



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

Raleigh
Regional Office

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SEPTEMBER 14, 2011

INFORMATIONAL MEMORANDUM

TO: All Northeast Reinsured Companies

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

SUBJECT: Reinsurance Year 2012 Regional Underwriting Guidelines
Category C Perennial Crops Actual Production History (APH)
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 2012 FCIC 18010 Crop Insurance Handbook (CIH) authorizes the Risk Management Agency (RMA) Regional Offices (ROs) to issue underwriting procedures for Category C crops that modify procedure for high variability of yields and provide additional underwriting procedure for regional exceptions. CIH Section 16H(8)(c) provides procedure and formulas designed to identify and adjust high variability Category C perennial crop yields that indicate patterns of alternate bearing.

As a result of severe weather (Easter freeze) in 2007, as well as damaging hail and wind in 2011, widespread damage to Category C perennial crops was caused. This damage, combined with improved crop conditions in 2008 and 2010 may be inadvertently identifying certain Category C perennial crops for high variability adjustments. In order to expedite the approved yield process and decrease the number of requests for RO determined yields, the Raleigh RO has issued the following guidelines.

ACTION:

The following 2012 AIP Underwriting Guidelines are in effect for Category C Perennial Crop policies in the Raleigh RO Region for the 2012 crop year.

- 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.**



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- a. 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 2007 and 2011, resulting in lower yields, and 2008 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," (CIH section 16H(8)(c)5b). Yield limitation flag "12" (CIH Section H16(11)) 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.
- b. 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 PAIRS 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 Category C crops with units that exhibit a downward yield trend of the most recent three years or more of actual yields, an annual inspection is required for insurability.

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