



United States
Department of
Agriculture

October 7, 2010

Risk Management
Agency

INFORMATIONAL MEMORANDUM

Spokane Washington
Regional Office

TO: Pacific Northwest Approved Insurance Providers

11707 E Sprague Ave
Suite 201
Spokane Valley, WA
99206-6125

FROM: Dave P. Paul /S/ *Dave P. Paul*
Director

509 228-6320
FAX 509 228-6321

SUBJECT: 2011 Crop Year Regional Underwriting Guidelines for Grafted
Apples

ISSUE:

The FCIC 18010 Crop Insurance Handbook (CIH) Sections 16 I and 16E authorize the RMA Regional Office's (RO's) to issue Perennial Crop Underwriting Guidelines which waive forwarding of Pre-Acceptance Inspection Reports (PAIRs) and Actual Production History (APH) databases for RMA RO yield determination.

Included below are Underwriting Guidelines for Determined Yield calculations on Grafted Apple acreage in Idaho, Oregon, and Washington.

BACKGROUND:

The CIH Section 16 E (1) identifies underwriting criteria which trigger selection of a policy for field inspection and submission to the RO for calculation of an RO Determined Yield.

Specifically, CIH Sec. 16 D (4) (b) 1 ii requires Approved Insurance Providers (AIP's) to conduct PAIRs and requires them to forward the APH database to the RO for determined yield calculation when the insured has answered YES to the CIH question detailed in Sec. 16 D (4) (b) 1 ii on the Producer's Pre-Acceptance Worksheet (PAW). This question identifies that either damage has occurred or cultural practices have been performed (e.g., "**grafting**") that would reduce the insured crop from previous production levels.

Section 16 H (4) (a) further specifies that for crop acreage that has been modified by **grafting**, the month and year it was completed must be used to determine the applicable leaf-year (age) and T-Yield (**unless an alternative T-Yield and procedures for approving an RMA RO Determined Yield is provided, shown on the actuarial documents or RMA RO Underwriting Guidelines**).



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INFORMATIONAL MEMORANDUM

2011 Crop Year Regional Underwriting Guidelines for Grafted Apples 2

Additionally, if prior grafting has occurred the PAW must identify units or blocks that grafted during the current base period.

ACTION:

The following Underwriting Guidelines are provided for units or blocks with grafted acreage.

A post grafting AIP PAIR must be on file for any acreage grafted within the APH base period; however, submission of the PAIR and supporting documentation to the RO is not required.

AIB Special Provisions Tab – Special Provisions of Insurance

Grafted acreage will have the following percentages of the applicable T-Yield corresponding to the LEAF YEAR and SET OUT YEAR of initial planting:

Density (trees/acres)	1st year after grafting	2nd year after grafting	3rd year after grafting	4th year after grafting	5th year after grafting
0-299	0%	30%	60%	90%	100%
300 & greater	10%	50%	70%	100%	100%

AIP's should report Blocks or Units with acreage that has been grafted and have adjusted T-Yields applied as outlined above with Special Yield Descriptor F*, Yield Indicator F**, and Special Case Yield Indicator R***

*Special Yield Descriptor "F": CIH, Exhibit 13 F (2) (e)

**Yield indicator "F": CIH, Exhibit 13 F (1) (a)

***Special Case Yield indicator "R": CIH, Exhibit 13 F (1) (b)

EXAMPLES:

10 acre apple orchard in Area 1 of Chelan County, Washington with a density of 360 trees per acre set out in May of 2004 and the year of insurance is 2011; the correct age and density from the Special Provisions of Insurance is determined as follows:

$$2011 \text{ (leaf year)} - 2004 \text{ (set out year)} = 7 + 1 = 8$$

$$\text{Age} = 8 \text{ and Density} = 360 \text{ Trees/Ac}$$

The correct T-Yield for **un-grafted** acreage of this age and density as determined from the AIB T-Yield tab is 905 Boxes per AC (see highlight below)

INFORMATIONAL MEMORANDUM

2011 Crop Year Regional Underwriting Guidelines for Grafted Apples 3

T-Yield Selection Criteria

Year: 2011 Commodity: Apples (0054) State: Washington (53)
 Data: Plan: APH (90) County: Chelan (007)
 Released

Types / Practices	
Type	Fresh 111
Practice	Irrigated 002
Type/Practice # (T/P #)	T/P 1
	Show Map (1)

Transitional Yield And YA Substitution Table (BOX)						
T/P #	Density		Characteristic Name	Leaf Year	Sub County	2011
	Low	High				
	300	599		6	001	600.00
					002	540.00
					003	480.00
					004	480.00
				7	001	760.00
					002	685.00
					003	610.00
					004	610.00
				8	001	905.00
					002	815.00
					003	725.00
					004	725.00

Grafted Acreage Example 1 – The entire 10 acres was grafted in 2008.

- Prior APH history is maintained in a separate APH database documenting the previously insurable production from the pre-grafted acreage until it rolls out of the database (maintained for spot check purposes).

INFORMATIONAL MEMORANDUM

- A new APH database for the grafted acreage is started and it must meet policy minimum production requirements of 250 boxes per acre before it can be insured.
- Once the grafted acreage meets policy minimums, the APH database for the following year (1st year of insurance) will be a combination of one year actual and three years of T-Yield derived using the grafted acreage table on the Special Provisions of Insurance.

Grafted T-Yield = (Un-grafted T-Yield) 905 x (Grafting T-Yield Factor) .70 = 634

New 2011 - APH Database
Unit 00100

	AC	PROD	YLD
2006	0.0		
2007	0.0		634 F*
2008	10.0		634 F*
2009	10.0	800	634 F*
2010	10.0	3800	<u>380 A</u> 2282

Prior APH Database
Unit 08100

	AC	PROD	YLD
2006	10.0	750	
2007	10.0	3000	300 A
2008	0.0		
2009	0.0		
2010	0.0		

APPROVED YLD 2282 ÷ 4 = 571 F**

Grafting Example 2 – Five out of ten acres were grafted in 2008; the correct age and density from the T-Table for the un-grafted acreage on the FCI-35 is as follows:

2011 (leaf year) – 2004 (set out year) = 7 + 1 = 8

Age = 8 and Density = 360 Trees/Ac

The correct T-Yield for the **un-grafted** five acres of this age and density as determined from the AIB T-Yield tab is **905** Boxes per AC (see un-grafted determination above).

For the grafted five acres that were originally planted, instead of receiving a T-Yield based solely on the year the trees were grafted i.e. four year old trees (2011-2008 = 3 + 1 = 4) **the grafted five acres receives** an adjusted T-Yield using the accelerated grafting table which gives credit for the age and reserves of the rootstock results in a T-yield of **634** as follows:

Grafted T-Yield = (Un-grafted T-Yield) 905 x (Grafting T-Yield Factor) .70 = 634

INFORMATIONAL MEMORANDUM

2011 Crop Year Regional Underwriting Guidelines for Grafted Apples 5

New 2011 - APH Database **Unit 00100 – Grafted Acreage**

(Block B)

	AC	PROD	YLD
2006	0.0		
2007	0.0	0	634 F*
2008	5.0	0	634 F*
2009	5.0	400	634 F*
2010	5.0	1900	<u>380 A</u>
			2282

APPROVED YLD $2282 \div 4 = 571$ F**

New 2011 - APH Database **Unit 00100 Un-Grafted acreage**

(Block A)

	AC	PROD	YLD
2006	10.0	750	
2007	10.0	3000	300 A
2008	5.0	2250	450 A
2009	5.0	3125	625 A
2010	5.0	3700	<u>740 A</u>
			2115

APPROVED YLD $2115 \div 4 = 529$

If the producer fails to keep grafted production records separate, the APH database is developed using standard procedures, i.e., total production \div total acres.

2011 - APH Database **Unit 00100 – Grafted Acreage not kept separate**

	AC	PROD	YLD
2006	10.0	750	
2007	10.0	3000	300 A
2008	10.0	2250	225 A
2009	10.0	3525	353 A
2010	10.0	5600	<u>560 A</u>
			1438

APPROVED YLD $1438 \div 4 = 360$

AIP Reporting

Pre-grafted APH Database

APH databases maintained to document pre-grafted production and acreage or uninsurable acreage are not required to be submitted to PASS.

Grafted APH Database

*The individual year Special Yield Descriptor "F" identifies the T-Yield as an RO determined yield;

**RMA RO Yield Indicator F identifies the approved yield was based on RO Underwriting Guidelines and;

INFORMATIONAL MEMORANDUM

2011 Crop Year Regional Underwriting Guidelines for Grafted Apples 6

*** Special Case yield indicator R identifies productivity is reduced (FCIC Appendix III - Type 15 record, field 39); YA and Cups are not applicable, CIH, Exhibit 13 F (1) (b) when special case yield indicator R is in effect.

If less than 4 years of records have been provided (considering records provided from both before and after grafting), standard percent of variable T-Yield is applied to the grafted acreage T-Yield, CIH, Section 16 H (1) & (2).

Please contact the Spokane Regional Office if you have any questions.