



United States
Department of
Agriculture

DECEMBER 3, 2008

Risk Management
Agency

INFORMATIONAL MEMORANDUM

Valdosta
Regional Office

TO: Approved Insurance Providers (AIP's) Servicing Florida

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FROM: Michael Moore *Michael R. Moore*
Director

SUBJECT: 2010 AIP Underwriting Guidelines for Florida Citrus Fruit Crops

BACKGROUND:

In accordance with the Federal Crop Insurance Act, Section 506 [7 U.S.C. 1506], the Federal Crop Insurance Corporation (FCIC) is mandated to take such actions as are necessary to improve the actuarial soundness of Federal multiperil crop insurance coverage. The citrus industry in Florida has experienced a net loss of acreage since 1998; in addition to loss of acreage to urban development, there have been significant losses of trees due to hurricanes in 2004 and 2005, and tree removal because of the spread of Citrus Canker and Citrus Greening. In a 2008 survey, USDA National Agricultural Statistics Service in cooperation with the Florida Department of Agriculture and Consumer Services has identified over 129,000 acres of citrus that are considered abandoned.

Florida citrus fruit producers are not currently required to certify the condition of their groves and inspections are not required when acreage for a citrus fruit type is less than 250 acres in the county. In order to maintain an actuarially sound insurance policy and to address program vulnerabilities, the Risk Management Agency (RMA) has added statements to the 2010 Special Provisions of Insurance in all program counties for each Florida Citrus Fruit policy which require producer certification of the status of their citrus fruit groves and may require acreage adjustments for reduction in percent stand due to tree loss, damage or cultural practices being performed. Annual completion of a Producer's Pre-Acceptance Worksheet, currently a requirement for every other perennial fruit and nut crop covered under FCIC programs, will now be required for all Florida Citrus policies beginning with the 2010 crop year. This underwriting guideline is issued to clarify the certification procedure as it relates to Florida citrus fruit policies.



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

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ACTION:

For the 2010 crop year, AIP Underwriting Guidelines are in effect for Florida Citrus Fruit Crop policies.

1. Producer's Pre-Acceptance Worksheet

Each new applicant and carryover insured is required to complete, date, and sign a Producer's Pre-Acceptance Worksheet [see 2007 Crop Insurance Handbook (CIH) Section 7E] by the acreage reporting date for each Florida Citrus crop insured. The Producer's Pre-Acceptance Worksheet is a self-certification form that must be completed in an acceptable manner and submitted each crop year by the producer. It may be necessary for the agent/representative to assist the producer in the form's completion in order to obtain the required information. The information provided on the worksheet is used to annually determine the insurable acreage on the unit for the current crop year, indicate whether a complete field inspection is needed, or provide other important data that may affect insurability of the crop.

- A. If the applicant/insured either does not complete the Producer's Pre-Acceptance Worksheet or does not complete it in an acceptable manner, the AIP must obtain the required information, conduct field inspections, or deny coverage for the crop year.
- B. Producer's Pre-Acceptance Worksheets must be monitored to assure they are completed in an acceptable manner. Producer's Pre-Acceptance Worksheets must be verified when Florida Citrus Grove Inspection Reports are completed. Acreage reports cannot be submitted to FCIC until the AIP does a review of the Producer's Pre-Acceptance Worksheets and completes new Florida Citrus Grove Inspection Reports when required as outlined in A or C.
- C. In addition to applicable procedures in Exhibit 18 A(1), when the insured answers "YES" to questions 22 or 23 on the Producer's Pre-Acceptance Worksheet, an on-site inspection of the grove(s) using the Florida Citrus Grove Inspection Report and an insurability determination is required by the AIP.
- D. Procedures in CIH Exhibit 18 A(4) and (5) apply. A plat map of the acreage must be prepared. Significant interplantings, uninsurable trees, and trees of differing ages and tree spacing must be recorded on the plat map so the proper guarantee and insurable acreage can be determined.

- E. Instructions for completing the Producer’s Pre-Acceptance Worksheet are found in CIH Section 7E(3) and are amended as follows:

Item #

- (10) Enter unit number and plot number. Separate plot numbers are required for each type within the insured crop and homogenous planting pattern of the citrus type. A homogenous planting pattern of a variety may or may not consist of different tree age classes (0 to 4 years, 5 years, 6 to 8 years, or 9 years and above). For age classes within the plot that cannot be separately plotted (subplots), use the age class with the greatest percentage of trees in the plot to determine insurable acreage and the amount of insurance. If the age classes within the plot can be separately plotted, the insurable acreage and amount of insurance are determined for each age class and reported on that basis.
- (11a) Enter the month and year of set out for the age class (0 to 4 years, 5 years, 6 to 8 years, or 9 years and above) with the greatest percentage of trees in the plot.
- (11b) Enter the month and year of top-working or buckhorning, if applicable and enter “top-worked” or “buckhorned” for trees top-worked or buckhorned within the last 5 policy crop years.
- (20) Designate if this plot has met policy minimums for insurability (5 crop years after set out or 3 years after top working). As specified in the Crop Provisions, acreage with a potential of less than 100 boxes can be insured or excluded from insurance by the insured. If percent stand is less than ninety percent (90%) [see SPOI statement], the acreage must be reduced for percent stand prior to determining the potential production of the acreage.
- (21) Not applicable.
- (22) If the producer answers “YES” to this question, a Florida Citrus Grove Inspection Report must be completed by the AIP. If trees have been buckhorned or top worked within the last 5 policy crop years, the insured must answer “YES”. If the acreage was buckhorned or top worked prior to the current crop year and the acreage has been

inspected and accepted it will not be necessary to re-inspect the acreage.

- (23) Are production methods being used that would reduce the insured crop's production from previous levels? If the producer answers "YES" to this question, a Florida Citrus Grove Inspection Report must be completed by the AIP.
- (24) Not applicable because irrigation is not a required practice.

2. Acreage Determination

All acreage measurements will be based on land acres as provided in the 2007 CIH Section 7D(4). In lieu of Exhibit 18 Section A6(b)(4) of the 2007 CIH and in accordance with the 2010 Special Provisions of Insurance for Florida Citrus fruit policies, non-crop land, including drainage ditches and /or canals, **will not** be considered insurable acreage.

In accordance with the 2010 Special Provisions of Insurance statement and 2007 CIH Section 7 D4(b), acreage will be adjusted to reflect percent stand when the percent stand is less than ninety percent (90%) of the average planting pattern. When the original planting pattern is changed due to replanting trees in a higher density planting pattern, an average planting pattern should be calculated for the purpose of calculating percent stand. RO authorization is not necessary when previously reduced acreage is increased due to replanting of missing trees.

When determining if land will be excluded from coverage in accordance with the provisions of Section 6(c) of the Florida Citrus Fruit Crop Provisions, acreage adjustment to reflect percent, if applicable, should be done prior to determining the potential production of the acreage. For example:

A one hundred (100) acre unit of X citrus type has a ninety-five percent (95%) stand and a nine thousand (9,000) box potential. The average potential production is ninety (90) boxes per acre and the insured may elect to exclude the acreage from coverage.

However, if the same one hundred (100) acre unit has a seventy-five percent (75%) stand and a nine thousand (9,000) box potential, the insurable acreage will be seventy-five acres ($100 \text{ acres} \times .75 = 75 \text{ acres}$) and the average potential production will be one hundred and twenty boxes ($9,000 \text{ box potential} \div 75 \text{ acre} = 120 \text{ box/acre}$). The acreage cannot be excluded from coverage.

If you have any questions or if we can be of any assistance, please contact our office.