NO. 1244
April 22, 1969 -10:00 A.M.
Approved: Fernando Chardon
Secretary of State

Commonwealth of Puerto Rico
Department of Agriculture
FARM INSURANCE OF PUERTO RICO
Santurce, Puerto Rico

By: Gloria I. Silva de Díaz
Assistant Secretary of State

REENACTMENT OF THE RULES AND REGULATIONS FOR PAPAYA PLANTATION AND CROP INSURANCE AGAINST SQUALL HAZARDS, REPEALING THE FORMER ONE APPROVED ON JULY 19, 1967

Article 1 - Definitions

For the purpose of these Rules and Regulations the following terms shall mean the following:

(a) Farm Insurance of Puerto Rico - means the Office of the Department of Agriculture of Puerto Rico authorized to engage in the agricultural insurance and reinsurance business, pursuant to the provisions of Act Number 12 of December 12, 1966.

(b) Squalls - means any winds causing losses to an insured papaya plantation or crop.

(c) Hundredweight of Papayas - means the unit to be used to determine the insurable amount for papaya crop insurance. Such amount may include any fraction of a hundredweight.

(d) Crop - means the estimated of hundredweights of papayas to be produced on a farm planted to papayas, for which an insurance policy is applied for and issued.

(e) Salvaged Crop - means the hundredweights of papayas left in the trees after a squall, and also, in case the trees are not in production, the production potential of each tree left in an apparent condition of bearing or of further bearing the fruit after a squall, based on the estimate per tree that may be made by Farm Insurance of Puerto Rico for a first crop and for a second crop.

(f) Recovered Crop - means the hundredweights of papayas picked up from the ground after a squall.

(g) Harvested Crop - means the hundredweights of papayas picked from the trees before and after a squall.

Article 2 - Applications

(a) Application forms shall be obtained from the Central Office of Farm Insurance of Puerto Rico, or from an office of any of the Commonwealth or Federal agricultural agencies established in Puerto Rico. The same shall be filled out in cuadruplicate by the applicant, who shall return the original and two (2) copies, duly signed, to the Central Office of Farm Insurance of Puerto Rico.

(b) A separate application shall be submitted for each farm having a papaya crop to be insured, unless the farms abut on each other.

(c) The applicant may be the owner, co-owner, judicial administrator, trustee or testamentary executor, usufructuary, lessee, mandatary or any other person having legal possession of the farm and some insurable interest in the crop.

(d) The applicant may protect the interest of his crop loan creditor by requesting in the application that the policy be issued in favor of both, the applicant and the crop loan creditor.

(e) Prior to the approval of an application, or at any time thereafter, Farm Insurance of Puerto Rico may send an inspector to verify the data therein set forth.

(f) As soon as an official report is issued by the Weather Bureau Office in Puerto Rico of the United States Department of Commerce relating to the existence of any tropical hurricane within latitudes 11° and 22° North, and longitudes 55° and 69° West, Farm Insurance of Puerto Rico shall only consider those applications which, together with the corresponding premiums, are found thereupon in its post office box or are received at the Central Office prior to the precise moment of such official report.

Only in such cases, the respective applications shall be considered approved, subject to any investigation that Farm Insurance of Puerto Rico may make thereafter, whether or not the announced disturbance strikes, to determine the reasonableness of the amount of the crop for wich insurance was applied for, as provided in subdivision (c) of Article 4 of these Rules and Regulations. In such cases, should said disturbance occur, no crop shall be considered insured for a greater amount than the one constituting the average of papaya production of the farm for the last three years, as may be verified by Farm Insurance of Puerto Rico by any adequate means. If the insurance were applied for a greater amount, the same shall be considered granted only for the amount resulting from said average and the Assured shall be refunded any excess premium paid.

If the farm has no record of production for the last three years, the one for the last two years shall be used, and in default thereof,

the one for the last year. Such applications and premiums as may be in transit at the time of the official report of the Weather Bureau Office shall be considered after it is officially reported by said Office that the disturbance is out of the area covered by the aforementioned latitudes and longitudes.

Article 3 - Premium and Valuation of Papaya Crop

Before the beginning of any year for which insurance is to be offered, the Secretary of Agriculture shall establish and make known the premium rate for papaya crop insurance and the papaya valuation per hundred-weight, for insurance purposes.

Article 4 - Premium Payments and Existence of Insurance Contract

(a) Cash payment of premiums shall only be accepted at the Central Office of Farm Insurance of Puerto Rico. Any other form of payment of premiums must be made by postal money order, telegraphic money order or check issued to the order of the Secretary of the Treasury of Puerto Rico.

(b) The Receiving Officer of Farm Insurance of Puerto Rico shall issue official receipts acknowledging such payments.

(c) No insurance contract shall exist between applicant and Farm Insurance of Puerto Rico until the Central Office of Farm Insurance of Puerto Rico at San Juan has approved the application and received the premium, except as provided in subdivision (f) of Article 2 of these Rules and Regulations and in subdivision (d) of this Article.
Farm Insurance of Puerto Rico may, at its option, approve any application for insurance, with or without a previous inspection. It may also make an inspection at any time after issuance of a policy. If upon inspection it is determined that the papaya crop to be produced is less than the amount for which insurance was applied for, the policy shall be issued for the amount resulting from its own estimate and applicant shall be refunded the excess premium paid. In the event that the policy has already been issued, the amount insured shall be reduced to conform with the estimate made by Farm Insurance of Puerto Rico and the Assured shall refunded the excess premium paid, less the corresponding deduction depending on the month in which the adjustment is made, as shown on the following scale:

Month	Deduction From Excess Premium to be Refunded
July	30%
August	60%
September	75%
October	85%
November	95%
December	100%

The adjustment reducing the amount of insurance shall be effective immediately that Farm Insurance of Puerto Rico sends by registered mail, return receipt requested, or by ordinary mail, return receipt requested, the corresponding endorsement to the policy.

(d) Whenever payment of premiums is to be financed by the Farm Credit Corporation, or by any Program or Dependency of the Department of Agriculture, the papaya crop shall be considered insured immediately after paid Corporation, Program or Dependency officially notifies in writing to the Office of Farm Insurance of Puerto Rico that the loan applied for such purposes has been approved.

Article 5 - Risks and Limits of Liability

In this crop insurance, the papaya crop is insured while forming part of the trees, against losses caused by a squall in excess of twelve per cent (12%) of the crop insured.

In case the trees are not in production at the time of the squall, the production potential of each tree destroyed by the squall is also insured, on the basis of the estimate per tree that may be made by Farm Insurance for a first crop and for a second crop, minus twelve per cent (12%) of said estimate.

Article 6 - Losses Excluded

A papaya crop insurance policy shall not cover the following:

(a) Papayas harvested before the squall.

(b) Papayas harvested after the squall.

(c) Such losses as may have been caused by events other than those covered by the insurance, and resulting in a reduction of the crop before or after the squall.

(d) Losses caused by a squall not exceeding twelve per cent (12%) of the total insured value.

Article 7 - Papaya Crop to be Insured

(a) Only the crops of such papaya plantations expected to bear fruit for the first or the second time within the period covered by the insurance, and having no less than 400 trees per cuerda, shall be insurable.

(b) The papaya crop to be harvested must be of recommended varieties. The plantation must be healthy and cultivated following recommended agronomical methods. The spacing of the trees must be acceptable. The papaya crop of an uncared for plantation is not acceptable for insurance.

(c) Such papaya plantations and crops, or such portions thereof as the applicant desires, may be insured, provided that in order to insure any part of any such plantation and crop, the portion to be insured must constitute a piece easily identifiable or distinguishable from any other uninsured portion either by the different age of the trees, or by the fact of being separated from the uninsured portion by permanent landmarks or boundaries, such as highways, public roads, canyons, rivers, streams, brooks, hills, etc.

Article 8 - False Statement - Uncancelable Insurance

(a) Any false statement made to Farm Insurance of Puerto Rico shall render the policy null and void, except where Farm Insurance of Puerto Rico considers that such false statement has not been made on a substantial fact to the insurance. In such case it shall be understood that insurance never existed and applicant shall only be entitled to a refund of the premium paid.

(b) Insurance policy on any papaya plantation and crop shall not be cancelled by the Assured, and shall only be cancelled by Farm Insurance of Puerto Rico when a policy has been issued on an uninsurable plantation and crop according to Article 7 of these Rules and Regulations when the facts establishing the necessary requisites for the insurance have been falsified.

Article 9 - Other Insurances

Considering that the purpose of the insurance is to offer protection against loss of a papaya plantation or crop because of strong winds and that the means of doing speculative business by contracting insurance on the same plantation or

crop with different insurers should not be permitted, Farm Insurance of Puerto Rico shall not insure any papaya plantation and crop covered by any other policy whereby the same papaya plantation or crop is or may have been insured against loss or damage caused by the wind.

If applicant fails to inform in his application the fact that his crop is already covered by other insurance against any of said ricks, or if he fails to inform that he has taken other insurance against any one of them on the same crop after issuance of the policy by Farm Insurance of Puerto Rico, it shall be understood that he has incurred in a false statement, and the provisions of Article 8 (a) of these Rules and Regulations shall apply from the date on which the second insurance was taken. If the Assured furnishes such information in time, the policy applied for shall not be issued, or the one issued shall be cancelled as of the date of insurance of the second policy taken subsequently on the same crop. In cancelling such policy, Farm Insurance of Puerto Rico shall refund to the Assured the premium paid, deducting therefrom the corresponding portion according to the month in which the Assured may have informed, or Farm Insurance of Puerto Rico may have discovered, the existence of another policy taken subsequently on the same crop, as per the following scale:

July	30%
August	60%
September	75%
October	85%
November	95%
December	100%

Article 10 - Term

The policy shall be effective from the 1st day of July of each year or from any subsequent date of issuance, up to the 31st day of December of the same year, or up to the time when the harvesting of the crop on the insured plantation is completed, whichever is earlier.

Article 11 - Assignment of Policies

Any Assured may request an assignment of his policy so that losses be payable by Farm Insurance of Puerto Rico to any natural or juridical person designated by him. Such assignment may be made for total amount of the losses or for a specific amount thereof. When an assignment for the payment of losses is requested without specifying whether the same is total or for a specific

amount, payment shall be made jointly to the Assured and the assignee, and shall be forwarded to the latter.

Article 12 - Method of Computing Losses

To determine the amount to be paid as compensable losses, the crop recovered, salvaged and/or harvested, as well as losses not covered by the insurance, and losses previously paid during the life of the insurance, shall be deducted from 88% of the crop insured.

Article 13 - Post-Squall Statement by the Assured

(1) Any Assured deeming that he has suffered compensable losses because of a squall shall submit to the Central Office of Farm Insurance of Puerto Rico, duly filled out, within the fifteen (15) days following the occurence of the squall, in a form to be proveded by Farm Insurance of Puerto Rico to the Assured together with his policy or with a copy thereof. Should the Assured fail to receive such form or lose the same, if shall be his duty to obtain another one in the Regional Office of Agricultural Services nearest to him or in any other office of the Department of Agriculture in his area, or by requesting the same directly from the Central Office of Farm Insurance of Puerto Rico. Nothing shall exempt the Assured from his obligation to send said Post-Squall Statement, duly filled out, within said term in the form referred to.

(2) The Assured shall submit to Farm Insurance of Puerto Rico the Post-Squall Statement referred to in subdivision (1) of this Article, setting forth the following data:

(a) Name of Assured.

(b) Policy Number.

(c) Indication of any other policy covering the damaged crop, giving the number, date, insurance company, risk covered and amount insured.

(d) Number of hundred-weights of papayas harvested before the squall, as per harvest record.

(e) Hundred-weights of papayas delivered or sold before the squall to any natural or juridical person or to any government agency.

(f) Area of the plantation before the squall.

(g) Total hundred-weights of papayas harvested and stored before the squall.

(h) Number of hundred-weights of papayas lost before the squall, due to other causes.

(i) Number of hundred-weights of papayas which may be picked up

from the ground and used.

(j) Number of hundred-weights of papayas remaining in the trees.

(k) Boundaries of the farm where the insured crop is located, at the time of the squall.

(l) Date and hour of the occurence of the loss or damage.

(m) Whether the Assured has any other farm with a papaya plantation not insured by Farm Insurance of Puerto Rico, stating the place where the same maybe located.

(n) Any other information relating to the insured papaya plantation or crop deemed necessary or convenient by Farm Insurance of Puerto Rico.

Article 14 - Records

The Assured shall be bound to keep a complete weekly record of the harvesting of the crop or crops insured, and shall make such records available to the Farm Insurance whenever requested by the latter.

Article 15 - Post-Squall Report

As soon as possible after receipt at the Central Office of Farm Insurance of Puerto Rico of the Post-Squall Statement signed by the Assured or his authorized representative, Farm Insurance of Puerto Rico will make as many inspections of the insured crop as it deems necessary in order to determine any losses caused by the squall, and whether the same are compensable under these Rules and Regulations.

Article 16 - Arbitration

In the event of dispute between the Assured and Farm Insurance of Puerto Rico with respect to the amount of losses, the same shall be submitted to arbitration, independently of any other matter. The Assured shall designate his arbitrator and shall give written notice of such fact to Farm Insurance of Puerto Rico within a period of ten days from the date on which Farm Insurance of Puerto Rico may have given written notice to the Assured of the results of the Post-Squall inspection of the farm; and Farm Insurance of Puerto Rico shall designate its arbitrator and shall give written notice of such fact to the Assured within a period of ten days from the date on which the Assured may have notified Farm Insurance of Puerto Rico of the appointment of his arbitrator. If the Assured omits or refuses to designate his arbitrator within the aforesaid term, it shall be understood as a waiver of his claim.

Before starting arbitration of the dispute, the two arbitrators thus appointed shall appoint in writing a third arbitrator. If ten days elapse,

counting from the date on which Farm Insurance of Puerto Rico notifies the Assured of the appointment of its arbitrator, and a third arbitrator is not agreed upon by the two arbitrators previously appointed, either of the parties shall be at liberty to petition for the appointment of the third arbitrator by that part of the Superior Court of Puerto Rico in whose territorial jurisdiction the party may reside, following the procedure established for the case contemplated by subdivision (b) of section 5 of Act No. 376 approved on May 8, 1951.

Immediately after the designation of the third arbitrator, the arbitrators of both parties shall hold a first meeting to which the former shall not attend. If no agreement is reached in said first attempt to arbitrate, the third arbitrator shall be present at all other meetings to arbitrate and shall decide any points of disagreement between the other two arbitrators on the matter submitted to arbitration.

Each party shall pay the fees and expenses of the arbitrator it may have appointed, and both parties shall pay, in equal parts, the fees and expenses of the third arbitrator.

The decision of a majority of the three arbitrators shall be considered as final, enforceable and unappealable by both parties, and shall be unassailable except for causes provided in law. The determination of losses or damages through arbitration as above stated is a condition precedent to claim compensation of losses under the policy.

Article 17 - Alienation of Farms

(a) The Assured shall immediately notify Farm Insurance of Puerto Rico of any sale or conveyance of any farm or portion thereof with plantation and crop covered by a policy issued by Farm Insurance of Puerto Rico.

(b) At the request of the Assured, Farm Insurance of Puerto Rico shall transfer the policy to the new owner through the pertinent document signed by its Director. The new owner shall be subrogated in the same rights, duties and liabilities appertaining to the previous owner.

(c) If the sale or conveyance involves a portion or portions of the farm, Farm Insurance of Puerto Rico shall cancel the policy and issue new policies on the basis of new applications made by each owner. The premium already collected shall be applied to the new policies issued.

(d) Farm Insurance of Puerto Rico shall not make reimbursement of premiums already collected in cases of sale of farms or portions thereof papaya crops covered by its insurance, nor in any other case not covered by the provisions of Article 8 of these Rules and Regulations, since the policy

is considered incancelable

Article 18 - Strict Compliance of Conditions

Failure of the Assured to comply strictly with the terms and conditions specified in the insurance contract shall be sufficient cause to release Farm Insurance of Puerto Rico from all liability.

Article 19 - Investigation about the Insured Crop

It shall be understood that by having applied for and obtained a policy from Farm Insurance of Puerto Rico, the Assured authorizes and consents that Farm Insurance of Puerto Rico request and obtain any information regarding his business transactions in connection with the insured crop, from any natural or juridical person with whom he may have made such transactions.

Article 20 - Repeal

The Rules and Regulations governing Papaya Crop Insurance against Hurricane Hazards, approved and promulgated by the Secretary of Agriculture on July 19, 1967, are hereby repealed.

Article 21 - Legal Authority and Effectiveness

Before the promulgation of these Rules and Regulations, the corresponding Public Hearing was held on April 10, 1969.

These Rules and Regulations are promulgated with force of law by the Secretary of Agriculture of Puerto Rico, in accordance with the powers and authority vested in him by Act. No. 12, approved on December 12, 1966.

The same shall take effect thirty days after the filing of an original and two copies of their Spanish end English texts in the Office of the Secretary of State of Puerto Rico pursuant to the provisions of Act No. 112 approved on June 30, 1957, as amended.

Approved at Santurce, Puerto Rico, this 18th day of April, 1969.

LUIS RIVERA BRENES
Secretary of Agriculture