



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-14-014

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

FROM: Brandon C. Willis /s/ *Brandon C. Willis* 10/15/2014
Administrator

SUBJECT: High Variability Adjustments for Peaches

BACKGROUND:

The 2014 FCIC 18010 Crop Insurance Handbook (CIH), Paragraph 1562, provides Actual Production History (APH) database high variability testing requirements to identify whether the crop's production history contained in the APH database is exhibiting characteristics of alternate bearing or downward trending patterns. When the APH database meets the testing criteria for high variability, the approved yield for the APH database is adjusted by formula.

The purpose of the high variability testing is to identify APH databases that may require an adjustment to the approved yield to be consistent with production expectations. A downward trending adjustment is applied when the high variability test identifies an APH database that appears to demonstrate that the perennial plant is experiencing a decline in productivity. The alternate bearing adjustment is applied when the high variability test identifies an APH database that appears to demonstrate a high-low yield pattern present in an alternate bearing situation. The downward trending and alternate bearing adjustments are intended to prevent over and underinsurance.

ACTION:

Effective for Peaches in the 2015 and subsequent crop years:

1. Approved insurance providers (AIP) will test APH databases for high variability as required in CIH Para. 1562 C, D and E. However, the approved APH yield will not be adjusted by formula for alternate bearing as provided in CIH Para. 1562 D(1) and (3) e; or CIH Para. 1562 E(2) for downward trending;
2. Since the APH database approved yield is no longer adjusted automatically by formula (Action item 1), the APH database is eligible for yield adjustment (YA);

3. Yield limitations in the approved yield of 10 percent from the prior year's approved yield is not authorized since this may artificially support the approved yield when compared to the potential productive capabilities;
4. If an APH database meets the high variability test (Action item 1) *and* over 50 percent of the trees in the APH database are 11 years of age or older (12th leaf +), a Perennial Pre-Acceptance Inspection Report (PAIR) must be completed by the AIP in the current crop year; and
5. The authority to adjust approved yields and associated guarantees is provided in the Crop Provisions. If the PAIR (Action item 4) identifies damage, change in practices or production methods, management practices, or other situations that may affect the crop's production potential, requests for Regional Office Determined Yields are required.

DISPOSAL DATE:

Until incorporated into the applicable RMA approved procedures.