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United States
Department of
Agriculture

INFORMATIONAL MEMORANDUM

Risk Management
Agency

TO: Pacific Northwest Approved Insurance Providers

Spokane Washington
Regional Office

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SUBJECT: Spring Update Meeting Questions and Answers

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Included below are some follow-up questions and answers from our spring crop update meeting.

The 2011 FCIC 18010 Crop Insurance Handbook (CIH) Slip sheets included additional language for Organic Underwriting Standards. Section 11 A(4) states:

11 ORGANIC UNDERWRITING STANDARDS

A Conditions of Insurance.

- (4) Master Yields. Master Yield procedures do not apply to acreage that is transitioned under an organic farming practice without an organic plan and written certification from an organic certifying agency.

Question: How does this language impact the producer's Master Yield on the rest of the acreage and how is the conventional history used in determining the approved Transitional Organic Yield for the transitioning acreage?

Answer: Section 15 G of the CIH provides procedures for Master Yield Development. Section 15 G states:

G Master Yields.

Master Yields are available for some crops and locations authorized by RMA where crop rotation and land leasing practices limit the Actual Production History (APH) crop years of yield history available on individual units and APH databases. [See Ex. 15B]. Data from all acreage of the crop the operator has in the county (identified by unit and by practice, type, variety (P/T), and T-Yield Map Area (TMA) as shown on the actuarial document(s) are used to establish the approved APH Master Yield for all acreage of the crop planted in the designated Master Yield area(s). A combination of Master Yield(s) and approved APH yields (calculated by using standard APH database procedures) may not be established on the same policy (crop and county). The approved Master Yield (by P/T) applies to all individual units within the Master Yield area at a minimum on a policy basis unless otherwise authorized by an RO. Units with four or more years of records also use the Master Yield (by P/T) as



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Q & A from Spring Crop Update

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the approved APH yield. In addition, SA T-Yield procedure for added land is not applicable where master yields are available.

As stated in 15 G, **all data in the county** by practice, type, variety (P/T), and TMA is used to establish the approved Master Yield for all acreage of the crop planted in the designated Master Yield area(s). As 11A(4) precludes Master Yields from applying to acreage transitioning to organic without a plan and 15G does not allow for a combination of Master Yield(s) and approved APH yields calculated by using standard APH database procedures, the producer is ineligible for Master Yield(s) and the approved APH for all his acreage must be calculated using standard APH procedures. Accordingly standard APH procedures for the transitional organic acreage being insured as conventional apply.

Question: What size standards apply to the fingerling type of potatoes when insured under the quality endorsement or the standard Crop Provisions?

Potato varieties of the fingerling type are designated by the Special Provisions of Insurance (SPOI) as uninsurable unless provided so by written agreement. Only one county has this type classified by the actuarial documents (type 361 in Klamath County Oregon) and therefore does not have the universal exclusion statement regarding fingerlings. [In accordance with section 8 of the Basic Provisions, insurance shall not attach to varieties of the fingerling type, unless provided by written agreement.]

Answer: The actuarial documents for Klamath County Oregon contains rates and rules for the fingerling type, including coverage provided by the Quality Endorsement. The U.S. Grade Standards for Potatoes sets the minimum size requirement for U.S. #1 at 1 & 7/8" in diameter (U.S. #2 at 1 & 1/2"), unless otherwise specified in connection with the grade. An SPOI statement provides additional clarification on size requirements with regard to the acreage covered by either the standard Crop Provisions or the Quality Endorsement: "With regard to Grade Inspections and the respective U.S. Grade Standard (i.e. Processing, Chipping, Seed and all other Potatoes), the only size modifications recognized are those instituted by State or Federal Marketing Orders." This statement is also used in the SPOI of other PNW counties, and thus would be applicable to fingerling acreage made insurable via written agreement. Conversations with State/Federal grade specialists in Idaho and Washington have confirmed that both states have a state marketing order on fingerlings (generally minimum size of 3/4").

Thus because of the SPOI statement regarding variances in minimum tuber size, the default size specified in the U.S. Standards often will not be applicable, particularly for the fingerling type. It is imperative for the loss adjuster to ensure grade determination made for production covered by MPCCI reflect any adjustments promulgated by State or Federal Marketing Orders.

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

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