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## INFORMATIONAL MEMORANDUM

**TO:** All Approved Insurance Providers

**FROM:** Jeff Yasui /s/  
Director

**SUBJECT:** 2017 Regional Underwriting Guidelines for Olive Yield Exclusion

### BACKGROUND:

Section 5 of the Common Crop Insurance Policy Basic Provisions authorizes yield exclusion (YE) when identified by the Risk Management Agency (RMA) in the actuarial documents. For the 2017 crop year policies, RMA identified YE eligible crop years for the Olive Insurance Program in California. Yield Exclusion is a provision of the 2014 Farm Bill which allows farmers to exclude eligible crop year's yields from their APH production history that occur from exceptionally bad years, such as a year in which a natural disaster or other extreme weather occurs.

The Davis Regional Office (DRO), in consultation with Insurance Services and Product Management, are issuing these guidelines to provide instruction to Approved Insurance Providers (AIPs) for administering YE and to supplement the Actual Production History (APH) Olive Crop Insurance Standards Handbook (CISH) FCIC 20160U dated October 22, 2015 for the 2016 and succeeding crop years.

### ACTION:

Insured must have selected the YE option code by the applicable sales closing date, January 31, 2017. When elected, YE will automatically exclude eligible crop years, identified in the actuarial documents, from an APH database unless specifically excluded by insureds no later than the production reporting date of March 15, 2017.

When YE is elected and applies to one of the most recent three crop years in the APH database, the variability index, Section 32G of the APH Olive CISH, must be equal to 1.0. If an insured excludes an eligible crop year(s) and it reduces the yields in the APH database to less than 4 crop years of production history, the applicable transitional yield will be substituted for the excluded crop year(s) to establish a minimum base period of 4 crop years. If the low yield, in a YE eligible crop year, is the result of management practices (e.g. stumping), YE is not applicable to the crop year and the variability index in accordance with Section 32G must be applied.

For further information, please contact the DRO.

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