



United States
Department of
Agriculture

Farm and Foreign
Agricultural Service

Risk
Management
Agency

1400 Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

BULLETIN NO.: MGR-11-015

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

FROM: William J. Murphy /s/ *William J. Murphy* 11/7/2011
Administrator

SUBJECT: Verifiable Record Requirements to Qualify for Fresh Apple Production by Unit.

BACKGROUND:

On December 22, 2010, the Risk Management Agency (RMA) issued Informational Memorandum PM-10-071 to provide flexibility for policyholders to adapt their record keeping process to meet the new requirement that at least 50 percent of the production from fresh apple acreage in each unit was sold as fresh apples in one or more of the four most recent crop years in order to qualify for the fresh apple price. Approved Insurance Providers (AIPs) were allowed to consider records of total production (rather than by unit) from the 2007 through the 2010 crop years that reflect fresh apple sales.

Since the issuance of Informational Memorandum PM-10-071, RMA has continued to receive comments that apple producers still find it too difficult and inappropriate to maintain separate records by unit after the apple production has left the field. Apple producers point out that while they can and do maintain records of production by unit, once the apples are delivered to a warehouse, which is often a third party, for later sales and distribution it is virtually impossible and/or impractical to expect all the apples to be tracked by unit. Apple producers have requested RMA waive the new record requirement by unit for the 2012 and succeeding crop years by allowing them to provide records that demonstrate at least 50 percent of their total apple production was sold as fresh in order to qualify for the fresh apple price.

ACTION:

Effective for the 2012 and succeeding crop years, policyholders who do not have separate records by unit of fresh apple production in one of the last four years but do have records of total fresh apple production, may still be able to qualify for the fresh apple price. AIPs may consider records of total production (rather than by unit) from one of the four most recent crop years that reflect fresh apple sales. If only a portion of the acreage is reported as fresh, and the total amount of production sold as fresh can reasonably be determined to be reflective of at least 50 percent of the production that would have been from the apple acreage reported



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as fresh, such records may be used as verifiable records attributable to that portion of the acreage as fresh. Policyholders still must designate all their acreage by type (i.e. fresh or processing) by the acreage reporting date.

The AIPs should remind their agents and inform their policyholders that by designating fresh apple acreage on the acreage report, the policyholder is certifying they have verifiable records to support that they have sold in one or more of the four most recent crop years at least 50 percent of the total production as fresh apples (rather than by unit) from acreage reported as fresh apple acreage.

A verifiable record must reflect the value received was commensurate with the value of fresh apples versus processing apples. It is incumbent upon the policyholder to provide records, when requested, that demonstrate the value received for sold production is consistent with the value of fresh apple production. Section 16J(2) of the 2012 FCIC 18010 Crop Insurance Handbook provides guidance regarding what is considered an acceptable verifiable record.

The following examples illustrate the flexibility this action provides:

For example, for the 2012 crop year, a policyholder reports fresh apple acreage on three basic units. The policyholder is able to provide records proving at least 50 percent of the total production sold, from all three units, were sold as fresh apples in one or more of the four most recent crop years. Such records can be used as a verifiable record for all the fresh apple acreage for the 2012 crop year.

A second example would be for the 2012 crop year a policyholder reports two blocks of processing apple acreage and one block of fresh apple acreage in one basic unit. Records of fresh apple production sold from the entire unit can be used as a verifiable record provided the AIP can determine the records of total fresh apple production was sold in one of the four most recent years would reasonably account for at least 50 percent of the total fresh apple production from the block reported as fresh apple acreage for the 2012 crop year.

Agents should also be advised to remind policyholders that the prior years' records used to certify fresh apple production become records that must be maintained for three years in accordance with the policy record retention requirements.

DISPOSAL DATE:

Effective for the 2012 and succeeding crop years or until incorporated into the Apple Special Provisions of Insurance.