United States Department of Agriculture

Federal Crop Insurance Corporation

FCIC-20160U
(10-2013)

OLIVE CROP INSURANCE STANDARDS HANDBOOK

ACTUAL PRODUCTION HISTORY (APH)

2014 and Succeeding Crop Years

RISK MANAGEMENT AGENCY
KANSAS CITY, MO

TITLE: APH OLIVE CROP INSURANCE STANDARDS HANDBOOK	**NUMBER: 20160U**
EFFECTIVE DATE: 2014 and succeeding crop years	**ISSUE DATE: October 30, 2013**
SUBJECT: **Provides underwriting 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**

REASON FOR ISSUANCE

The APH Olive Crop Insurance Standards Handbook is being issued and effective for the APH olive insurance program available beginning with the 2014 crop year.

This handbook provides procedures and instructions for administering the APH olive insurance program.

Major Changes: Changes or additions in text that have been highlighted. Three stars (***) identify the location where information has been removed from the handbook. Updated the handbook to align with the new CIH references, when applicable.

1. Subparagraphs 32A(2)(a)(ii) and (8)(b)(v) – Provides the waiting period following hedging or topping does not apply if either are standard annual production practices for the grove.

2. Subparagraph 32A(3) – Added language concerning acreage reporting and the requirement for reporting acreage reductions and submitting a copy of any processor contract if applicable and only if the contract provides an end of delivery date or for the establishment of an end of delivery date.

3. Subparagraph 32A(4) – Added language regarding the insurance period including ending the insurance period based on an end of delivery date if applicable. Changed the calendar date for the end of the insurance period of oil type olives to January 31.

4. Subparagraph 32A(13)(b) – Added language allowing for adjustments in production if the crop is damaged by conditions specified in the CP based on unharvested or harvested production.

5. Subparagraph 32C(1) – Clarified the minimum 4- year insurability requirement and permitted the use of zero yields in production records.

6. Subparagraph 32C(3) – Clarified that following the initial crop year the producer is insured (i.e. year of application), APH databases are updated on an annual basis.

7. Subparagraph 32D(1)(a)(iii) – Provides that productions records prior to meeting the minimum age/production requirements (including production records with zero yields) may be used to meet the 4-year insurability requirement.

8. Subparagraph 32F – Clarified block production reporting instructions and added authorization for RO Determined Yields for added insurable acreage (new groves in the third through seventh leaf) and APH databases containing zero yields in the current and prior two crop years.

9. Subparagraph 32G – Clarified the alternate bearing instructions and added yield indicators based on the approved yields established using different VAFs.

10. Subparagraph 32I – Clarified that production records for added insurable acreage (previously uninsurable acreage) may include zero yields.

11. Subparagraph 32L – Added rounding rules related VI calculations.

12. Subparagraph 32I – Added Exhibit 4 (alternated bearing adjustment examples) and Exhibit 5 (growing season determination instructions).

CONTROL CHART

APH Olive Crop Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
Current Index	2	1	1-23			10-2013	RMA-20160U
				1	1	10-2013	RMA-20160U
				2	1	10-2013	RMA-20160U
				3	1	10-2013	RMA-20160U
				4	1	10-2013	RMA-20160U
				5	1	10-2013	RMA-20160U

FILING INSTRUCTIONS

This handbook replaces FCIC 20160U, APH Olive Crop Insurance Standards Handbook dated November 30, 2011. This handbook is effective upon approval and until obsoleted.

OLIVE CROP INSURANCE PROGRAM
INSURANCE STANDARDS HANDBOOK

TABLE OF CONTENTS

PAGE NO.

PART 1 GENERAL INFORMATION AND RESPONSIBILITIES 1

1 General Information 1
2 Responsibilities 2
3-20 (Reserved) 2

PART 2 INSURABILITY 3

21 Addressing Alternate Bearing in APH Crop Insurance for Olives 3
22 Insurable Types and Practices 3
23 Units and Coverage Levels 3
24 Reports 4
25-30 (Reserved) 4

PART 3 APPLICABILITY OF HANDBOOKS 5

31 General Overview 5
32 Specific Information Regarding the Crop Insurance Handbook 5
33 Prevented Planting Loss Adjustment Standards Handbook 23
34 Loss Adjustment Manual 23
35 Olive Loss Adjustment Standards Handbook 23
36-40 (Reserved) 23

EXHIBITS

1 Acronyms
2 Olive CIH Procedure Comparison & Reference Guide
3 Flowering, Fruit Set, Fruit Development, and Harvest of Olives
4 Examples: Alternate Bearing Adjustments
5 Determining Growing Seasons (Minimum Age)

Part 1 General Information and Responsibilities

1 General Information

A. Purpose

(a) To provide instructions for establishing crop insurance coverage in accordance with the Olive CP (14-OL-0501).

(b) The Olive Crop Insurance Program is an actual production history (APH) based program. This handbook is a supplement to the FCIC 18010-CIH which applies to the Olive Insurance Program excluding the exceptions, changes, and additions provided in this handbook [See Part 3 of this handbook.].

(c) If a conflict exists between the language of this handbook and the CIH, the language of this handbook will control.

B. Source of Authority

The APH-Olive Program is a product based on approval by the FCIC Board of Directors under Section 508(h) of the Federal Crop Insurance Act. This handbook in conjunction with other applicable handbooks provides the FCIC approved procedures for administering the program.

C. Duration

The APH-Olive Program is available beginning with the 2012 crop year and is authorized until cancelled or extended by the FCIC Board of Directors.

D. IP Option to Offer

Because this is a 508(h) submission, AIPs are not required to offer the APH Olive Program to producers. Accordingly, each AIP must determine whether they will offer the APH Olive Program in the designated approved area. AIPs that elect to offer the program must offer it to all eligible producers in the approved area and must administer the program according to the procedures in this handbook.

E. Approved Area

The APH Olive Program is available where premium rates and other actuarial materials are included in the actuarial documents for the county.

F. Applying for the APH Olive Program

AIPs shall use the standard application for the APH Olive Program.

2 Responsibilities

A. AIP Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any pilot program issues or concerns to the Actuarial and Product Design Division (APDD) of the Risk Management Agency (RMA).

B. Insured's Responsibilities

To be eligible for the APH Olive Program, insureds must comply with all terms and conditions of the BP and the Olive CP.

3-20 (Reserved)

Part 2 Insurability

21 Addressing Alternate Bearing in APH Crop Insurance for Olives

The alternate bearing nature of olive production creates special challenges for an effective crop insurance program. Namely, establishing an approved yield to reflect the expected yield for the next year can be a challenge. Actual Production History (APH) crop insurance programs cover yield losses due to natural causes. When actual yields fall below the approved yield for that crop year, there is an indemnity payout up to the guarantee. For alternate bearing crops, the swings in production are an inherent characteristic of the tree, thus low yields may not be due to an insurable cause of loss.

Note: To address this challenge, the APH Olive Program uses a VI to identify APH production databases which are likely to have "on" versus "off" years and adjusts the approved yield accordingly. If the previous year was high, the approved yield may be lowered for the current crop year. Likewise, when the yield for the previous year was low, the approved yield may be increased for the current crop year. This approach will better align the guarantee in both 'on' and 'off' years with the true expected yield.

22 Insurable Types and Practices

A. Types Insurable

See the APH Olive Program actuarial document for insurable types.

B. Insurable Practices

(1) Olives must be irrigated to be insurable unless non-irrigated is allowed by written agreement.

(2) Organic practices (Transitional and Certified) are also insurable.

(3) See the APH Olive Program actuarial documents for insurable practices.

23 Units and Coverage Levels

A. Units

The CP, Section 2, allow units for additional coverage policies by enterprise unit, if eligible, otherwise a basic unit as defined in the CP applies. For CAT policies, units are allowed by share.

23 Unit and Coverage Levels (Continued)

B. Coverage Levels

Coverage is available in 5 percent (5%) increments:

- CAT
- 50 percent (50%);
- 55 percent (55%);
- 60 percent (60%);
- 65 percent (65%);
- 70 percent (70%); and
- 75 percent (75%).

24 Reports

See Paragraph 32, Specific Information Regarding the Crop Insurance Handbook.

25-30 (Reserved)

Part 3 Applicability of Handbooks

31 General Overview

This Part identifies information specific to the applicability of the CIH that may require supplemental information with regards to olives. Unless specifically amended, supplemented, or deleted by information in this handbook, all policy and procedure issuances apply to the APH Olive Program.

Key features of the APH Olive Crop Insurance Program:

Olives are a perennial crop and are classified as a Category C crop. See Part 15 of the CIH for complete Category C crop procedures.

Some procedures are modified to address alternate bearing which is a special characteristic of olive production. In particular,

- The approved yield for each unit will be determined by adjusting the average APH yield for expected alternate bearing effects. There will be no limitations on year to year changes in Approved APH Yield
- Eligibility for insurance coverage requires a minimum of four actual yields for the crop that are acceptable to us.
- All APH databases will contain at least four years of actual or allowed yield types. There will be no cups and no YA substitutions.

AIPs will be responsible for calculating and documenting the approved yield adjustments as applicable.

32 Specific Information Regarding the Crop Insurance Handbook

The general rules of crop insurance, as provided in the CIH, apply to the APH Olive Crop Insurance Program.

The Olive Crop Insurance Program is an APH based program. This handbook is a supplement to the FCIC 18010-CIH which applies to the Olive Insurance Program excluding the exceptions, changes, and additions provided in this handbook.

A. Olive APH – Two-Year Coverage Period

(1) Olive CP.

The Olive CP (14-OL-0501) are effective beginning with the 2014 crop year.

A. Olive APH – Two-Year Coverage Period (continued)

(2) Insurability Requirements.

(a) To be eligible for coverage, minimum requirements for insurability of the crop stated in the Olive CP must be met such as:

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(i) The minimum number of years of production records for crop insurability [See Subparagraph 32C of this handbook.], minimum age/production requirements (e.g., minimum production of 2.5 tons or a minimum number of growing seasons for the table olives – standard density – see the SP for separate requirements for table and oil olives, stand densities, and associated age/production requirements);

[See Exh. 5 of this handbook for instructions to determine the number of growing seasons.]

(ii) Trees have reached the 2nd growing season after hedging or topping; the 3rd growing season after dehorning; or the 4th growing season after stumping.

The growing season requirement does not apply if the minimum level of production (in tons or gallons) contained in the SP is met for the most recent crop year or hedging or topping is a standard annual production practice for the grove.

(iii) Grove (block) locations must contain a minimum of three contiguous acres except as provided in the SP;

(iv) See Sec. 8 of the CP and SP for complete list of insurability requirements and specifications [Refer to CIH, Paragraph 1502.].

(b) Insurability requirements will be verified through the use of a certification process including the PAW and/or PAIR as performed by the AIP [See CIH, Paragraph 1503.].

(3) Acreage Reporting.

(a) Removal of a contiguous block of trees before the acreage reporting date must be reported on the acreage report. The insurable acreage will be reduced by the number of acres removed.

(b) Only for purposes of establishing the end of the insurance period, if the insured has a contract which specifies or allows the processor to establish an end of delivery date, the insured must submit a copy of the contract by the ARD.

A. Olive APH – Two-Year Coverage Period (continued)

(4) Insurance Period.

(a) Insurance attaches:

(i) The initial crop year insured on February 1st if the 20-day waiting period has been met. Otherwise, insurance attaches on the 20th day after the application is received by the agent provided the application is received by sales closing date.

***

(ii) For each subsequent crop year, on the earlier of the end of the insurance period or November 16th.

(b) Insurance ends the earlier of:

(i) The date harvest should have started for acreage that will not be harvested;

(ii) If a processor contract is applicable, the final delivery date in the processor contract or date to be established by the processor under the terms of the contract; or

(iii) November 15th for table olives and January 31 for oil olives.

(c) See Sec. 10 of the CP for additional information.

(5) Approved Yield. AIPs are required to calculate an approved yield.

(6) Acreage Determination. [See CIH, Paragraph 1507).]

(7) Base Periods. The base period for olives is determined by consecutive crop years, not calendar years, and consists of the consecutive crop years immediately preceding the current crop year, with a minimum of four crop years and building to ten crop years.

(8) Two-year Coverage Period. A 2-crop-year subset of the continuous history for the olive policy.

(a) The insured agrees to insure the crop for both years of the two-year coverage period.

(b) The coverage level, price election percentage, terms and conditions of insurance for each year of the two-year coverage period will remain the same, except for changes allowed by the CP and SP. Circumstances leading to a change in coverage during the coverage period include but are not limited to:

(i) Legislatively mandated changes;

A. Olive APH – Two-Year Coverage Period (continued)

(ii) Updating APH databases to include the most recent crop year's production records;

(iii) Policy terms and conditions are not met including the failure to make timely payment of premium for each year of the two-year coverage period;

(iv) Price election changes resulting from the issuance of a different established price contained in the SP or an addendum;

(v) Trees are hedged, topped, dehorned, or stumped. Acreage of such trees is uninsurable beginning the crop year following applicable pruning practice. The acreage remains uninsurable for the period specified in the CP. This

*** period will not apply if the minimum production level (in tons or gallons as applicable) for the acreage is met for the most recent crop year or hedging or topping is a standard annual production practice for the grove [See Sec. 8 of the CP.];

(vi) Changes in tree acreage (percent of stand or number of acres), damaged trees, changes in cultural practices, alternate bearing [See CIH, Part 15, Sections 2, 4, 5, and 6.];

(vii) See Subparagraph 32G of this handbook for alternate bearing determinations and adjustments;

(viii) Higher yield requests (for other changes in management practices, i.e. insured under a non-irrigated practice via a written agreement - changes to an irrigated practice, RO determined "F" yields up to the most recent four years may be applicable) [See Subparagraph 32F(5) of this handbook.]; and

(ix) Added land and added insurable acreage [See CIH, Paragraph 1559 and 1560 and Subparagraph 32H and I of this handbook.].

(9) Unit Division. For both years of the two-year coverage period, a unit will be:

(a) An EU if qualified, otherwise

(b) A BU.

(c) For CAT policies, units are allowed by share.

Unless otherwise required in CP or this procedure, records below the BU should not be reported to RMA.

A. Olive APH – Two-Year Coverage Period (continued)

(10) Yield Adjustment and Limitations. Yield substitution and limitations are not applicable for olives [See CIH, Paragraph 1572 and 1573 and Sec.17 of CP.].

(11) Termination and Premium Payments.

(a) The AIP will terminate for non-payment of premium for either year of the two-year coverage period.

(b) Insureds do not have to pay a premium for acreage which the insured no longer operates (has a share) or on acreage where the olive trees have been removed or are no longer insurable (hedged, topped, etc.) prior to insurance attaching for the second year of the two-year coverage period, provided a timely acreage report is filed reporting all of the insured and uninsured acreage of olives.

(12) Cancellation and Transfer.

(a) The insured may not cancel or transfer the policy to another AIP until the end of the two-year coverage period (the sales closing date, January 31, of the **second crop year** of the coverage period).

(b) A transfer of coverage and right to indemnity may be used, in the first or second year of the two-year coverage period to maintain insurance coverage after the calendar date for the beginning of the insurance period if the insured share is relinquished on all or part of the grove on or before the ARD. A transfer of coverage and right to indemnity must be approved by the AIP by the ARD. (If the share is relinquished before the ARD and a timely transfer of coverage and right to indemnity is not approved, coverage will not be considered to have attached to the affected acreage.)

The insured may elect to transfer of coverage and right to indemnity after the ARD if approved by the AIP.

See CIH, Paragraph 253, Sec 28 of the BP, and Sec. 10(d)(2) of the CP for transfer of coverage and right to indemnity requirements.

(13) Quality.

(a) Quality adjustment for the olive crop is not authorized by the CP unless applicable quality standards are contained in the SP. All appraised and harvested production of table olives (in tons) and oil olives (in gallons) will be counted as production for APH and loss adjustment purposes without any adjustment except as provided in Subparagraph 32A(13)(b) of this handbook.

A. Olive APH – Two-Year Coverage Period (continued)

(b) Mature olive production:

(i) Will not be counted as production if the olives are:

(A) Knocked or fall to the ground due to earthquake, wind, or hail and are not harvested;

(B) Damaged by freezing temperatures to the extent we determine the olives cannot be processed for table or oil purposes in accordance with FCIC approved loss adjustment procedures and such production is not harvested; or

(C) Damaged by insured causes and ordered destroyed by a Federal or State agency.

(ii) Damaged under Subparagraph 32A(13)(b)(i)(B) of this handbook:

(A) That is harvested and processed for purposes other than table or oil use;

(B) Will be determined (in tons or gallons, as applicable) by dividing the total value received for the production by the respective price election and multiplying the result by 0.75.

B. PAW/PAIR (Producer Pre-Acceptance Worksheet/Perennial Crop Pre-Acceptance Inspection Report)

(1) PAW.

*** (a) [See CIH, Part 15, Section 4.]

(b) Paragraph 1523(2) of the CIH is revised as follows:

Yes to whether "…practices or production methods (e.g. removal or thinning, buckhorning/dehorning, grafting, hedging and topping, transitioning to organic) been performed that will reduce the insured crop's production from previous crop years?"; or

(2) PAIR.

(a) See CIH, Paragraph 1541 for completion requirements.

B. PAW/PAIR (continued)

(b) The PAIR and CAW may be initiated at the AIP's discretion; however, both must be completed no later than the acreage reporting date:

(i) For new applications;

(ii) For added land;

(iii) For carryover policies when the insured transfers to a different AIP;

(iv) When triggered by the PAW [See Subparagraph 32B(1) of this handbook.];

An inspection is required when KNOWN tree damage has occurred or cultural practices have been performed that will reduce the insured crop from previous yields used to determine the approved yield, and when the insured answers "YES" to related questions contained on the PAW [See the CIH, Paragraph 1523(1) and (2).];

(v) When spot checks are completed; or

(vi) At the discretion of the AIP or RO, when acreage is removed.

(c) See CIH, Part 15, Section 6 and Exh. 15 for instructions and the applicable CAW (the Almond/Walnut CAW is used for olives):

(i) Evaluate each block to determine if light penetration into the canopy is sufficient to stimulate fruit development. Rate as good, fair or poor based on the Inspector's review.

(ii) Determine method of harvesting (e.g., hand vs. machine) and if method has changed.

(d) Key items the Inspector should consider in conducting the PAIR are:

(i) Conditions identified in Subparagraph 32B(1)(b) of this handbook;

(ii) Age by block;

(iii) Date of any thinning, hedging, topping, dehorning, or stumping including qualifying production (to meet minimum production requirements for insurability) [See Subparagraph 32 D(5)(b) of this handbook.];

(iv) Whether the orchard/grove is being maintained in a recommended manner with adequate tree spacing, no over-crowding of adjoining tree branches, good orchard/grove floor management practice;

B. PAW/PAIR (continued)

(v) Review of marketing methods. A review of records may determine whether any direct market of production occurred. Direct marketing is insurable only as provided by the CP or SP;

(vi) Verification of correct practice in counties with separate irrigated and non-irrigated rated practices. If reported as irrigated, an adequate water supply and functional irrigation system must be verified.

The above key items, as well as, other information shown on the PAIR/CAW, and certification by the insured on the PAW, must be considered in completion of the PAIR/CAW.

C. Production Reporting Requirements [See Sec. 3(b) of the CP.]

(1) Insureds must submit for the initial crop year insured (i.e. year of application):

(a) Acceptable production records (including any production records containing zero yields) for at least the four (4) most recent crop years in the base period for the crop;

(b) For all insurable acreage reported for the current crop year;

(c) In which the insured had a share during the four year period.

*** (e.g., The producer has three blocks of olives with four years of production records on blocks 1 and 2; block 3 is added land for the current crop year with only two years of production records available. Blocks 1 and 2 meet the 4-year insurability requirement for the crop and the APH database would contain four years of production records for each database; the two years of production records submitted by the insured and variable T-yields would be entered in the APH database for block 3.).

Use of zero production: Production records containing zero yields may be used to meet the 4-year insurability requirement for the crop. For example, block 1 is six years old and only three years of actual records are available. However, the insured may elect to use the production record from year 2 (before the block met the minimum age/production requirement) to establish a 4-year APH database and insurability for the crop. Such record may be a production record containing a zero yield.

(2) Production and acreage must be reported as required in Subparagraph 32C(1) of this
*** handbook the initial crop year insured and submitted by the PRD. If the production records are not reported by the PRD, the producer will not be eligible for insurance coverage.

C. Production Reporting Requirements (continued)

(a) If only four years of records are submitted to meet the 4-year insurability requirement, such records must represent all the olive acreage in the producer's operation during the 4-year record period (e.g., The producer has two blocks of olives that have been in the operation during period for which production reports are being submitted, each with four years of acceptable production records. The production report for each block must contain four years of records (the producer cannot selectively choose not to report some years for a given block if actual records are available or should be available); otherwise the production reports are not acceptable. The producer would not be eligible for insurance coverage for olives.

(b) If more than four (4) years of production records for the crop are submitted the initial crop year insured, they must be submitted in 2-year increments (6, 8, or 10). The producer may not report different 2-year increments for olive acreage that has been in the operation during the period for which production reports are being submitted (e.g., The producer has two separate blocks of olives that have been in the producer's operation for more than ten years; each block has six years of production records that are acceptable. The producer may not submit for the initial crop year insured, four years of production records for block 1 and six years of production records for block 2. The producer must either submit four years of production records for both blocks or six years of production records for both blocks. This requirement is limits the insured's capability to potentially manipulate their approved yields through alternative combinations of selectively reporting yields for specific blocks.).

(3) For each crop year after the initial crop year insured, annual production reports must be filed for each applicable APH database by the production reporting date (for olives the ARD is PRD). The most recent year's production will be used to update the APH database and establish the average and approved yield for the unit (block) for the current crop year.

Example: The producer had four years of production records (2010 – 2013) for the unit (block) for the 2014 crop year for the initial crop year insured. When updating the APH database for the 2015 crop year, the producer is required to report the 2014 production record and the APH database would contain five years of production records.

(4) The insured may submit a production record(s) for a crop year(s) prior to the crop year period for which records were reported the initial crop year insured, provided:

(a) The 2-year increment requirement [See Subparagraph 32C(2)(b) of this handbook.]) for the APH database is met;

C. Production Reporting Requirements (continued)

(b) Record continuity is maintained; and

(c) The production record(s) is reported the year immediately following the initial crop year insured.

Example: The producer had five years of production records (2009 – 2013) for the initial crop year insured but only the most recent four years (2010 – 2013) are permitted to establish the APH database for the block for the 2014 crop year. When updating the APH database for the 2015 crop year, the producer may report the 2009 production record with the 2014 production record and the APH database would contain six years of production records.).

(5) If four years of records are not reported (records are not available) for an individual APH database within the unit, by table and oil olives, for irrigated and non-irrigated (if non-irrigated is insurable), for organic and transitional, by block, and other conditions required by the CIH, variable T-yields will be used to complete the APH database for the applicable APH database. The T-yields will be replaced as production reports are submitted for each subsequent crop year [See Subparagraph 32F of this handbook.].

D. Production Reports

(1) New Producers.

(a) Acceptable production records:

(i) Of the previous owner/operator of the grove;

(ii) Available under a share arrangement; or

(iii) From prior crop years, if elected by the producer (including production records containing zero yields) when such acreage did not meet the minimum age/production requirements;

may be used to establish eligibility for olive insurance coverage (i.e. 4-year production record requirement for the crop) and for production reporting purposes as provided in Subparagraph 32C of this handbook. If the 4-year requirement for the crop is not met, the producer is not eligible for olive insurance.

(b) If the production records of a previous owner/operator or that are available under a share arrangement are used and more than four years of records are

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D. Production Reports (continued)

provided (e.g., seven years of production records or if records for more than one block, i.e. block 1, five years, block 2, seven years, etc.), only those acceptable production records meeting all requirements contained Subparagraph 32C(1) and (3) of this handbook may be used to establish the applicable database(s).

***

(2) Practices. Olive acreage must be irrigated to be insurable unless a written agreement to insure non-irrigated acreage is approved or the SP allows insurance for non-irrigated olives. If both irrigated and non-irrigated acreage are insurable, separate APH databases for the irrigated and non-irrigated acreage (by tree density level, e.g., standard density irrigated, practice code 250) must be established and maintained. Separate production reports must be submitted. Insureds with commingled production between irrigated and non-irrigated acreage (and density levels) may use the commingled worksheet or other applicable CIH procedure to separate the production (excluding proration) [See CIH, Part 14, Section 3.].

(3) High-Risk Land/Map Areas (if applicable). Separate acceptable production reports must be filed for acreage located on high-risk land or in map areas.

(4) Late or Unreported Production.

(a) If production reports are not submitted or submitted timely, for any crop year, an assigned yield will apply for that year. The yield assigned will be not more than 75 percent of the yield used to determine the insured's coverage for the previous crop year.

(i) If the production report is submitted after the PRD, the approved yield will be adjusted for the next crop year using the reported information. The assigned yield would apply for the current year.

(ii) See CIH, Paragraph 1203, Subparagraph A for temporary yield procedures if production records are not available by the PRD. If a temporary yield is used to complete the APH database, the assigned yield will not apply for the current crop year.

(b) The previously reported production records contained in the APH database and any assigned/temporary yields for the most recent crop year will be used to compute the insured's approved yield for the current crop year.

(c) If a claim is filed for any year, the harvested and appraised production (excluding uninsured appraisals) and appraised potential production used to determine the indemnity payment will be the production for that year.

D. Production Reports (continued)

(5) Uninsurable acreage.

(a) Only acreage meeting the terms of the CP may be reported as insurable.

(b) Hedged, topped, dehorned, or stumped acreage is uninsurable for a period specified in the CP. This period will not apply if the minimum production requirement contained in the SP for the acreage is met or hedging or topping is a standard annual production practice for the grove [See Sec. 8 of the CP.].

***

(c) The CP provides that acreage locations containing fewer than 3 contiguous (physically touching) acres are uninsurable unless allowed on the SP. [See the SP for an exception.]

(d) Uninsurable acreage must be reported separately.

(e) If production from uninsurable acreage is commingled or not reported separately, acreage and total production will be shown on the production report in determining the approved yield.

(6) Excessive Yield Edit Verification. The term excessive yields means the approved or annual yield submitted to an RMA system that exceeds the level set by RMA [See CIH, Paragraph 1263 and Exh. 12 and Exh. 15-3 of Appendix III.] and identified with a:

(a) Yield descriptor “AX”, “GX”, or “VX” if the yield is replaced with a simple average of all actual and assigned yields for the same crop year, P/T/TMA or other characteristics; or

(b) Yield descriptor “TX” if the yield is replaced using the applicable county yield if there are no other applicable actual/assigned yields for the same crop year, P/T/TMA or other characteristics.

E. Written Agreements

To qualify for a written agreement, the following conditions must be met:

(1) Only written agreements authorized by the CP or SP are allowed. Authorization for written agreements is limited to providing coverage for non-irrigated olives [See Sec. 8(e) and 16 of the CP.].

(2) Standard written agreement requirements apply; however**,** the insurability requirements contained in the CP also apply.

See Sec. 18 of the BP, CIH, Paragraph 201, Subparagraph B, and the WAH for a complete list of applicable written agreement rules and requirements.

F. Completing APH databases

(1) Annual Reporting for separate APH Databases. Reports for the base period are completed on an annual basis starting with a minimum of four crop years and building to ten crop years. APH yields are established by unit for each P/T/TMA (and other conditions required by the CIH [See Part 15, Section 7.). The variable T-yield (with applicable yield descriptor) will be used to complete any 4-year APH database in the unit (by block, as applicable) if four years of production records are not reported for the database.

(a) Units are by enterprise or basic unit (for CAT, basic units are allowed by share.). See the CAT Endorsement and the definitions in the CP.

(b) Establishing individual APH databases as described above does not alter the 4-year production record requirement for the crop. [See Subparagraph 32C(1) of this handbook.]

(c) See the CIH, Paragraph 1551 – 1553 for specific instructions regarding block reporting (also see Subparagraph 32F(3) of this handbook) and commingled production between APH databases [CIH, Paragraph 1553].

(2) Organic APH Database. Separate APH databases for certified organic (yield descriptor "V") and transitional acreage (yield descriptor "G") are required for any insured crop grown using an organic farming practice.

(a) Production from certified and transitional organic acreage will be contained in the separate APH databases. Each APH database will include production and acreage from any applicable buffer zone. Production records for the insured crop, by applicable year, from transitional acreage (yield descriptor "G") for any of the most recent four years may be used in place of the T-yield provided by the actuarial documents to establish the certified organic approved yield, when such acreage initially qualified as certified organic acreage.

(b) Separate APH databases must be established for new acreage transitioning under an organic plan, unless the acreage is from the same block or other blocks of the same age, density and variety that are already in transition. The T-yield provided by the actuarial documents will be used to complete the APH database. [See CIH, Exh. 8 for Organic Procedures.]

(3) Block Reporting. Blocks within a unit with different age or density levels may have separate databases if the production records are maintained separately. For example, a unit containing separate blocks designated with a separate land identifier or by table or oil olives. [See the CIH, Paragraph 1551 – 1553. See Subparagraph 32C and F of this handbook for use of T-yields and block examples.]

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F. Completing APH databases (continued)

(4) Yield Descriptors. Identify each yield entered in APH database with the applicable yield descriptor [See CIH, Exh. 12.].

(5) RO Determined Yields. RO determined yields may be requested for:

(a) Higher yields [See Subparagraph 32A(8)(b)(viii) of this handbook.];

(b) Instances when a producer has separate production records by table and oil for the same block of olives for all or a portion of the base period (up to ten years of production records for the oil and table olives based on actual use for individual crop years; e.g., the olive production is used for oil for 2004-2008 and for table
*** for 2009-2013. Because there is a break in the oil olive records (i.e. 2009-2013), the RO may establish the oil olive database and approved yield if the production records are acceptable to the RO.); and

(c) Added insurable acreage (new groves in the third through seventh leaf) [See Subparagraph 32I(3) of this handbook.].

(d) APH databases containing zero yields in the two crop years prior to the current crop year and for which a VAF of 0.70 is applicable.

*** Other types of RO Determined Yield requests may be authorized by the RO or may be required [See the CIH, Paragraph 1523.].

G. Alternate Bearing Determinations

The CP provides that the approved yield for acreage meeting the definition of alternate bearing may be adjusted [See the CP, Sec. 1 for definitions of alternate bearing, VAF, and
*** VI; and Sec.3(c)(4) for adjustment authority [Paragraph 1561 of the CIH does not apply.].

*** (1) Any acreage of olives will be considered alternate bearing if the VI for the APH database for the acreage is:

(a) Less than or equal to 75; or

(b) Equal to or greater than 125.

***

(2) Alternate bearing determinations apply to APH databases for olive acreage that:

(a) Have reached the 7th leaf year after set out; and

(b) Contain four or more actual yields (including zero yields and assigned yields).

G. Alternate Bearing Determinations (continued)

(3) Olive acreage will not be considered alternate bearing and alternate bearing adjustments will not apply for databases that:

*** (a) The VI is greater than 75 but less than 125;

(b) Contain T-yields or RO determined yields;

(c) Do not meet the criteria contained in Subparagraph 32G(2); or

(d) Contain three zero yields in the most recent three crop years.

A VI of 100 will apply.

(4) The VI is a ratio determined by dividing the yield from the most recent crop year by the average yield for the two previous crop years. The result (unrounded) is multiplied by 100. This result to two decimal places (unrounded) is then rounded to the nearest whole number.

(a) If the yield for the most recent crop year is greater than zero and the yields for each of the two previous crop years are zero, the VI will be 125.

(b) If the yields for each of the previous two crop years and the most recent crop year are zero, the VI will be 100.

(c) If the yield for the most recent crop year is zero and the yield for either of the two previous crop years is greater than zero, the VI will be 75.

*** (5) The VAFs and approved yield are determined as follows:

*** (a) If the VI is less than or equal to 75, the VAF is 1.30. The approved yield equals the average yield for the APH database times the VAF 1.30. The yield indicator for the APH database will be VH.

*** (b) If the VI is equal to or greater than 125, the VAF is .70. The approved yield equals the average yield for the APH database times the VAF .70. The yield indicator in the APH database will be VL.

*** (c) If the VI is greater than 75 but less than 125, the VAF is 1.00. The approved yield equals the average yield for the APH database times the VAF 1.00. The yield indicator for the APH database will be V. (Such acreage is not considered alternate bearing.)

(6) Calculation Examples [See Exh. 4 of this handbook).

H. Added Land and New Producers

(1) Applicable T-yield procedures apply when less than four years of records are provided for each individual APH database. See CIH, Paragraph 1560 for additional added land and new producer instructions. These procedures apply to applicable APH databases provided the 4-year insurability requirement for the crop is met.

For example, the new producer provides production records for block 1 as specified in Subparagraph 32D(1)(a)(iii) of this handbook. Blocks 2 and 3 become insurable (meets the minimum age/production requirement) the following crop year. The databases for blocks 2 and 3 will be established using the most recent year's production record and three variable (80 percent) T-yields (yield descriptor EX).

(2) See Subparagraph 32D(1) of this handbook for additional new producer instructions
*** regarding insurability for the crop.

(3) The number of years of records submitted for added land cannot exceed the number of years of production records applicable for the insured's current APH databases when
*** being added after the initial crop year insured.

(4) For acreage added in the second year of the two-year coverage period, reporting the
*** acreage for the year with insurance is required. Prior producer records are required for the prior years or applicable T-yield provisions apply.

I. Share and Acreage Changes

For any crop year in the two-year coverage period:

(1) Changes in Share. See Sec.10(d) of the CP for changes in share on insurable acreage.

(2) Removed or Damaged Acreage. See CIH, Paragraph 1510 for removal of a contiguous block of trees or damage to trees . If the removed contiguous block of trees or damaged trees is reported on or before the ARD, the amount of acreage insured will be reduced and the average and approved yield may be revised. When acreage is destroyed or becomes uninsurable, it must be reported on the acreage report by the ARD. When the entire unit is destroyed or removed prior to the ARD, the acreage must be reported as uninsurable acreage or zero acreage.

(3) Added Insurable Acreage (Previously uninsurable acreage). Acreage contained in the producer's current operation that:

(a) Meets the minimum age/production requirements and becomes insurable; and

I. Share and Acreage Changes (continued)

(b) May contain up to four years of production records (including zero yields);

Complete the APH database as provided in CIH, Paragraph 1559 , Subparagraphs A and C for acreage added to an existing database and acreage added as a separate database. Variable T-yields, if required, apply. Approved APH yields are based on a simple average of all production records (including T-yields if applicable) unless the RO issues an RO determined yield.

(4) Increase in Acreage. See CIH, Paragraph 1510, Subparagraph C for an increase in the previous year's insured acreage.

J. Production Guarantee

The production guarantee (per acre) for the unit will be updated for each crop year based on the most recent crop year's production report including any applicable adjustments or an assigned yield [See Sec. 3 of the CP.].

K. Acceptable Records

The record must be verifiable and indicate the weight (in tons for table olives) or volume (gross gallons for the oil olives) of harvested olives, rounded to the nearest tenth of ton for table olives or whole gallon for oil olives, by variety.

(1) Table Olives. Table olives which are size graded under the marketing order, see Form COC 3A or 3C, weight and grade report issued by the California Olive Committee (or such other lot identification form as may be approved by the olive committee) and certified by Federal/State Inspection Service.

(2) Oil Olives. Oil olives, records should establish gross gallons of oil at the time of milling. Records showing the delivery of oil olives on a tonnage basis are acceptable if the gallons of oil can be derived from those records, for example, a record showing the delivered tonnage and gallons of oil per delivered ton based on processor records of average per ton oil recovery for all olive production delivered to the processor or gallons of oil determined using a certified mass meter measurement. In the absence of other acceptable records, tons of oil olives delivered to the processor may be converted to gallons of oil using the applicable conversion factor in SP. A certified mass meter is acceptable for purposes of establishing gallons of oil production.

(3) Other Production Records. Other production records for either table or oil olives include warehouse receipts, packer/processor receipts, sales receipts, final or year-end settlement sheets, farm management records, or pick records. Appraisals for unharvested acreage may be used as production records. See the CIH Part 11, Section 2, for acceptable record requirements.

K. Acceptable Records (continued)

(4) APH Determinations – No Preharvest Appraisal. If olive acreage is reported for one purpose but the production from that acreage is used for a different purpose (e.g., reported table olives; used for oil or reported oil olives; used for table) and an appraisal is not made before harvest, the insured may submit acceptable production records for the actual use to establish the APH database and approved yield for table or oil olives as reported. The production determinations are made as follows:

(a) Reported Table Olives. Use the delivered ton records (or poundage records that can be converted to tons) if available from the oil processor or other acceptable source.

(b) Reported Oil Olives. The oil conversion factor table contained in the SP may be used to convert the tons of production to gallons of oil using the records from a table processor (e.g., Form COC 3A or 3C) or other acceptable source. The applicable conversion factor will be the conversion factor for the olive variety shown in the SP. Use the factor for All Other Varieties if the variety is not shown.

Example: Reported a 10 acre block of olives under the oil olives, Manzanillo variety. The olives were harvested for table with a production 83.3 tons as shown on table processor records. The conversion factor for Manzanillo is 30 gallons per ton.

Production in Gallons = 2,500 (83.3 tons × 30 gallons per ton)

(c) If acceptable production records are not provided under (a) or (b), the assigned yield will apply.

(5) See CIH, Paragraph 1121 for acceptable pick records and use of pre-harvest appraisal for direct market sales if direct market is allowed by the SP.

(6) See CIH, Paragraph 1136 for acceptable record requirements for vertically integrated operations.

(7) See the CIH for additional guidelines for acceptable records.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

L. Rounding Rules

Unit of Measure	Round to						
Table & Oil – Acres	For All Purposes and Forms				Round to 0.10		
Unit of Measure	APH Yields (per Ac.)	Guarantee Per Ac.	Adjusted. Guarantee Per Ac.	Unit Guarantee	Unit Premium & Losses	Interest Share	Production to Count (Farm Unit Deficiency
	Round to						
Table – Tons	0.10	0.01	0.01	0.10	1.00	0.001	0.10
Oil – Gallons	1.00	0.10	0.10	1.00	1.00	0.001	0.10
Variability Index	Round to the Nearest Whole Number						
	Table (tons)	3.5 ÷ 5.5 = .636363636 × 100 = 63.63 (unrounded) = 64					
	Oil (gallons)	200 ÷ 154 = 1.298701298 × 100 = 129.87 (unrounded) = 130					

M. Exhibits

See Exhibit 2 and 3 for a comparison of the APH program requirements to the requirements applicable for olives and description of the olive crop cycle. See Exhibits 4 and 5 for alternate bearing examples and instructions for determining the number of growing seasons.

33 Prevented Planting Loss Adjustment Standards Handbook

The Prevented Planting Loss Adjustment Standards Handbook is not applicable to the APH Olive Program. Prevented planting coverage is not available for olives.

34 Loss Adjustment Manual

The procedures identified in the LAM are adopted for the APH Olive Program.

35 Olive Loss Adjustment Standards Handbook

The Olive Crop Insurance Program Loss Adjustment Standard Handbook applies to this program.

36-40 (Reserved)

Exhibit 1

Acronyms

The following table provides approved acronyms used in this handbook.

Approved Acronyms	Term
AIP	Approved Insurance Provider
APDD	Actuarial and Product Design Division
APH	Actual Production History
CAT	Catastrophic Risk Protection
CAW	Crop Addendum Worksheet
CIH	Crop Insurance Handbook
CP	Crop Provisions
DSSH	Document and Supplemental Standards Handbook
FCIC	Federal Crop Insurance Corporation
LAM	Loss Adjustment Manual
NASS	National Agricultural Statistics Service
PAIR	Pre-Acceptance Inspection Report
PASS	Policy Acceptance and Storage System
PAW	Producer's Pre-Acceptance Worksheet
PRD	Production Reporting Date
RMA	Risk Management Agency
SP	Special Provisions
VAF	Variability Adjustment Factor
VI	Variability Index

Exhibit 2

Olive CIH Procedure Comparison & Reference Guide

APH (MPCI)	Olives	CIH and Other References
Production Reports by Block or Unit	YES	Sec. 3, CP; Sec.6, BP; and Part 15, Section 7
Separate APH by P/T	YES (Different for Table and Oil; Non-Irrigated allowed by WA)	Part 15, Section 7
Separate APH by Map Area	NO (No T-Yield Maps)	NA
T-Yields	YES	Actuarial Documents
Assigned Yields	YES (75% of average yield for the prior crop year for the relevant crop year)	Sec. 3(b)(3), CP; Part 15, Section 7
Variable T-Yields	YES	Part 15, Section 7
Yield Descriptors	YES	Exhibit 12
New Producer Procedures, Use of Other Persons Records (Sharing in Crop), Added Land	YES (Category C Crop)	Part 15, Section 7, Paragraph 1560 and Exh. 12
Cups, Yield Floors	Cups – No Yield Floors – NO	Part 15, Section 7
Exclude High Risk Land	NO (No High-Risk Land)	Exh. 2
Separate Instructions by Crop	YES	Part 16, Section 2, Paragraphs 1641 – 1656
Producer Pre-Acceptance Worksheet	YES	Part 15, Section 4 and Instructions Attached
Pre-Acceptance Field Selection Criteria	YES	Part 15, Sections 4 and 5
Perennial Pre-Acceptance Crop Inspection Report	YES (If Meets Criteria)	Part 15, Section 5; Exh. 15 and Instructions Attached for Addendum Worksheet
Block Production Worksheet	YES	Part 15, Section 7; Exh. 15
Yield Substitution	No	Sec. 17, CP

Exhibit 3

Flowering, Fruit Set, Fruit Development, and Harvest of Olives

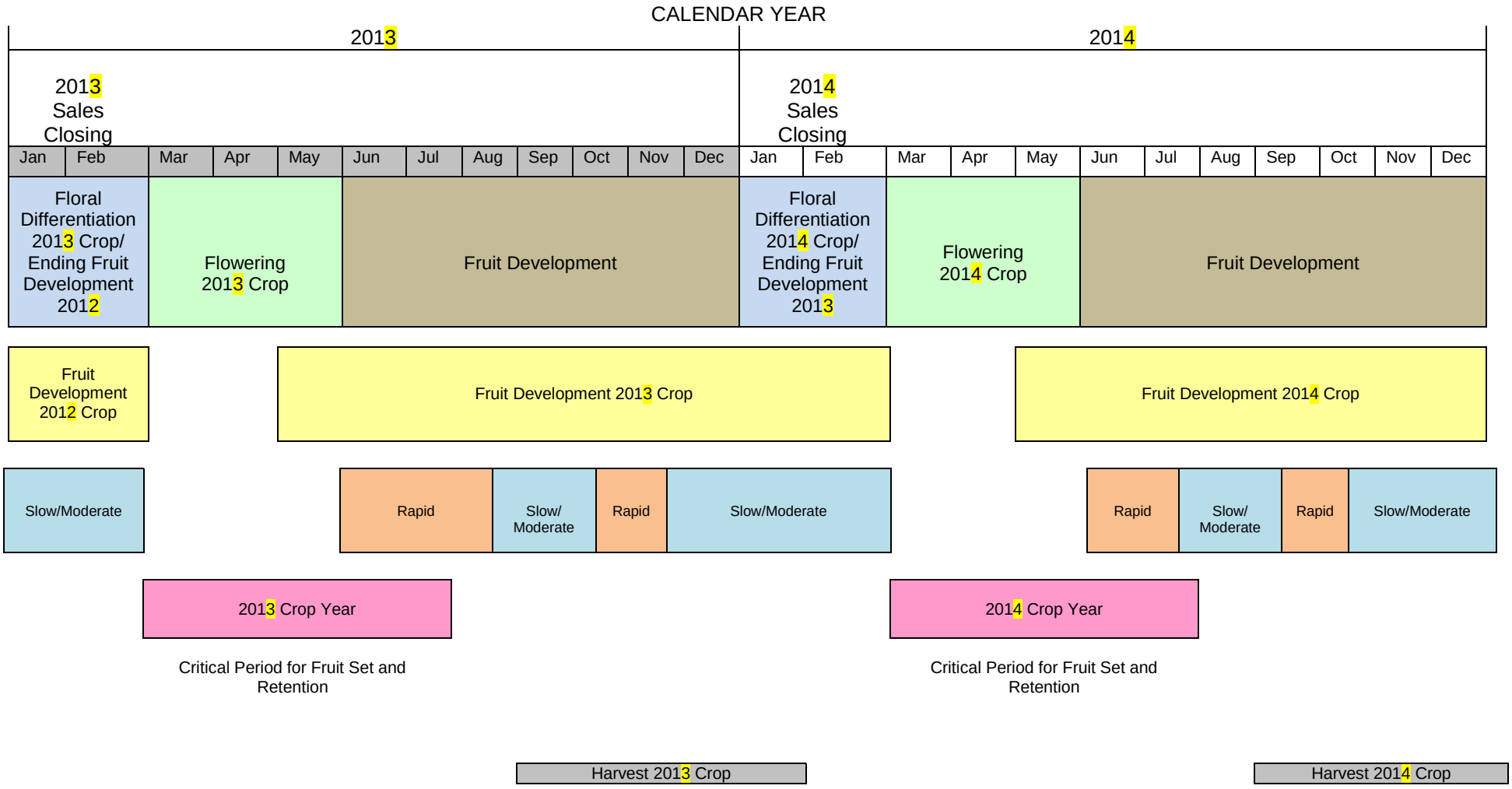

Exhibit 4

Examples: Alternate Bearing Adjustments

Each example database contained six years of records the initial crop year insured. The database for the current crop year is updated with the most recent year's production history and will contain seven years of production records.

Example 1: Table Olives - VI 75 or less (off-year) – VA Factor equals 1.30

2007	2008	2009	2010	2011	2012	2013	Avg. Yield	Current Year	2-year .Avg.	VI	VAF	Approved Yield
				(Col 1)	(Col 2)	(Col 3)	(Col 4)	(Col 5)	(Col 1+Col 2) ÷ 2 (Col 6)	(Col 5) ÷ (Col 6) ×100 (Col 7)	(Col 8)	(Col 4 x Col 8) (Col 9)
6.1	2.5	3.5	4.5	4.1	5.4	2.4	4.1	2.4	4.8	50[1]	1.30	5.3

Example 2: Oil Olives - VI greater than 75 but less than 125 (not alternate bearing) – VAF equals 1.00

2007	2008	2009	2010	2011	2012	2013	Avg. Yield	Current Year	2-year .Avg.	VI	VAF	Approved Yield
				(Col 1)	(Col 2)	(Col 3)	(Col 4)	(Col 5)	(Col 1+Col 2) ÷ 2 (Col 6)	(Col 5) ÷ (Col 6) ×100 (Col 7)	(Col 8)	(Col 4 x Col 8) (Col 9)
150	130	145	125	160	140	155	144	155	150	103[1]	1.00	144

Example 3: Table Olives - VI 125 or more (on-year) – VAF equals .70

2007	2008	2009	2010	2011	2012	2013	Avg. Yield	Current Year	2-year .Avg.	VI	VAF	Approved Yield
				(Col 1)	(Col 2)	(Col 3)	(Col 4)	(Col 5)	(Col 1+Col 2) ÷ 2 (Col 6)	(Col 5) ÷ (Col 6) ×100 (Col 7)	(Col 8)	(Col 4 x Col 8) (Col 9)
6.1	2.5	4.5	1.5	5.4	2.0	5.0	3.9	5.0	3.9	128[1]	.70	2.7

[1]Round to the Nearest Whole Number

Exhibit 5

Determining Growing Seasons (Minimum Age)

SET OUT YEAR AND LEAF YEAR

The SET OUT YEAR for insurability and APH reporting purposes is the actual calendar year for acreage transplanted before July 1st. For acreage transplanted on or after July 1st, the SET OUT YEAR shall be the year following the calendar year in which set out actually occurred.

To determine LEAF YEAR, subtract the set out year from the calendar year of insurance and then add one year.

The rules for determining set-out year and leaf year will also apply for purposes of determining the number of growing seasons after hedging, topping, dehorning, or stumping.