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United States
Department of
Agriculture

BULLETIN NO.: MGR-10-006

Farm and Foreign
Agricultural
Services

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

Risk
Management
Agency

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FROM: William J. Murphy *William J. Murphy*
Administrator

SUBJECT: 2010 Crop Year Texas Citrus Fruit Claims

BACKGROUND:

In September 2009, the Risk Management Agency (RMA) issued Manager's Bulletins MGR-09-004 and MGR-09-004.1 that contained fresh citrus fruit prices for calculating claims. Approved Insurance Providers (AIPs) were authorized to use these prices because crop damaged occurred outside the normal marketing/processing window and local market prices were not available until May 2010. For the 2010 crop year, AIPs are experiencing the same market price dilemma as last year.

Section 12(e) of the Texas Citrus Crop Provisions states that, "Where the actuarial documents provide, and you elect, the fresh fruit option, citrus fruit that is not marketable as fresh fruit due to insurable causes will be adjusted by: (1) Dividing the value per ton of the damaged citrus by the price of undamaged citrus fruit; and (2) Multiplying the result by the number of tons of such citrus fruit. The applicable price for undamaged citrus fruit will be the local market price the week before damage occurred." When citrus fruit policyholders elect the fresh fruit option and sell the damaged fresh fruit for juice processing, such juice price from the week before damage occurred, if available, will be used to calculate claims for indemnity.

AIPs have asked RMA to provide prices for settling 2010 Texas citrus fruit claims because local market prices will not be available until May 2011.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation
An Equal Opportunity Employer

ACTION:

Effective for the 2010 crop year, for the purposes of section 12(e) above, the applicable price per ton for damaged Texas citrus fruit and the local market price per ton for citrus fruit will be the prices in Table A and Table B, respectively.

Value per Ton for Damaged Citrus Production. If the AIP and policyholder agree, use either option 1 or 2 to determine the value per ton for damaged citrus production (juice price).

Option 1: Use the orange or grapefruit juice price per ton from area processors as the price for damaged fresh fruit when such price becomes available May, 2011; or

Option 2: Use the orange or grapefruit juice price per ton in Table A as the price for damaged fresh citrus production.

Table A

2010 Crop Year Texas Citrus Price Per Ton for Damaged Citrus Production Sold for Juice	
Citrus Crop	Juice Price per Ton
All Oranges	\$102
All Grapefruit	\$68

If option 2 is selected, the policyholder must agree in writing to settle the claim using the applicable juice price per ton from Table A. AIPs must retain this agreement in the policyholder's claim file.

Local Market Price per Ton for Fresh Citrus Fruit Production. The local market price per ton for fresh Texas citrus will be the applicable price listed in Table B.

Table B

2010 Crop Year Texas Citrus Local Market Price per ton for Fresh Citrus Production	
Citrus Crop/Code	Local Market Price per Ton
Early/Mid Oranges (0224)	\$421
Late Oranges (0225)	\$426
Rio Red & Star Ruby Grapefruit (0238)	\$486
Ruby Red Grapefruit (0228)	\$386
All Other Grapefruit (0226)	\$371

Calculate the amount of citrus fruit that is not marketable as fresh fruit and sold as juice by dividing the applicable price for damaged production in Table A by the applicable market price in Table B; and multiplying the result by the number of tons of such citrus fruit.

DISPOSAL DATE:

May 31, 2011