

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Product
Development
Division

GRAPE

LOSS

ADJUSTMENT

STANDARDS

HANDBOOK

FCIC-25230 (06-1999)
FCIC-25230-1 (10-2001)

2002 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 25230 (6-1999) 25230-1 (10-2001)
SUBJECT: GRAPE LOSS ADJUSTMENT STANDARDS HANDBOOK 2002 AND SUCCEEDING CROP YEARS	DATE: October 22, 2001	
	OPI: Product Development Division	
	APPROVED: /s/ Tim B. Witt Administrator, Research and Development	

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR THIS CROP FOR THE 2002 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR THIS CROP FOR 2002 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

Major Changes: See changes or additions in text that have been highlighted. Three stars (***) identify information that has been removed.

Changes for October 2001 Issuance (FCIC-25230-1):

- A. In section 3 A, inserted item (4) to address Pierce's disease and provides guidelines for the administration of the Grape Crop Provisions when the disease is present.
- B. In section 3 B, inserted item (4) Pilot Coverage Enhancement Option (CEO).

Control Chart For: Apple Pilot Quality Option Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	References	Date	Directive Number
Remove	1-2		3-4		06-1999	FCIC-25230
Insert	1-2		3-4		10-2001	FCIC-25230-1
Current Index	1-2		1-2	31-33	10-2001	FCIC-25230-1
			3-4		06-1999	FCIC-25230-1
			5-30		10-2001	FCIC-25230-1
					06-1999	FCIC-25230
					06-1999	FCIC-25230

GRAPE LOSS ADJUSTMENT STANDARDS HANDBOOK
SUMMARY OF CHANGES/CONTROL CHART (Continued)

(RESERVED)

- (g) The vines must have produced an average of 2 tons of grapes per acre during at least one of the three crop years immediately preceding the insured crop year, unless the insurance provider inspects and allows insurance on such acreage.
- (2) Insured Acreage. Grapes interplanted with another perennial crop are insurable unless the insurance provider inspects the acreage and determines that the acreage does not meet the requirements contained in the policy.
- (3) Causes of Loss. Refer to the Grape Crop Provisions for causes of loss, which specifically exclude such causes as:
 - (a) Phylloxera, regardless of cause; or
 - (b) The inability to market grapes for any reason other than physical damage from an insurable cause of loss. For example, an indemnity will not be paid when the insured is unable to market grapes due to quarantine, boycott, or refusal of any person to accept production.

(4) For grapes insured in California **ONLY** under the Grape Crop Provisions (053):

- (a) Losses caused by Pierce's disease may be indemnified subject to the limitations of the policy. Prior to payment of any loss caused by Pierce's disease, the insurance provider should determine that recommended disease control measures were used. The measures used should be documented in the claim file. Any loss due to insufficient or improper application of disease control measures should not be paid
- (b) If Pierce's disease was not evident on any of the producer's acreage, regardless of variety, during the year preceding the sales closing date, the producer is eligible to purchase insurance or to increase the coverage level and/or price election for any variety.
- (c) If Pierce's disease was evident on any of the producer's acreage, regardless of variety, during the year preceding the sales closing date, and if the California Department of Food and Agriculture (CDFA) classifies any portion of the county in which the insured acreage is located as being glassy-winged sharpshooter (GWSS) infested, then the producer:
 - 1 Is not eligible to increase the coverage level and/or price election for any variety grown on acreage where the disease was evident or on acreage that is contiguous to acreage where the disease was evident. For example, if variety A is grown on land contiguous to land on which the disease is evident, the producer could not increase coverage on any acreage of variety A.
 - 2 Is eligible to increase the coverage level and/or price election for any variety grown only on acreage that is not contiguous to acreage where the disease was evident. For example, if variety B is grown only on a parcel of land noncontiguous to land on which variety A is grown and where the disease was evident, the producer could increase coverage for variety B.

3 In the case of new insureds, the producer must indicate on a "Producer's Pre-Acceptance Worksheet" the presence of Pierce's disease that will or is likely to reduce production from previous levels. If the producer indicates the previous occurrence of such disease, the insurance provider should deny coverage for any grape variety grown on such acreage or acreage that is contiguous to acreage where the disease is evident.

(d) The CDFA maintains a map and listing that indicates infested and partially infested counties at the following website: www.cdfa.ca.gov/gwss. This web address was correct as of August 1, 2000.

(e) In counties not classified by the CDFA as being partially or entirely GWSS infested and if there is no other evidence that GWSSs are present, the producer is eligible to purchase insurance or to increase the coverage level and/or price election for any variety, even if there is evidence of Pierce's disease on the producer's acreage during the year preceding the sales closing date. However, new or increased coverage will be allowed only if the producer has taken all appropriate phytosanitary measures, including the removal of diseased vines.

(f) Note that when Pierce's disease is evident or vines are removed in a scattered pattern, the actual production history (APH) yields must be reduced in accordance with policy provisions and Crop Insurance Handbook (CIH) procedures to reflect the expected reduction in yield potential. When vines are removed from insured acreage in a block pattern, the reduced acreage should be reflected on the acreage report.

B. PROVISIONS NOT APPLICABLE TO CAT COVERAGE

- (1) Optional units.
- (2) Written Agreements.
- (3) Hail and Fire Exclusion provisions (also not applicable to limited buy-up).
- (4) Pilot Coverage Enhancement Option (CEO).

C. UNIT DIVISION

- (1) Refer to the insurance contract for unit provisions. **NOTE:** Unless limited by the Crop or Special Provisions, a basic unit, as defined in the Basic Provisions, may be divided into optional units if, for each optional unit, all the conditions stated in the applicable provisions are met.

NOTE: In California only, a basic unit will also be established for each grape variety that the insured chooses to insure.

- (2) Optional Units
 - (a) In all states except California: Optional units may be established by:
 - 1 section, section equivalent, of FSA farm serial number;
 - 2 on acreage including both irrigated and non-irrigated practices;
 - 3 on acreage located on non-contiguous land; or
 - 4 on acreage by varietal group.

NOTE: Refer to the Grape Crop Provisions for specific information for item 1 through 4 above.

- (b) In California only: unless otherwise allowed by a written agreement, optional units may ONLY be established if each optional unit is located on non-contiguous land.

D. QUALITY ADJUSTMENT

(1) General Information

- (a) Refer to the Grape Crop Provisions for quality adjustment requirements for mature marketable production, which, due to insurable causes, has a value of less than 75 percent of the average market price of undamaged grapes of the same or similar variety.
- (b) Normally, mature unharvested grape production that has a value will be harvested. Grapes appraised using the “Harvested Method” or the “Mature Bunch Weight Method” and
 - 1 are not harvested and marketed; and
 - 2 have potential value; are eligible for quality adjustment.
- (c) Enter values, prices, and factors in the applicable block of the appraised and/or harvested production sections of the claim form.

(2) Value, Market Price, Average Market Price, and Factor Determination

- (a) **Value and Market Price.** Determine the value per ton of qualifying damaged production and the average market price of undamaged grapes on the earlier of the date the damaged grape production is sold, or the date of final inspection for the unit.
- (b) **Average Market Price.** Calculate the average market price of undamaged production by averaging the prices being paid (in dollars and cents) by usual marketing outlets for the area during the week in which the damaged grapes were valued.
- (c) **Quality Adjustment Factor.** Calculate the quality adjustment factor to three decimal places, as follows: Value per ton of the damaged grapes divided by the maximum price election for such type (varietal group) of grapes equals the quality adjustment factor, not to exceed 1.000.

NOTE: Multiply this result by the number of tons of the eligible damaged grapes.

(3) Quality Adjustment Calculations:

When grape damage, due to insurable causes, is such that the vineyard has grapes with at least two different values (the insured could receive two values by select picking the grapes), at least one of these values is less than 75% of the market price for undamaged grapes; calculate the quality adjustment factor as follows:

- (a) Determine the number of acres of grape production that is eligible for quality adjustment and is not on the same vine and or intermingled within the same rows as grapes that are not eligible for quality adjustment (see the LAM for determining acres).