



**United States
Department of
Agriculture**

Risk Management
Agency

Davis, California
Regional Office

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August 17, 2011

INFORMATIONAL MEMORANDUM

To: Approved Insurance Providers

From: Nancy Beaumont /s/
Director

SUBJECT: Reinsurance Year 2012 Regional Underwriting Guidelines for
Category C Perennial Actual Production History (APH) Crops in
the Davis RO Region

BACKGROUND:

The 2012 FCIC 18010 Crop Insurance Handbook (CIH) authorizes Regional Offices (ROs) to issue underwriting procedure for Category C crops as RO Underwriting Guidelines for regional exceptions.

These RO Underwriting guidelines apply for the 2013 crop year Citrus and Macadamia Nut crop and 2012 crop year for all other Category C APH crops in Arizona, California, Hawaii and Utah.

ACTION:

A. Higher Yield Requests:

Section 16I(2)(a)1 of the CIH allows the insured to request a RMA RO determined yield greater than the average APH yield with reasonable cause. In addition to accepting RO determined yield requests for younger orchards that are up-trending, the RO will accept requests for older orchards with four or more years of yield history for the following situations:

1. Contains bearing acreage coming into insurable production;
2. Changes in farming, management, or cultural practices; or
3. Removal of older block(s) or portions of block(s).

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B. Yield Trend Exceptions:

Trend tolerance guidelines contained in CIH Section 16H (8) are modified as follows:

1. AIP may approve the Average APH Yield for APH Databases that meet the CIH definition of downward trend and does not meet any of the following criteria (Assigned Yields are used in the same manner as actual yields when calculating APH yields):
 - a. Both of the previous two years are less than 75% of the Average APH Yield; or
 - b. Three or more years are less than 75% of the Average APH Yield in the last four or five years; or
 - c. One or more years in the most recent five years contains an Assigned Yield (P Yield Type).
2. When an APH database does not meet the additional criterion provided in Section B.1, AIPs shall report to RMA using the special case yield indicator D. The AIP may use yield adjustment (YA) procedures if selected by the insured [see CIH Section 17]. When using the YA, use the appropriate flag when submitting to RMA.
3. When an APH database meets either criterion in B.1.a., b., or c., the following table and formula are used by the AIP to determine an Approved APH yield:
 - a. Determine the downward trend factor by dividing the most recent three-year average yield by the Average APH Yield.
 - b. Find the corresponding yield adjustment factor (YAF) in Table 1.
 - c. Use the corresponding YAF in the table below to determine the Approved APH Yield.

Table 1. Downward Trend Factor and Yield Adjustment Factor

Approved APH Yield = Average APH Yield x YAF	
Downward Trend Factor¹	YAF
1.0 -	1.00
.74 -	0.80
.64 -	0.70
.54 -	0.60
.44 -	0.50
.34 -	0.40
.24 -	0.30

¹Round to the nearest 100th

d. Example: Insured reports the following:

Year	Yield	Calculations
2006	1,500	Simple Average Yield: 950
2007	1,800	Low Years $950 \times .75 = 713$, 3 years in 5 years
2008	500*	Three year average = 633
2009	1,250	Trend Factor = $633/950 = .67$
2010	550*	Use a YAF = .80
2011	100*	$950 \times .80 = 760$ DF

e. If adjusted by the above formula, AIPs report the APH database to RMA with special case yield indicator DF and YA does not apply.

C. Deadline Extension:

1. In accordance with CIH Section 16E(3), the deadline for submitting PAIR's to the RO is extended 60 days after the Production Reporting Date (PRD). The extended submission date only applies to PAIRs for RMA RO determined yield requests. See the Table 2 below for the applicable deadline for each crop

Table 2. Extended RMA RO Yield Determination Deadline.

Crop	PRD	Extended Deadline
Almonds	1/31	3/31
Apples - AZ	1/31	3/31
Apples - UT	1/15	3/15
Apples - CA	1/31	3/31
Avocados	1/14	3/14
Blueberries	1/15	3/15
Cherries	3/1	4/30
Citrus	1/10	3/10
Figs	4/13	6/12
Grapes	3/16	5/15
Macadamia Nuts	2/14	4/14
Pears	1/31	3/31
Plums	3/1	4/30
Prunes	3/1	4/30
Stonefruit	3/1	4/30
Table Grapes	3/16	5/15
Walnuts	3/16	5/15

2. Policies submitted to the RMA RO for Higher Yield requests outlined in this letter received in the RO later than 60 days after the PRD will receive an approved yield based on the procedures either within the CIH or these guidelines.
3. Requests received after the extension will be accepted by the RO when the request results in a lower Approved APH yield.

Please contact the Davis RMA RO if you have any questions.