf Bluefields, and other bananas not considered Brazilian.
- \*2 Brazilian – varieties include: Dwarf Brazilian and Apple bananas.

#### PRACTICE STATEMENT(S):

Early Harvest is the period between January 1 and April 30.  
Mid Harvest is the period between May 1 and August 31.  
Late Harvest is the period between September 1 and December 31.

#### CROP STATEMENT(S):

Contact your agent regarding possible premium discounts, options, and /or additional coverage that may be available.

Coverage for the insured crop grown using an organic farming practice is provided in this county. An organic rate factor is specified on the coverage and rate table.

**INSURANCE AVAILABILITY STATEMENT(S):**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, parental status, familial status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program.

## COFFEE, EXAMPLE

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10/12/2006

County Actuarial Table

Page 1

### Special Provisions 2007 And Succeeding Crop Years

ST: Hawaii (15)  
CO: Hawaii (001)

CROP: COFFEE (0256)  
PLAN: Actual Production History (90)

THE SPECIAL PROVISIONS IS THE PART OF THE POLICY THAT CONTAINS SPECIFIC PROVISIONS OF INSURANCE FOR THE INSURED CROP IN THIS COUNTY.

---

#### INSURABLE TYPES AND PRACTICES

TYPE(S) -----	PRACTICE(S) -----
(997) No Type Specified	(997) No Practice Specified

---

#### PROGRAM DATES FOR INSURABLE TYPES AND PRACTICES:

SALES CLOSING	INITIAL PLANTING	FINAL PLANTING	ACREAGE REPORTING	BILLING DATE
-----				
TYPE(S) -----	PRACTICE(S) -----			
(997) No Type Specified	(997) No Practice Specified			

---

12/31/2006

03/15/2007

10/01/2007

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#### CROP STATEMENT(S):

Contact your agent regarding possible premium discounts, options, and /or additional coverage that may be available.

Coverage for the insured crop grown using an organic farming practice is provided in this county. An organic rate factor is specified on the coverage and rate table.

If the acreage has been infested with nematodes as named in the Crop Provisions and the infestation has been verified by the University of Hawaii through tests conducted by them, the infected trees must be removed from the field, the appropriate soil treatment applied, and the affected acreage fallowed for one year from the date the soil treatment was completed before insurance will attach.

#### INSURANCE AVAILABILITY STATEMENT(S):

The Federal Crop Insurance Corporation (FCIC) makes crop insurance available for all producers, regardless of race, color, national origin, religion, sex, age or handicap.

# PAPAYA, EXAMPLE

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10/12/2006

County Actuarial Table

Page 1

## Special Provisions 2007 And Succeeding Crop Years

ST: Hawaii (15)  
CO: Hawaii (001)

CROP: PAPAYA (0257)  
PLAN: Actual Production History (90)

THE SPECIAL PROVISIONS IS THE PART OF THE POLICY THAT CONTAINS SPECIFIC PROVISIONS OF INSURANCE FOR THE INSURED CROP IN THIS COUNTY.

---

### INSURABLE TYPES AND PRACTICES

TYPE(S) -----	PRACTICE(S) -----
(121) GMO *1 (122) Non-GMO *2	(997) No Practice Specified

---

### PROGRAM DATES FOR INSURABLE TYPES AND PRACTICES:

SALES CLOSING	INITIAL PLANTING	FINAL PLANTING	ACREAGE REPORTING	BILLING DATE
-----				
TYPE(S) -----	PRACTICE(S) -----			
(121) GMO *1 (122) Non-GMO *2	(997) No Practice Specified			
12/31/2006			02/15/2007	10/01/2007

---

### CROP STATEMENT(S):

Contact your agent regarding possible premium discounts, options, and /or additional coverage that may be available.

Coverage for the insured crop grown using an organic farming practice is provided in this county. An organic rate factor is specified on the coverage and rate table.

### Inspection and acceptable records:

In accordance with Section 11(d)(2)(ii) of the Hawaii Tropical Fruit Pilot Crop Provisions, acceptable records of direct marketed production are:

Daily pick records that meet the requirements in the Crop Insurance Handbook (Section 10 C(4)) are acceptable or:

1. Daily farm log that includes quantity sold and price received on a unit basis; or
2. Pick records with pickers identification number and amount picked daily on a unit basis;  
or
3. Cash register receipts with quantity sold and price received on a unit basis.

### TYPE STATEMENT(S):

- \*1 GMO types include Rainbow and SunUp varieties or any cross of the two.
- \*2 Non-GMO types include varieties not specified as GMO types.

**INSURANCE AVAILABILITY STATEMENT(S):**

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, parental status, familial status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program.

## SUMMARY

The important points to remember from the chapter are:

- ✓ The types and practices insurable in the HTF Pilot Crop Insurance Program.
- ✓ That optional units by harvest period are available for bananas.
- ✓ That optional units by type are available for bananas (Cavendish and Brazilian) and papayas (GMO and non-GMO).
- ✓ That direct-marketed production is insurable with acceptable records.
- ✓ Important dates.

## QUESTIONS

- 1) GMO and non-GMO are the two insurable types for bananas.
  - a. True
  - b. False
- 2) If selecting optional units by harvest period for bananas, how many harvest periods are there?
  - a. One
  - b. Two
  - c. Three
  - d. Four
  - e. None of the above – optional units by harvest period are not allowed.
- 3) The sales closing date for coffee is \_\_\_\_\_ .
  - a. January 1<sup>st</sup>
  - b. April 1<sup>st</sup>
  - c. June 30<sup>th</sup>
  - d. December 31<sup>th</sup>
- 4) For coffee, if the acreage is infested with nematodes, the infected trees must be removed, soil treated, and the affected acreage fallowed for \_\_\_\_\_ before insurance will attach.
  - a. 0 months
  - b. 6 months
  - c. 1 year
  - d. 2 years
  - e. 5 years

- 5) Which papaya grade will NOT be counted toward Production to Count?
- a. Hawaii No. 2
  - b. Hawaii No. 1
  - c. Hawaii Grade A
  - d. Hawaii Fancy
  - e. Hawaii Grade AA
- 6) The Special Provisions take precedence over \_\_\_\_\_ .
- a. the FCI-35
  - b. the FCI-35 and the Basic Provisions
  - c. the FCI-35, the Basic Provisions, and other classification documents
  - d. the Basic Provisions and the HTF Pilot Crop Provisions



# CHAPTER 6: FCI-35

## INTRODUCTION

The FCI-35s are actuarial documents used to determine the rates, fees, and applicable reference prices. The FCI-35s for the HTF Pilot Insurance Program are similar to and formatted like FCI-35s for other insured crops. Therefore, most of the information found is self explanatory.

This actuarial document is located in the County Actuarial Book. The RMA publishes and releases the actuarial documents for each eligible county crop program prior to the contract change date listed in the HTF Pilot Crop Provisions.

## LEARNING OBJECTIVES

At the end of this Chapter, you should be able to:

- ✓ Become familiar with the HTF FCI-35s.
- ✓ Read and understand the different tables.
- ✓ Determine the applicable reference yield, coverage level rate differentials, and other factors.

## LESSON

The FCI-35 County Rate Table is a document that provides the insurable county, crop types and practices, risk class, coverage levels, and base premium rates by coverage level. High-risk map areas and corresponding rates, rate options, and related statements are also displayed on the table when applicable.

In this chapter, one example of a FCI – 35 document is shown for bananas. Additional information on how to read the document is included.

An agent should not use the FCI-35 to calculate the premium amount. The insurance provider or RMA web sites contain premium calculation modules for premium calculations.

# FCI-35, EXAMPLE

10/12/2006

COUNTY ACTUARIAL TABLE

PAGE 1

FCI-35 COVERAGE AND RATES  
2005 AND SUCCEEDING CROP YEARS

ST: HAWAII (15)	CROP: BANANAS(0255)
CO: HAWAII (001)	PLAN: APH (90)

TYPE	PRACTICE			
(118) Brazilian*1	(997) No Practice Specified (016) Early Harvest (017) Mid Harvest (018) Late Harvest			
(117) Cavendish*2	(997) No Practice Specified (016) Early Harvest (017) Mid Harvest (018) Late Harvest			
TYPE PRACTICE	Brazilian (997) NPS	Brazilian (016) Early	Brazilian (017) Mid	Brazilian (018) Late
Reference Yield (Lbs/Acre)	16,537	4,916	5,356	6,266
Reference Rate	0.025	0.025	0.025	0.025
Exponent	-1.600	-1.600	-1.600	-1.600
Fixed Rate Load	0.031	0.031	0.031	0.031
ORGANIC FACTORS				
ORGANIC CERTIFIED	1.050	1.050	1.050	1.050
ORGANIC TRANSITIONAL	1.050	1.050	1.050	1.050
ADDITIONAL COVERAGE AND HIGH RISK RATES				
(AAA) HIGH RISK AREA	A	0.99	0.99	0.99

FCI-35 COVERAGE AND RATES  
2005 AND SUCCEEDING CROP YEARS

COVERAGE LEVEL RATE DIFFERENTIALS				
CAT	0.636	0.636	0.636	0.636
50%	0.636	0.636	0.636	0.636
55%	0.730	0.730	0.730	0.730
60%	0.853	0.853	0.853	0.853
65%	1.000	1.000	1.000	1.000
70%	1.381	1.381	1.381	1.381
75%	1.179	1.179	1.179	1.179
UNIT FACTORS				
(BU) BASIC UNIT	0.90			
(OU) OPTIONAL UNITS	1.000	1.000	1.000	1.000
OPTIONAL COVERAGE FACTORS				
(HF) HAIL & FIRE EXCLUSION	1.000	1.000	1.000	1.000
(YA) YIELD ADJUSTMENT 60%	1.000	1.000	1.000	1.000
TRANSITIONAL YIELD TABLE				
2004 AND PREV YRS	7,442	2,212	2,410	2,820
TYPE PRACTICE	Cavendish (997) NPS	Cavendish (016) Early	Cavendish (017) Mid	Cavendish (018) Late
Reference Yield (Lbs/Acre)	16,537	4,916	5,356	6,266
Reference Rate	0.025	0.025	0.025	0.025
Exponent	-1.600	-1.600	-1.600	-1.600
Fixed Rate Load	0.031	0.031	0.031	0.031
ORGANIC FACTORS				
ORGANIC CERTIFIED	1.050	1.050	1.050	1.050
ORGANIC TRANSITIONAL	1.050	1.050	1.050	1.050

FCI-35 COVERAGE AND RATES  
2005 AND SUCCEEDING CROP YEARS

ADDITIONAL COVERAGE AND HIGH RISK RATES					
(AAA) HIGH RISK AREA	A	0.99	0.99	0.99	0.99
COVERAGE LEVEL RATE DIFFERENTIALS					
CAT		0.636	0.636	0.636	0.636
50%		0.636	0.636	0.636	0.636
55%		0.730	0.730	0.730	0.730
60%		0.853	0.853	0.853	0.853
65%		1.000	1.000	1.000	1.000
70%		1.381	1.381	1.381	1.381
75%		1.179	1.179	1.179	1.179
UNIT FACTORS					
(BU) BASIC UNIT		0.90			
(OU) OPTIONAL UNITS		1.000	1.000	1.000	1.000
OPTIONAL COVERAGE FACTORS					
(HF) HAIL & FIRE EXCLUSION		1.000	1.000	1.000	1.000
(YA) YIELD ADJUSTMENT 60%		1.000	1.000	1.000	1.000
TRANSITIONAL YIELD TABLE					
2004 AND PREV YRS		7,442	2,212	2,410	2,820

TYPE STATEMENT(S):

\*1 Brazilian - varieties include: Dwarf Brazilian and Apple bananas.  
\*2 Cavendish - varieties include: Chinese, Williams, Valery, Grand Nain, Bluefields, Dwarf Bluefields, and other bananas not considered Brazilian.

GENERAL STATEMENT(S):

THE PREMIUM SUBSIDY TABLE FACTORS APPLY TO ALL POLICIES.

	←----- SUBSIDIES & FEES -----→										
COVERAGE LEVEL	CAT*	50	55	60	65	70	75	80*	85*	90*	
PREMIUM SUBSIDY FACTOR**		1.00	.67	.64	.64	.59	.59	.55	.48	.38	na
GRP/GRIP PREMIUM SUBSIDY FACTOR		1.00	na	na	na	na	.64	.64	.59	.59	.55
ADMINISTRATIVE FEE		\$100	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30

\*where applicable

\*\*applies to all plans of insurance except GRP and GRIP

## SUMMARY

The primary topics to remember from the chapter are:

- ✓ The FCI-35 displays rate information that is used to determine producer premium.
- ✓ Specific coverage information is provided.
- ✓ Premium subsidy factors are provided.
- ✓ General statement(s) provide specific information and restrictions if applicable that impact the rate or coverage provided.
- ✓ How to read and understand the tables.

## QUESTIONS

- 1) The FCI-35 is used to \_\_\_\_\_ .
  - a. determine coverage
  - b. specify premium rates and conditions
  - c. calculate indemnities and subsidy
  - d. calculate price elections
  
- 2) The reference yield is used to \_\_\_\_\_ .
  - a. determine coverage
  - b. adjust premium rate
  - c. set the price election
  - d. determine the type
  
- 3) The premium subsidy is \_\_\_\_\_ .
  - a. the percent of the premium paid by the insured
  - b. the percent of the premium paid by the state of Hawaii
  - c. the percent of the premium paid by the federal government
  - d. the percent of the premium paid by the insurance provider
  
- 4) The purpose of the t-yield is to \_\_\_\_\_ .
  - a. replace missing years of production history
  - b. add coverage to the producers APH
  - c. compare the insured producers production to other producers
  - d. calculate the premium rate
  
- 5) The insurance agent \_\_\_\_\_ .
  - a. gives a copy of the FCI – 35 to the insured

- b. has the insured sign and date the FCI – 35.
- c. has the insured report the crop acreage with the FCI – 35.
- d. uses the FCI – 35 to explain the premium and subsidy to the insured.