



United States
Department of
Agriculture

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Risk Management
Agency

INFORMATIONAL MEMORANDUM

Valdosta
Regional Office

TO: Reinsured Companies servicing Alabama, Florida, Georgia and South Carolina

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FROM: Michael Moore *Michael R. Moore*
Director

SUBJECT: 2007 Regional Approved Insurance Provider (AIP) Underwriting Guidelines for Category C Perennial Crops - Apples, Blueberries & Peaches in Alabama, Florida, Georgia and South Carolina

BACKGROUND:

The 2007 Crop Insurance Handbook (CIH) (FCIC 18010) Sections 7D(1) and F(3) authorizes the Risk Management Agency (RMA) Regional Offices (ROs) to issue Perennial Crop Underwriting Guidelines and provide authorization to AIPs for calculating approved Actual Production History (APH) yields. CIH Section 7F(2)(b) provides procedure and formulas designed to identify and adjust high variability perennial crop yields that indicate patterns of alternate bearing or downward trending. Section 7F(2)(a) and (c) thru (f) outlines instances when RO approved yields are required. This includes instances when RO coverage review is marked on question 37 on the Pre-Acceptance Perennial Crop Inspection Report. To expedite the approved yield process and to decrease the number of requests received in our office, the Valdosta RO issues the following guidelines.

ACTION:

The following 2007 crop year AIP Underwriting Guidelines are in effect for Category C Perennial Crops policies in the Valdosta RO Region.

1. PEACHES: Georgia and South Carolina only

Since a continuous rating actuarial structure is used for peaches in Georgia and South Carolina, the AIP may approve APH yields without the formula and should report with RMA RO approved indicator "F" and special case yield indicator "D" for blocks or units meeting the high variability of actual yields procedure or definition of downward trend contained in Section 7F(2)(b)2 of the CIH.



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In addition, the following provisions apply:

- A. Units with more than a 10% change in acreage due to changes in tree age, tree population (density), tree variety and/or tree vigor, require an updated inspection regardless of the date of the last inspection.
- B. Any block of trees within an orchard that is 15 years of age or older and/or exhibits a significant downward yield trend, requires an annual inspection for insurability.

2. RO DETERMINED YIELDS

CIH Section 7F(2)(a) provides procedure for RMA RO Determined Yield request(s) when an insured, with reasonable cause, requests a yield higher than the average yield determined by the AIP. The insured must provide written justification for the request.

Policyholders who believe their yields should continue to qualify for yield substitution “YA” or “CUP” may request an RO determined yield as provided for in Section 7(F)(2)(b)4.

Any policy forwarded to the RMA Valdosta RO must include supporting documentation as outlined in CIH Section 7F(6), a current perennial crop inspection (five years old or less) as outlined in Section 7F(1) and be submitted within 30 days of notification by the AIP to the insured of the adjustment to their yield(s).

A new inspection is required when the insured answers “**YES**” to question 22, 23, or “**NO**” to question 24 contained on the Producer’s Pre-Acceptance Worksheet in Section 7F(2) c thru f. The purpose of the perennial crop inspection review is to assess the yield potential of the unit. High yield variability, downward trending yields, or both, could also be contributing factors to a lower yield potential for the unit and should be noted on a new inspection report when completed. Emphasis should be placed on items 27, 28, 29 and 36 A&B of the Pre-Acceptance Perennial Crop Inspection Report.

If there have been any significant changes to the orchard, vineyard, plantation or bog, since the last inspection, an updated inspection should be performed, regardless of the date of the last inspection. It is critical that company inspectors accurately assess the current condition of the orchard, vineyard, bog, or plantation, and evaluate the level of management for the insured unit.

If you have any questions or if we can be of any assistance, please contact our office.