



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 1-13-00
Administrator

SUBJECT: Consistent Application of Northern Potato Crop Insurance Provisions

BACKGROUND:

Risk Management Agency (RMA) has been advised by a grower group and several Congressional Offices that some insurance providers may not be interpreting certain provisions of the potato policy in a consistent manner. Specifically, concerns center around when insured acreage qualifies for loss adjustment based on 100 percent of the price election, and when the 60-day time period covered under the terms of Northern Potato Storage Endorsement begins. This memorandum is being issued to ensure consistent application of the policy requirements.

The Northern Potato Crop Provisions state if any production is not harvested (harvest is defined as "lifting potatoes to the soil surface"), that the price used to determine any indemnity will be 80 percent of the elected price election. The provisions further state that any production damaged to the extent that similarly situated producers in the area would not further care for the potatoes will be deemed to have been destroyed even though the producer might continue to care for the acreage. In this case, the provisions also state that the price election for unharvested acreage (80 percent of the elected price) will apply.

The Northern Potato Storage Endorsement provides a 60-day time period, beginning at the end of the insurance period, to determine the percentage of specified quality deficiencies. The Basic Provisions state that the end of the insurance period is the earlier of: total destruction of the insured crop, harvest, final adjustment of a loss, abandonment, or a calendar date (this date varies depending on location) specified in the crop provisions.



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The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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DISCUSSION:

In instances in which potatoes are not properly cared for after harvest (i.e., potatoes are not promptly removed from the field and put into storage or delivered to a buyer), 80 percent of the elected price election is used to settle any claim. It is considered failure to continue to care for potatoes if they are harvested and left on the soil surface as freezing and greening (tubers turn green when exposed to light) damage would occur and reduce the quality of the potatoes or make them unsuitable for human consumption. If a grower elects to continue to provide care for potatoes of very low quality or quantity (production is damaged to the extent that similarly situated producers would not normally further care for the potatoes), 80 percent of the selected price election is also used to settle any claim.

The 60-day time period provided under terms of the Northern Potato Storage Endorsement begins at the end of the insurance period (i.e., the earlier of harvest or the applicable calendar date for the end of the insurance period specified in the Northern Potato Crop Provisions).

DISPOSAL:

This informational memorandum is for the purpose of transmitting information and the expiration date is December 31, 2000.