FLORIDA CITRUS FRUIT APH PROGRAM Q & A

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1. How does a grower with the dollar plan elect APH on November 1st if the dollar plan renewal date (and cancellation date) is April 15th, 2021?

   The Dollar Amount of Insurance (Dollar) plan covers the 2021 crop with coverage ending from 2/7/21 to 6/30/21, depending on the commodity insured. If the insured elects the Florida Citrus Fruit (FCF) Actual Production History (APH) plan on November 1, 2020, the APH plan covers the 2022 crop beginning December 1, 2020 with coverage ending sometime from 2/7/22 to 6/30/22, depending on the commodity insured. There is no overlap in coverage as the different plans cover two separate crop years.

2. Must a grower formally cancel with dollar plan coverage prior to electing APH coverage if no gap in coverage is the goal?

   No, they cover different crop years. Standard practice is to cancel the Dollar policy by the April 15, 2021 cancellation date. Any damage to the 2021 crop including maturing fruit remaining on the tree for the remainder of 2021 insurance period for each applicable commodity would be covered under the 2021 Dollar policy. APH policy coverage would begin on December 1 , 2022 for the 2022 crop year and would provide coverage for damage impacting the 2021 bloom and developing and maturing fruit during the 2021 calendar year and extending until the end of the 2022 insurance period, which will fall in the 2022 calendar year. Accordingly, continuous coverage is provided for the insured crop.

3. Will HIP-WI be an option for the APH plan of coverage THIS year?

   The FCF APH policy does not contain any provisions that exclude or limit the availability of HIP-WI coverage for the APH program. If the Hurricane Insurance Protection Wind – Index (HIP-WI) program provides coverage in conjunction with the FCF APH program, RMA could make HIP-WI coverage available.

4. Will growers be considered a new insured under the APH program even when having dollar plan as their current plan?

   No, a new insured is defined as a person who was not insured the previous crop year without respect to the Approved Insurance Provider (AIP) or plan of insurance.

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5. Considering the answer to Question 4, will an inspection be REQUIRED if an inspection was completed prior to this year's dollar plan program?

   No, based on section 9 of the policy and paragraph 35 of the CISH, unless the person is a new insured or they have performed cultural practices that would reduce the crop's production from previous levels, there is no stated inspection requirement. Given the statement that "*coverage begins on December 1 of each crop year, unless we inspect the acreage and notify you it does not meet the requirements for insurability contained in your policy*", it would be at the AIP's discretion if a Perennial Crop Pre-Acceptance Inspection Report (PAIR) is warranted.

6. If Agent A with AIP A sells the Dollar Citrus policy to a grower, may Agent B with AIP B sell the APH plan of citrus to the SAME grower due to the unique switch in plan mid-year?

   Two different Florida Citrus Fruit policies may be in effect **<u>but not for the same crop year</u>**. For example, the Dollar policy with Agent A could apply to the 2021 crop year and the APH policy with Agent B could apply to the 2022 crop year. The Dollar policy with Agent A must be cancelled by the applicable cancellation date for the Dollar policy prior to the beginning of the 2022 crop year as defined in the Dollar policy.

7. Do "new" policies have the 60-day deadline for an inspection similar to dollar plan?

   When a Pre-Acceptance Inspection Report (PAIR) is required, the PAIR must be completed within 60 calendar days after the Production Reporting Date in accordance with Para. 1840 of the Crop Insurance Handbook (CIH).

8. Can you explain the early billing date on this product (8/15)? This seems to be a bit of a deterrent, since the growers will not have funds from harvest of the crop. This is a rather large divergence from the typical billing cycle of other crops.

   The Florida Citrus APH billing date aligns with the billing date provided for citrus in Arizona, California and Texas.

9. How many years of production is required the initial year of applying for this program?

   There are no minimum years of production records; however, failure to provide production reports may result in less than 100% of the county T-Yield in accordance with Variable T-Yield procedures (CIH 1856).

10. Would acreage have coverage if no production records are provided?

    Yes, subject to meeting applicable insurability requirements. Refer to question #9.

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11. If more than 30% of the trees within a grove are uninsurable, how do we deal with the yields and APH?

    If production for uninsurable and insurable acreage is <u>not</u> commingled, the uninsurable production (and acreage) must be reported on the Production Report but will not be included in the APH database (CIH 1305B).

    If production from insurable and uninsurable acreage is commingled, the total production acreage (both insurable and uninsurable) are reported on the Production Report and included in the APH database (CIH 1304C). **Note** – different procedures apply for indemnity calculation purposes and commingling insurable and uninsurable production could result in a reduced or zero indemnity.

    Production from uninsurable acreage not meeting minimum age requirements does not apply to 1 and 2-year old trees for the purpose of commingled production determinations as such acreage is not considered to have harvestable fruit production. The insured must certify on the Pre-Acceptance Worksheet (PAW) that production from underage trees was not harvested and commingled with fruit production from insurable acreage (Florida Citrus Fruit Crop Insurance Handbook Paragraph 35).

12. Why are tree and fruit on different SCD's?

    The FL Citrus Fruit APH policy insurance period covers the fruit from bloom to harvest and therefore requires a Sales Closing Date (SCD) prior to the risk period. The risk period for the tree policy precedes the beginning of hurricane season and the SCD is set accordingly.

13. If a grower signs up for the new APH plan by this November and reports their acreage, coverage is for their 2021/2022 harvest (2022CY). If they push, sell, or otherwise deem any of their acreage uninsurable before their 2021/22 harvest, can this acreage be removed, and premium be adjusted? If yes, how does that happen?

    The insured crop is all acreage of each citrus fruit group the insured elects to insure in the county and in which they have a share at the time insurance attaches.

    (a) If the insured relinquishes their share on or before the acreage reporting date for the crop year, insurance will not be considered to have attached and no premium will be due and no indemnity will be paid unless a Transfer of Coverage and Right to Indemnity is in effect [9(b)(2) of the Florida Citrus Fruit APH Crop Provisions].
    (b) If the insured relinquishes their share after the acreage reporting date, insurance attaches and premium is due; however, **only for the purpose of determining the amount of the indemnity**, the insured's share cannot exceed their share at the earlier of the time the loss occurred or the beginning of harvest (Basic Provisions Section 1 definition of share).
    (c) The insured must obtain consent from the Approved Insurance Provider (AIP) prior to destroying the unharvested crop, putting the insured crop to an alternative use, putting the acreage to another use, or abandoning any portion of the crop and must

notify the AIP following completion in accordance with paragraph 14(d) of the Basic Provisions. The AIP will conduct an appraisal to determine production for APH and claim purposes.

14. How does Enterprise Units work if they sale a grove mid-year? Push up trees?

    Eligibility for enterprise units is based upon the information provided on the Acreage Report.

15. The Special Provisions states the minimum insurable age (leaf year) of the trees is 3 years old. However, under the T-Yield tab in the actuarial documents, the T-Yields are broken out by age, from 3 years old to 12 years old. We have not seen verbiage on when to combine, or break out, blocks of grove that have different ages of trees. For example, a grove may have 70% mature (or greater than 12 years old) trees, along with some 8-year old, some 6-year old, and some 4-year old trees. We are looking for the underwriting guidelines on how we would age this particular block or grove.

    When T-yields are required to complete a database, a weighted average T-Yield will be determined in accordance with FCIC procedures (CIH 1859).

16. If an insured sells a grove or pushes up trees mid-year, say March how does that effect the APH?

    The insured must report all production from the previous crop year in which they received a share (CIH 1301A). If acreage is sold mid-year and the insured did not receive a share of the production from the acreage, no production is reported for the acreage.

    Refer to item (c) in question 13 regarding pushing up a grove mid-year.

17. If the APH database does not have 4 years of actual or assigned yields, do we use the % of the T-Yield based on the number of years of yields in each particular database rather than the number of yields of the crop in the county?

    The T-Yield percentage is determined by the number of actual/assigned yields certified for the crop in the county, not at the database level [CIH 1856B(1)]. However, the variable T-Yield percentage for New Producers or added land for carryover insureds is dependent on the number of actual yields in the APH database and does not increase with the addition of actual yields in subsequent years (CIH 1861C).

18. If Yield Exclusion is available and elected, and the years excluded drop the number of actual yields below 4, is the % of the T-Yield based on the number of yields in the individual database used to complete the APH and compute an average?

    If the exclusion of actual yields results in less than 4 years being used in the APH database, the applicable T-Yield is used. If the variable T-yield applies, the excluded yield years count as a year of producing the crop [CIH 1548(6)].

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19. As trees are replaced in a grove, we will end up with some new uninsurable trees mixed in the block. Is it correct that if the % of uninsurable trees do not exceed 20%, we will not need to request a RO determined yield nor reduce the acres? Because the production will be commingled, is it correct to include the total acres in the block and total production in the APH. If a new grove is planted, of course the trees would remain uninsurable until they reach 3 years.

    Insurable acreage must be reduced when a significant decrease in original plant stand occurs due to damaged or removed trees (i.e. reduction affects the production potential and is equal to or greater than 20% of the original planting pattern) and for uninsurable acreage, e.g. underage trees (CIH 1810A). Acreage reduction in groves in which the original planting pattern has changed due to replanting trees in a higher density will be determined in accordance with Exhibit 20E of the Crop Insurance Handbook.

    Refer to question #11 regarding production reporting in subsequent years.

20. When the grower is self-certifying records, what specific documents should the grower use to provide the box counts for the APH policy? Is there a standard record format or type of record that we should advise the grower to utilize during this first, important year to organize a standard for policy review if and when the claim exceeds $200,000?

    Florida Citrus Fruit is included in the list of crops that require verifiable records for production reporting purposes. The requirements for verifiable records are provided in the Section 2 of Part 14 of the CIH.

21. Contract Price Statement from Special Provisions: If a contract price is available as shown in the actuarial documents, you may elect to use the price contained in your production contract (contract price) by the acreage reporting date to determine your contract price for each type only if the total number of insured acres of the type does not exceed 110 percent of insured type acreage under the contract (the number of acres under contract is determined as indicated below).

    If the insured acres exceed 110% of the acreage specified in the contract, can the grower still insure those acres at the contract price, and the remaining acres at the established price? For example, the grower has a total of 120 acres of earlies. He has a contract on 100 acres of those earlies. Can he insure 100 acres at the contract price, and the other 20 acres at the established price? Or is he unable to insure at the contract price because the insured acreage exceeds 110% of the contracted acreage? And if the statement is not in the SP, we can do a weighted average using the contract price and acres planted? Or is the intent to allow use of weighted averages regardless of acres.

    In this circumstance, the insured would be unable to use the contract price as his total insured acres exceeded 110 % of the contracted acres.

22. Contract Price Continued… The Special Provisions states to determine the contract price, you subtract the cost of pick & haul from the contracted price. Some contracts may state the cost of pick & haul…When the cost is stated in the contract, do we use this cost? When a grower's contract does not state this cost, do we use the grower's determined cost of pick & haul, or must we use the "Standard Pick & Haul Costs" in the special provisions?

    The Special Provisions statement does not allow for the use of pick and haul costs other than those stated.

23. In the special provisions, it states that you may elect to use the price contained in your production contract. I understand that if a grower has a contract price that is higher than the established price, they may wish to elect the contract price option. However, if a grower has a contract price that is lower than the established price, the grower can still choose to be insured at the established price in the actuarial?

    Use of the contract price is an option, not a requirement.

24. If the insured has a single contract for the commodity/type but 1) the insured acreage is in two separate counties (i.e. separate policies) and 2) the insured acreage in both counties exceeds the acres under the contract, is the insured qualified to use the contract price? For example, the insured has two counties with 100 acres each but only a single 100-acre contract.

    Price elections are established on a commodity/type basis for the Florida Citrus Fruit insurance policy. The insurance policy applies on a county basis and eligibility for the contract price is determined on a county (policy) basis.

    If the insured has Florida citrus polices in more than one county for the commodity/type, in order to qualify for the contract price, the insured must have at a minimum, a contract equivalent to at least the number of insured acres for the policy and commodity/type for the county. If the insured has a 100 acre contract for the commodity/type but separate policies insuring more than 100 acres, the insured would not qualify for the use of the contract price unless the contract was designated to one of the counties in which the commodity/type is insured. If the contract is not designated to a single county or if the packer/processor accepts production from both counties under the terms of the contract, the insured would not qualify to elect the contract price in either county.

25. To qualify for the frost protection discount, does the insured have to be able to cover ALL the acres at once, or can the grower apply the water in zones/blocks?

    The frost protection discount will only apply to acreage for which the frost protection measures provided in the Special Provision can be met for the insured acreage in the unit. A producer that can only apply irrigation water on a rotating basis (i.e. applying water to one portion of the unit's acreage and then to another portion until irrigation water is applied to all acreage in the unit) would not quality for the discount.

26. Other crops with similar requirements (i.e. blueberries) spell out penalties that apply for failure to use the frost protection. For example, there could be an indemnity reduction or freeze might not be a covered peril, depending on the situation. It doesn't appear that those same types of penalties apply here.

    Correct.

27. What responsibilities do AIPs have at claim time to verify that the frost protection equipment still exists, still meets the requirements, and/or was actually used in a frost/freeze situation?

    It is the inspector's responsibility to determine the insured has control of and access to adequate equipment and water to meet the requirements of the frost protection provisions.

28. Could we have a separate EU for Early/Mid and Late Season Oranges? Based on my understanding of the definition of "insured crop" (groups for APH plan), the answer would be yes, provided all other requirements of EU are met. Even more specifically, early juice oranges stand-alone from his Mid-season Juice or mid-season Valencia juice, fresh, etc. I see the oranges, early/mid juice as one crop, and early/mid fresh as another. The early is not separate from mid?

    Definition of an enterprise unit from the definition section of the Basic Provisions (21-BR): *All insurable acreage of the same insured crop or all insurable irrigated or non-irrigated acreage of the same insured crop in the county in which you have a share on the date coverage begins for the crop year, provided the requirements of section 34 are met.*

    Florida Citrus Fruit Crop Provisions definition section: *Citrus fruit group – A designation in the Special Provisions used to identify combinations of types within a citrus fruit commodity that may be grouped together for the purposes of electing coverage levels and identifying the insured crop.*

    Oranges Special Provisions Statement: *The five citrus fruit groups under oranges are as follows: 1) early-season (juice), mid-season non-Valencia(juice), and mid-season Valencia (juice); 2) early-season (fresh), mid-season non-Valencia (fresh), and mid-season Valencia (fresh); 3) late-season (juice); 4) late-season (fresh); and 5) navel (fresh).*

    If the insured elects to insure citrus fruit group 1 which contains both their early-season (juice) and their mid-season non-Valencia (juice) oranges, they would effectively have a single crop for citrus fruit group 1 and thus a single enterprise unit for the citrus fruit group/crop, providing the citrus fruit group (crop) meets the enterprise unit requirements in section 34 of the basic provisions.

    If the insured elects to insure citrus fruit group 1 and group 3, which contains late-season (juice) oranges, they would effectively have 2 crops and thus 2 enterprise units, providing each citrus fruit group (crop) meets the enterprise unit requirements in section 34 of the basic provisions.

29. Would the acres be reduced for the 2022 crop year in the following scenario, and if so, what would the percent of stand reduction be?

    2014: 11,600 mature trees in a 100-acre grove.

Calendar Year	Trees Pushed During the Calendar Year	Trees Planted prior to July 1 of the Calendar Year
2015	150	150
2016	100	100
2017	200	200
2018	400	800
2019	300	600
2020	500	10,900

No acreage reduction would be required for the 2022 crop year in accordance with Exhibit 20E of the Crop Insurance Handbook. In this example, 12,750 new trees have been planted in the grove, of which, 1,850 are insurable for the 2022 crop year. All of the 1,650 dead trees that were removed from the original stand have been replaced, plus there are 200 additional producing trees. The 100-acre grove now has 200 more producing trees than the original stand of 11,600 trees.

11,800	Insurable Trees	9,950 + 0 + 1,850	Original trees (11,600 – 1,650 removed 2015-2020) Dead trees in grove Insurable new trees planted by 7/1/2019.

11,800	Trees to Determine Stand	9,950 + 0 + 1,850	Original trees (11,600 – 1,650 removed 2015-2020) Dead trees in grove Insurable new trees planted by 7/1/2019.

11,800 / 11,800 = 100% Stand

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