SUMMARY OF CHANGES FOR THE FLORIDA FRUIT TREE PILOT CROP INSURANCE COMPREHENSIVE TREE VALUE (CTV) ENDORSEMENT (2013-0014A)

The following is a brief description of changes to the Florida Fruit Tree Pilot Crop Insurance Comprehensive Tree Value (CTV) Endorsement that will be effective for the 2013 crop year. Please refer to the endorsement provisions for more complete information. These modifications include, but are not limited to:

1. Section 12. Settlement of Claim.

   Section 12(b)(2) – Moved the application of the underreporting factor (URF).

13-0014A

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
FLORIDA FRUIT TREE PILOT CROP INSURANCE
COMPREHENSIVE TREE VALUE (CTV) ENDORSEMENT
(This is a Continuous Endorsement.)

1. In return for payment of the required additional premium as contained in the actuarial documents, this endorsement is attached to and made part of your Florida Fruit Tree Pilot Crop Provisions (Crop Provisions) subject to the terms and conditions described herein. In the event of a conflict between the Crop Provisions and this endorsement, this endorsement will control.
2. You must elect this endorsement on or before the sales closing date. This endorsement:
   (a) Will continue in effect until canceled.
   (b) May be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date contained in the Crop Provisions.
3. To be eligible for this endorsement, you must have a Florida Fruit Tree Pilot insurance policy in force and have not elected coverage under the Catastrophic Risk Protection Endorsement. If at any time your Florida Fruit Tree Pilot insurance policy is canceled or terminated, this endorsement is automatically canceled or terminated as of the same date.
4. All eligible insurable trees within the county of each crop and type that you elect to cover under this endorsement will be insured.
5. Definitions:
   (a) **Block** – In lieu of the definition in section 1 of the Crop Provisions, a stand of trees of the same crop, and type if designated on the actuarial documents, on acreage sharing a common boundary with no discernable change in the planting pattern.
   (b) **Citrus tree type** – As specified on the actuarial document, any type of the following: early and mid-season oranges; navel oranges; late oranges, including Valencia; Temple oranges; white grapefruit; colored grapefruit; Murcotts (honey tangerines); tangelos; or tangerines.
   (c) **CTV amount of insured damage** – The dollar amount determined by multiplying the CTV damage value by the coverage level.
   (d) **CTV amount of protection** – The dollar amount (by unit) calculated by multiplying the number of insurable trees that you report in each stage II- and stage III-block times the maximum CTV reference price for the for the stage, adding these values, and then multiplying the result by the coverage level that you selected.
   (e) **CTV damage value** – The dollar amount determined by multiplying the actual number of destroyed trees and the actual number of fully damaged trees in each stage II- and stage III-block in all the stands of damaged trees (SDT) identified as a result of the most recent cause of loss times the CTV reference price, and then adding these values. The applicable CTV reference price will be the maximum CTV reference price for trees destroyed and the minimum CTV reference price for trees fully (100 percent) damaged.
   (f) **CTV underreport factor (unit)** – The result of dividing the CTV amount of protection by the CTV unit value, rounded to three decimal places, not to exceed 1.000.
   (g) **CTV unit deductible** – The dollar amount determined by multiplying the actual number of insurable trees in each stage II- and stage III-block in the unit, as determined by us, on the day before the loss (but not reduced for any insured damage that occurred during the crop year) times the maximum CTV reference price for the stage, adding these values, and then multiplying the result by the deductible.
   (h) **CTV unit value** – The amount determined by multiplying the number of actual insurable trees in each stage II- and stage III-block in the unit, as determined by us, on the day before the loss (but not reduced for any insured damage that occurred during the crop year) times the maximum CTV reference price for the stage, adding these values, and then multiplying the result by the coverage level selected by you.
   (i) **Maximum CTV reference price** – The price per tree by type listed on the actuarial documents for CTV that is used in calculating the CTV unit value, the CTV amount of protection, and the portion of the CTV damage value for destroyed trees for this endorsement.
   (j) **Minimum CTV reference price** – The price per tree by type listed on the actuarial documents for CTV that is used in calculating the portion of the CTV damage value for fully (100 percent) damaged trees for this endorsement.
6. The coverage level that you elected under section 3 of the Crop Provisions will apply to this endorsement.
7. When completing the acreage report, in addition to the requirements of section 6(b) of the Crop Provisions, you must report by stage-block, the citrus tree type, as shown on the actuarial documents.
8. The following crops, as defined in section 1 of the Crop Provisions, are not eligible for coverage under this endorsement: carambola trees, lemon trees, lime trees, and mango trees.
9. In addition to the exclusions in section 8(b) of the Crop Provisions, trees in stage I-blocks are not insurable under this endorsement.
10. Only those trees in stage II- and stage III-blocks considered fully (100 percent) damaged or destroyed are eligible for an indemnity under this endorsement.
11. For trees considered destroyed, in order to receive the full indemnity under this endorsement:

(a) You must plant an equivalent number of trees within three calendar years of the date of the removal or destruction, unless otherwise specified on the Special Provisions;
(b) The trees you plant do not have to be the same crop as the destroyed trees, but they must be grown to produce fruit intended to be sold for human consumption; and
(c) The trees must be planted according to recognized good farming practices and in an area within the state of Florida that we consider to be suitable for production of the specific fruit crop.
(d) You will receive fifty (50) percent of the indemnity within 30 days after we approve your claim for indemnity; the remaining 50 percent will be paid after we verify that you have met the requirements of this section.

12. In lieu of the requirements of section 12(a) of the Crop Provisions, we will settle your claim for this endorsement as follows:
(a) A claim for a unit under this endorsement will only be payable if you receive an indemnity for the same unit on your Florida Fruit Tree Pilot insurance policy. If no indemnity is due under such policy, no indemnity will be due under this endorsement.
(b) We will determine your loss on a unit basis. In the event of loss or damage covered by your policy, we will settle your claim as specified below:
(1) Determine the CTV unit value and the CTV underreport factor (URF).
(2) For trees within a unit that are damaged by an insurable cause of loss, your loss will be determined by:
(i) Calculating the CTV unit deductible;
(ii) For the most recent cause of loss:
(A) Calculating the CTV damage value resulting from the destroyed trees;
(B) Calculating the CTV damage value resulting from the fully damaged trees;
(C) Adding the results of 12(b)(2)(ii)(A) and (B);
(iii) Totaling the CTV damage value (not adjusted for URF) for each prior loss that has occurred since the beginning of the crop year;
(iv) Totaling the results of 12(b)(2)(ii)(C) and (iii);
(v) Subtracting the result of 12(b)(2)(i) from the result of 12(b)(2)(iv);
(vi) If the result of 12(b)(2)(v) is less than or equal to zero, no indemnity is due for this loss occurrence. If the result of 12(b)(2)(v) is greater than zero, multiply the result of 12(b)(2)(v) by the CTV URF and by your share
(vii) Subtracting any previous CTV indemnity for the current crop year from 12(b)(2)(vi) to determine the indemnity due for the damage as a result of the most recent insurable cause of loss;
(viii) Dividing the result of 12(b)(2)(ii)(A) by the result of 12(b)(2)(ii)(C), to two decimal places;
(ix) Dividing the result of 12(b)2)(ii)(B) by the result of 12(b)(2)(ii)(C), to two decimal places;
(x) Multiplying the result of 12(b)(2)(vii) by 12(b)(2)(viii) and multiplying this result by 50 percent;
(xi) Multiplying the result of 12(b)(2)(vii) by 12(b)(2)(ix); and
(xii) Totally the results of 12(b)(2)(x) and 12(b)(2)(xi) to determine the amount of the indemnity due to the time of the claim.
(xiii) The remaining 50 percent of the indemnity for any destroyed trees will be paid after we verify that you have met the requirements specified in section 11 of this endorsement and it will be equal to the result of 12(b)(2)(x).
(3) The total indemnity on a unit during the crop year is limited to your share of the lesser of the CTV amount of protection for the unit or the CTV unit value;

13. If you elected the Occurrence Loss Option, section 14 of the Crop Provisions, and paid the additional premium indicated on the actuarial documents for this optional coverage, those provisions will apply to this endorsement. Your indemnity under this endorsement in the event of a loss will be determined as follows:
(a) Determine the CTV unit value and the CTV URF;
(b) For trees within a unit that are damaged by an insurable cause of loss your loss will be determined by:
(1) Calculating the CTV damage value resulting from the destroyed trees;
(2) Calculating the CTV amount of insured damage resulting from the destroyed trees;
(3) Multiplying the result of 13(b)(2) times the CTV URF;
(4) Calculating the CTV damage value resulting from the fully damaged trees;
(5) Calculating the CTV amount of insured damage resulting from the fully damaged trees;
(6) Multiplying the result of 13(b)(5) times the CTV URF;
(7) Totaling the results of 13(b)(3) and 13(b)(6) and multiplying by your share;
(8) Multiplying the result of 13(b)(3) by 50 percent; and
(9) Totaling the results of 13(b)(6) and 13(b)(8) to determine the amount of the indemnity due at the time of claim.
(10) The remaining 50 percent of the indemnity for any destroyed trees will be paid after we verify that you have met the requirements specified in section 11 and will be equal to the result of 13(b)(8).
(c) The total amount of indemnity on a unit during the crop year is limited to your share of the lesser of the CTV amount of protection for the unit or the CTV unit value.

Example of Additional Coverage and Premium

Assume that a grove owner:
- Buys 75 percent coverage level (25 percent deductible).
- Insures two crops under the endorsement: orange trees and grapefruit trees.
- Reports the following numbers and types of trees: 600 early orange trees and 3,000 white grapefruit trees.
- Reports one unit each for orange and grapefruit trees and reports the actual stages as follows:
  early orange trees – 200 stage III; 200 stage II; 200 stage I

white grapefruit trees – 1,400 stage III; 800 stage II; 800 stage I

- Holds 100 percent interest in all crops.
- Is charged an additional premium rate of 3 percent for each crop.

FCIC's actuarial documents show the following CTV reference prices:

Maximum – early orange trees: $20/tree stage II; $38/tree stage III
Minimum – early orange trees: $10/tree stage II; $20/tree stage III
Maximum – white grapefruit trees: $19/tree stage II; $28/tree stage III
Minimum – white grapefruit trees: $12/tree stage II; $20/tree stage III

The CTV amount of protection provided by the endorsement for each crop will be calculated as follows:

- early orange trees – $8,700 = [(200 trees x $38 maximum CTV reference price) + (200 x $20)] x 75 percent coverage level; and
- white grapefruit trees – $40,800 = [(1,400 trees x $28 maximum CTV reference price) + (800 x $19)] x 75 percent coverage level.

The additional premium due on each insured crop is:

- early orange trees – $261 = $8,700 CTV amount of protection x 100 percent share x 3 percent premium rate; and
- white grapefruit trees – $1,224 = $40,800 CTV amount of protection x 100 percent share x 3 percent premium rate.

Loss Example:
Assume that the grapefruit trees have 100 percent damage to 600 stage III trees and 600 stage II trees due to freeze in January. Three hundred (300) of the stage III and 300 of the stage II trees were considered destroyed, and the remaining 600 trees were considered fully (100 percent) damaged. The CTV unit value is determined to be the same as the CTV amount of protection, and the CTV URF is 1.000. The indemnity will be calculated as follows:

- The CTV unit deductible is $13,600 = [(1,400 x $28) + (800 x $19)] x 25 percent deductible.
- The CTV damage value for the destroyed trees is $14,100 = [(300 x $19) + (300 x $28)].
- The CTV damage value for the fully damaged trees is $9,600 = [(300 x $12) + (300 x $20)].
- The CTV damage value for the most recent cause of loss is $23,700 = $14,100 + $9,600.
- The total CTV damage value for the unit since the beginning of the crop year is $23,700 (no prior losses).
- Subtracting from the CTV damage value the CTV unit deductible is $10,100 = $23,700 – $13,600.
  Multiplying by the URF and your share $10,100 = $10,100 x 1.000 x 100 percent.
- The percent of the indemnity that is attributed to the destroyed trees is 59 percent = $14,100 ÷ $23,700.
- The percent of the indemnity that is attributed to the fully damaged trees is 41 percent = $9,600 ÷ $23,700.
- One hundred percent of the indemnity for the fully damaged trees ($4,141 = $10,100 x 41 percent) and fifty percent of the indemnity for the destroyed trees ($2,980 = $10,100 x 59 percent x 50 percent) will be paid within 30 days of the time of claim and it is equal to $7,121.
- The remaining 50 percent of the indemnity for the destroyed trees will be paid after we verify that you have met the requirements specified in section 11 of this endorsement and it is equal to $2,980 = $10,100 x 59 percent x 50 percent.

Loss Example– Occurrence Loss Option:
Now assume that the remaining grapefruit trees have 100 percent damage to 400 Stage III trees and 400 Stage II trees due to freeze in January. Two hundred (200) of the Stage III and 200 of the Stage II trees were considered destroyed, and the remaining 400 trees were considered fully (100 percent) damaged. The CTV unit value is determined to be the same as the CTV amount of protection, and the CTV URF is 1.000.The indemnity will be calculated as follows:

- The CTV damage value for the destroyed trees is $9,400 = [(200 x $19) + (200 x $28)].
- The CTV amount of insured damage for the destroyed trees is $7,050 = $9,400 x 75 percent coverage level.
- The CTV damage value for the fully damaged trees is $6,400 = [(200 x $12) + (200 x $20)].
- The CTV amount of insured damage for the fully damaged trees is $4,800 = $6,400 x 75 percent coverage level.
- The total indemnity is $11,850 = ($7,050 + 4,800) x 1.000 URF x 100 percent (your share).
- One hundred percent of the indemnity for the fully damaged trees ($4,800) and fifty percent of the indemnity for the destroyed trees [$3,525 = ($7,050 x 50 percent)] will be paid within 30 days of the time of claim and it is equal to $8,325.
- The remaining 50 percent of the indemnity for the destroyed trees will be paid after we verify that you have met the requirements specified in section 11: $3,525 = $7,050 x 50 percent.