



United States
Department of
Agriculture

SEPTEMBER 1, 2010

Farm and Foreign
Agricultural
Services

INFORMATIONAL MEMORANDUM

Risk
Management
Agency

TO: All Northeast Reinsured Companies

Raleigh
Regional Office

FROM: Larry N. Atkinson /s/ *Larry N. Atkinson*
Director

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SUBJECT: 2011 Perennial Underwriting Guidelines Category C Perennial Crops – Apples, Blueberries, Cranberries, Grapes, Peaches, and Pears in Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia.

BACKGROUND:

The 2011 FCIC 18010 (6-10) Crop Insurance Handbook (CIH) Sections 7D(4), 16H(8)(e), and 16I(1) authorize the Risk Management Agency (RMA) Regional Offices (ROs) to issue Perennial Crop Underwriting Guidelines that modify procedure for high variability of yields and provided additional underwriting procedure for regional exceptions. The CIH Section 16H(8)(c) provides procedure and formulas designed to identify and adjust high variability perennial crop yields that indicate patterns of alternate bearing. Widespread damage to perennial crops as a result of severe weather (Easter freeze) in 2007, combined with improved crop conditions in 2008 and 2010 may inadvertently identify certain perennial crops for this high variability of yield procedure. To expedite the approved yield process and decrease the number of requests for determined yields received in our office, the Raleigh RO issues the following guidelines.

ACTION:

The following 2011 crop year AIP Underwriting Guidelines are in effect for Category C Perennial Crop policies in the Raleigh RO Region.

- 1. APPLES, BLUEBERRIES, CRANBERRIES, GRAPES, PEACHES, AND PEARS: Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia.**

For blocks or units meeting the criteria for high variability of actual yields in CIH Section 16H(8)(b) and (c) for yield variance and alternate bearing, the AIP may approve the yield using the standard Category C APH procedure without adjustment of the approved APH yield by the formula if the AIP verifies the high variability is due to weather related events in



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2007, resulting in lower yields, and 2010, resulting in higher yields. If applicable, yield substitution (YA) is authorized; however, CUP procedure is not applicable for any database identified for high variability of actual yields. The approved yield should be reported to the Policy Acceptance and Storage System (PASS) with RMA RO determined yield indicator "F," and no special case yield indicator. Yield limitation flag "12" should be reported if any actual yield in the database was substituted using YA procedures; rate yield must equal the average yield prior to the application of YA yields.

A new Perennial Crop Pre-Acceptance Inspection Report (PAIR) is not required for blocks or units meeting the criteria for high variability of actual yields in CIH Section 16H(8)(b) and (c) unless the inspection is triggered by requirements as outlined in CIH Section 16E(1)(a) or any additional requirement contained in these underwriting guidelines.

These guidelines do not waive or modify procedures in CIH Section 16H (8)(d) for databases or units that meet the criteria for downward yield trending.

2. ADDITIONAL PROCEDURE AND CLARIFICATION

In addition to requirements for pre-acceptance field inspections outlined in CIH Sections 16E (1) (a), unless otherwise waived in these underwriting guidelines, a new inspection will be required in the following situation:

For peach trees that are greater than 15 years in age or units that exhibit a downward yield trend, an annual inspection is required for insurability.

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