



**United States
Department of
Agriculture**



**Federal Crop
Insurance
Corporation**

**FCIC-20160L (11-
2011)
FCIC-20160L-1
(10-2013)**

OLIVE LOSS ADJUSTMENT STANDARDS HANDBOOK

2014 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO**

TITLE: OLIVE LOSS ADJUSTMENT STANDARDS HANDBOOK	NUMBER: 20160L (11-2011) 20160L-1 (10-2013)
EFFECTIVE DATE: 2014 and succeeding crop years	ISSUE DATE: October 30, 2013
SUBJECT: Provides the loss adjustment procedures and instructions for administering the olive crop insurance program	OPI: Actuarial and Product Design Division
	APPROVED: October 30, 2013
	/s/ Tim B. Witt Deputy Administrator for Product Management

REASONS FOR AMENDMENT:

Major Changes: Refer to changes or additions in text that have been **highlighted**. Three stars (***) identify the location where information has been removed from the handbook.

1. Minor changes in language to align the loss adjustment handbook with the Olive Crop Provisions and APH Olive Crop Insurance Standards Handbook.
2. Revised Section 3D(1)(b) to provide instructions to establish the basis on which freeze-damaged olives cannot be processed for table or oil purposes.
3. Changed the percent reduction in stand in Section 4A(5) to agree with the percentage contained in the Crop Insurance Handbook.

CONTROL CHART

Olive Loss Adjustment Standards Handbook						
	TP Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2	1	4-9		11/2011 11/2011	FCIC-20015L FCIC-20015L
Insert	1-3	1	4-9		10/2013	FCIC-20015L-1
Current Index	1-3	1	1-3 4-9 10-39	40-41	10/2013 10/2013 11/2011 10/2013 10/2011	FCIC-20015L-1 FCIC-20015L-1 FCIC-20015L FCIC-20015L-1 FCIC-20015L

FILING INSTRUCTIONS

The handbook pages listed the Control Chart above under the “Insert” heading replace such pages in the FCIC-20160L, Olive Loss Adjustment Standards Handbook, dated November 30, 2011. This handbook is effective upon approval and until obsoleted.

THIS PAGE PLANK

OLIVE LOSS ADJUSTMENT HANDBOOK

TABLE OF CONTENTS

	<u>PAGE</u>
1. INTRODUCTION	1
2. SPECIAL INSTRUCTIONS.....	1
A. DISTRIBUTION.....	1
B. TERMS, ABBREVIATIONS, AND DEFINITIONS	1
3. INSURANCE CONTRACT INFORMATION	4
A. INSURABILITY.....	4
B. PROVISIONS AND PROCEDURES NOT APPLICABLE TO CAT COVERAGE.....	5
C. UNIT DIVISION	5
D. GRADING AND QUALITY ADJUSTMENT	5
4. OLIVE APPRAISALS	6
A. GENERAL INFORMATION	6
B. SELECTING REPRESENTATIVE SAMPLE TREES FOR APPRAISALS	8
C. SELECTING RANDOM FRUIT SAMPLES	8
D. HANDLING PRE HARVEST APPRAISAL DISCREPANCIES	9
5. APPRAISAL METHODS.....	9
A. GENERAL INFORMATION.....	9
B. UNHARVESTED APPRAISALS	10
C. HARVESTED OLIVE APPRAISALS.....	13
6. APPRAISAL DEVIATIONS AND MODIFICATIONS	14
A. DEVIATIONS	14
B. MODIFICATIONS	14
7. APPRAISAL WORKSHEET ENTRIES AND COMPLETION PROCEDURES	14
A. WORKSHEET STANDARDS.....	14
B. GENERAL INFORMATION FOR WORKSHEET ENTRIES AND COMPLETION INFORMATION.....	15
C. WORKSHEET ENTRIES AND COMPLETION INFORMATION	15
WORKSHEET EXAMPLES.....	21

3. INSURANCE CONTRACT INFORMATION

The AIP is to determine that the insured has complied with all policy provisions of the insurance contract. The Olive Crop Provisions – 14-OL-0501 (hereafter referred to as the Crop Provisions) which are to be considered in this determination include (but are not limited to):

A. INSURABILITY

The following may not be a complete list of insurability requirements. Refer to the Basic Provisions, Crop Provisions, and the Special Provisions for a complete list.

- (1) **Insured Crop.** The insured crop will be all commercially grown olives in the county for which a premium rate is provided by the actuarial documents:

- (a) In which the insured has a share;
- (b) Grown for the production of olives;
- *** (c) For which acceptable production records **specified in section 3(b)(1)(i) [of the Crop Provisions]** except as otherwise provided in the Special Provisions;
- (d) That are grown on tree varieties that are:
 - 1 For the oil type, adapted to the production area as determined by agricultural experts;
 - 2 For the table type, varieties contained in an applicable Federal Marketing Order; and any applicable varieties contained in the Special Provisions.
- (e) That are irrigated (unless non-irrigated is allowed by the Special Provisions or written agreement);
- (f) That are grown on acreage that, if inspected, is considered acceptable by the AIP; and
- (g) That meets the following minimum age or production requirements contained in the Special Provisions:

<u>Olive Type/ Practice</u>	<u>Minimum Number of Growing Seasons* After Setout</u>	<u>Minimum Production in Any One of the Most Recent 3 Crop Years</u>
Table – All Other - SD	5	2.5 Tons/Ac.
Table – All Other - HD	4	2.5 Tons/Ac.
Table – Manzanillo - SD	5	2.5 Tons/Ac.
Table – Manzanillo - HD	4	2.5 Tons/Ac.
Oil – SD	5	100 Gallons/Ac.
Oil – HD	4	100 Gallons/Ac.
Oil – SHD	3	100 Gallons/Ac.

*Leaf Years

- (h) That are grown on trees that have reached:
 - 1 The second growing season after hedging or topping;

2 The third growing season after dehorning; or

3 The fourth growing season after stumping;

Except that if hedging or topping is a standard annual production practice for the grove or the minimum production level (in tons or gallons, as applicable) contained in the Special Provisions for the most recent crop year is met for the grove that has been hedged or topped, the growing season requirement does not apply. The number of growing seasons is determined according to requirements contained in the Special Provisions.

- (i) That are located in a grove that consists of a minimum of three (3) contiguous acres of olives unless otherwise allowed by the Special Provisions; and
 - (j) That are not direct marketed unless direct marketing is allowed by the Special Provisions.
- (2) **Interplanted Crops.** Olives interplanted with another perennial crop are insurable unless the AIP inspects the acreage and determines it does not meet the requirements contained in the Crop Provisions.
- (3) **Uninsured Damage.** In addition to causes of loss excluded in the Basic and Crop Provisions, insurance coverage is not provided against damage or loss of production due to the following:
- (a) Rejection of the crop by the processor due to being undersized, immature, overripe, or mechanically damaged, or any other reason; or
 - (b) Inability to market the olives for any reason. For example, the AIP will not pay an indemnity if the insured is unable to market due to quality, quarantine, boycott, or refusal of any person to accept production.

B. PROVISIONS AND PROCEDURES NOT APPLICABLE TO CAT COVERAGE

Refer to the CIH and LAM for provisions not applicable to CAT.

C. UNIT DIVISION

Refer to the insurance contract for unit provisions. The unit structure for olives for additional coverage policies is based on an enterprise unit if the requirements contained in the Olive Crop Provisions are met; otherwise, a basic unit (see definition) will be applicable. No other unit division contained in the Basic Provisions is applicable, unless allowed by the Special Provisions. CAT policy units are by share.

D. GRADING AND QUALITY ADJUSTMENT

- (1) Adjustments for quality do not apply to table or oil type olives except mature production will not be considered production to count if it:

- ***
- (a) Falls or is knocked to the ground as a result of earthquake, wind, or hail and is not harvested;
 - (b) Damaged by freezing temperatures to the extent we determine it cannot be processed for table or oil purposes (no area processor will accept the olives for oil or table processing) and such production is not harvested; or
 - (c) Damaged by insured causes and ordered destroyed by a Federal or State agency.

The disposition of the production in section 3(D)(1)(a) – (c) must comply with approved procedures contained in the LAM.

- (2) As stated in the policy, the total production to count from all insurable acres in the unit includes harvested olive production of:
 - (a) Olives reported to AIP under the table type, which:
 - 1 Are inspected, size graded, and certified on an applicable form in accordance with size standards contained in the U.S. Grades for Canned Ripe Olives and any Federal Marketing Order established for the production area; or
 - 2 Notwithstanding (1)(a), are delivered to a processor for processing purposes for table olives, including green olives.
 - (b) All grades of olive oil that are produced from olives reported under the oil type; and
 - (c) Direct marketed olives that are reported under either type.

Refer to Section 3A(3) above.

- (3) Additionally, production to count will include production damaged by freeze [see Section 3D(1)(b)] that is harvested and processed for purposes other than table or oil use. The production to count (in tons or gallons, as applicable) is determined by dividing the total value received for the production by the price election the insured selected for the reported type and multiplying the result by .75.

4. OLIVE APPRAISALS

A. GENERAL INFORMATION

Potential production will be appraised in accordance with procedures specified in this handbook and in the LAM.

- (1) **Field Appraisals.** The insured or the insured's authorized representative must accompany the adjuster when olive acreage is being appraised.
- (2) **Appraisal Requirements.** Specifically for olives, circumstances that require an appraisal include (but are not limited to):
 - (a) When the insured has olive acreage that he/she does not intend to harvest or which is unharvested at the end of the insurance period;

- (b) When any production will be sold by direct marketing;
- (c) When the insured has reported insured damage;
- (d) When olives are harvested for another use (e.g., reported table type olives that are delivered for oil) and acceptable records showing the number of tons or gallons of oil will not be available.

1 Acceptable records of harvested production would include:

- (i) For reported table type olives delivered for oil, verifiable oil processor records (or other acceptable sources) showing the tons delivered (or poundage that can be converted to tons).
- (ii) For reported oil type olives delivered for table, verifiable table processor records (or other acceptable sources) showing the tons of delivered production. The gallons of oil will be determined using the oil conversion factor contained in the Special Provisions for the variety.

2 Such records may be used to establish the appraised production for such acreage.

(Refer to the APH Olive Crop Insurance Standards Handbook, FCIC 20160U, Subparagraph.32K(4) for acceptable record requirements and production determinations for olives.); and

- (e) Other instances where verifiable production records will not be available (e.g., the insured sells a minimal crop on the tree to an independent picking crew for a fixed price).

Refer to the LAM for additional reasons for appraisals.

- (3) **Appraisal Dates.** The AIP will set appraisal dates.
- (4) **Notice of Damage.** In addition to the Basic Provisions, the Crop Provisions require that insureds file a “Notice of Damage or Loss” prior to one of the following events:
 - (a) Within 3 days of the date that harvest of the damaged variety should have started if the crop will not be harvested.
 - (b) At least 15 days before any production from any unit will be sold by direct marketing if insurance is provided for direct marketing by the Special Provisions or written agreement. In the event of failure to give timely notice that the production will be sold by direct marketing, apply an appraised amount of production to count of not less than the production guarantee per acre, if such failure results in the inability of the AIP to make the required appraisal.
 - (c) Before harvest begins if any acreage will be harvested in a manner other than how it was reported for coverage (e.g., reported table type olives but will be harvested for oil; reported as oil type olives but will be harvested for table olives). Failure to provide timely notice will result in an appraised amount of production to count of not less than the production guarantee per acre if such failure results in the inability of the AIP to make the required appraisal unless acceptable records are provided that can be used to establish the appraised production for the acreage of the reported type.

- (d) In accordance with the Basic Provisions if the insured intends to claim an indemnity on any unit, notice must be given at least 15 days prior to the beginning of harvest of the damaged olive crop so that the AIP may inspect the damaged production. If the insured fails to meet the requirements listed above and such failure results in the AIP's inability to inspect the damaged production, all such production is to be considered undamaged and included as production to count.
- (5) **Reduced Acreage.** The AIP must provide the adjuster with the latest completed Producers Pre-Acceptance Worksheet (PAW) for the unit being appraised.

If the AIP indicates that the acreage has not been reduced, but the adjuster determines through visual inspection that the plant stand was reduced in excess of 20 percent prior to the acreage reporting date and the actual plant stand disagrees with the number of plants reported on the PAW, then the adjuster must notify the AIP that a revised acreage report may be needed to reduce the number of acres. The claim cannot be finalized (do not obtain the insured's signature) until the AIP determines if the acreage report must be revised to reflect this adjustment. If a revised acreage report is required, finalize the claim when the revised acreage report is completed. Refer to the LAM, CIH, and APH Olive Crop Insurance Standards Handbook for acreage measurement and yield adjustment information on perennial crops.

B. SELECTING REPRESENTATIVE SAMPLE TREES FOR APPRAISALS

- (1) **Sample Tree Criteria.** Determine the number and general location of trees to be used in the representative samples based on:
 - (a) Total acreage and number of trees;
 - (b) Extent of variation in the amount of production or damage within the unit acreage and location of the fruit on the tree. When variable damage causes the crop potential to be significantly different within the same unit, or an insured wishes to destroy a portion of the unit, split the unit into groves/subgroves and appraise each one separately;
 - (c) Percent of each variety in the acreage;
 - (d) Tree age, size, density, and vigor; and
 - (e) The acreage in the unit from which fruit has been picked and the extent of variation in the amount of unpicked fruit on the trees.
- (2) **Sample Size.** Take not less than the minimum number (count) of representative samples required in **TABLE A**.

C. SELECTING RANDOM FRUIT SAMPLES (Mature Appraisal - Fruit Count Method)

Fruit Sample Criteria. Select Random Fruit Samples for mature olive appraisals as follows:

- (1) Select a representative sample of olives from each sample tree to determine the weight of fruit for each sample tree:

- (a) Examine a sufficient number of individual olives from different locations on the trees that represent the general condition of all insurable olives in the unit/grove/subgrove.
 - (b) Each sample must be random and include olives regardless of size, grade, or other quality characteristics.
 - (c) Obtain the entire fruit sample (for the 50-fruit sample) from the inside, outside, top, and bottom of all four quadrants of the tree.
 - (d) Select sample fruit from each tree in a representative number of rows in the unit.
 - (e) Use 50 fruit per sample as the basis for the appraised production for the unit/grove/subgrove. If a sample tree has less than 50 fruit, select additional sample fruit from adjacent tree(s) in the unit/grove/subgrove that are of the same variety, type, age, etc. to complete the 50 fruit sample. Explain in the Remarks section of the appraisal worksheet.
- (2) Appraise both mature and immature fruit. Count all fruit (damaged and undamaged) in order to determine the total amount of fruit per sample.

D. HANDLING PRE-HARVEST APPRAISAL DISCREPANCIES

- (1) **Insured Disagrees with Appraisal.** If the insured disagrees with the pre-harvest appraisal, make arrangements for leaving representative trees UNHARVESTED and for inspecting those trees when the fruit is ready to harvest (mature or harvest-appraisal).
- (a) The adjuster and insured should jointly determine the trees to be selected for this representative sample. Make a sketch map of the grove and mark the sample trees by row number and tree count within the chosen row.
 - (b) The adjuster should physically mark or tag trees selected for appraisals to verify the exact location of sample trees on the unit, grove, or subgrove.
 - (c) An adjuster must be present when the representative trees are harvested.
- (2) **Controversial Appraisals.** If an insured refuses to sign appraisal worksheet(s), refer to the LAM for information on unusual/controversial cases.

5. APPRAISAL METHODS

A. GENERAL INFORMATION

These instructions provide information on appraisal methods for both table and oil type olives when appraisals are required: