



United States Department of Agriculture  
Risk Management Agency

January 2013

## 2014 COMMODITY INSURANCE FACT SHEET

# Quarantine Endorsement Pilot Program for California Avocado and Citrus

### Crops Insured

Avocados are insurable if produced in California and insured under the Pilot Avocado Crop Provisions. Citrus is insurable if produced in California and insured under the Arizona and California Citrus Crop Provisions or the Actual Revenue History Pilot Crop Provisions (Navel Oranges only).

### Counties Available

Avocados are insurable in Orange, Riverside, San Diego, San Luis Obispo, Santa Barbara, and Ventura counties. No written agreements are available.

Navel Oranges are insurable in Fresno, Kern, and Madera counties. No written agreements are available.

Citrus is insurable under the Arizona and California Citrus Crop Provisions in any county for which an insurance offer is made. The endorsement may be attached to written agreements.

### Quarantine Definition

A quarantine is an action taken by an appropriate authority (the Animal and Plant Health Inspection Service or the California Department of Food and Agriculture) to control a specific pest that:

- Requires the destruction of your insured crop or the plants on which your insured crop is growing; or
- Does **not** permit the insured crop to be harvested, sold, transported, transferred, or otherwise restricts it from movement from the location where it was produced to the location of any buyer.

### Coverage

This endorsement is attached to and is part of the Crop Provisions for the eligible crop. This endorsement replaces language in the crop provisions that prevent coverage of losses related to quarantines.

The Quarantine Endorsement does not increase liability.

Indemnities are payable if, due to a quarantine, there is a mandatory destruction of fruit, plants, or an unavoidable deterioration of the insured production during the quarantine.

Costs associated with tree replacement or any additional requirements of the quarantine order, including disposal, treatment, or labor are not covered.

The endorsement is not available for Catastrophic Risk Protection (CAT) coverage.

### Important Dates

You must choose this endorsement in writing on or before the **sales closing date** of the crop year when you wish to modify the terms of the crop provisions for an eligible crop.

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Sales Closing Avocados.....	November 30
Sales Closing Citrus.....	November 20

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### Cost of Quarantine Endorsement

An additional percentage point is added to the applicable base rate of each crop insured.

### Loss Example

Assume, for the 2013 crop year, you are growing navel oranges and you choose the Quarantine Endorsement to the Arizona-California Citrus Crop Provisions. For this example, your price election is \$5.85 per carton.

400	Cartons of Approved Yield
x 50	Acres
<u>x .75</u>	Coverage Level
15,000	Yield Guarantee

A quarantine is declared after you have harvested 10,000 cartons from the unit. Of these 10,000 cartons, a total of 1,000 cartons are in a warehouse on your farm and you are not allowed to move that production to the location of any buyer or processor. The fruit in these 1,000 cartons is marketable, as defined by the crop provisions, at the time the quarantine is declared. All remaining fruit on the trees and the harvested fruit in the warehouse deteriorates during the quarantine and becomes unmarketable as fresh fruit. Under the terms of the Arizona-California Citrus Crop Provisions, navel oranges that are not marketable as fresh fruit are not included in production-to-count.

Insurance ended on the 1,000 cartons when this quantity was removed from the field where it was grown. Therefore, this quantity must be included in the production-to-count since it was marketable during the insurance period. There is no production-to-count for the fruit that was not harvested since it is not marketable. The indemnity would be calculated as follows:

9,000	Delivered
+ 1,000	In the warehouse
<u>10,000</u>	Cartons production-to-count
15,000	Cartons
- 10,000	Cartons
<u>5,000</u>	Cartons unit deficiency
5,000	Cartons
x \$5.85	Price election
x 1,000	Share
<b>\$29,250</b>	<b>Indemnity</b>

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA web site at:

<http://www3.rma.usda.gov/apps/agents/>

## Regional Contact

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