



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

January 18, 2000

BULLETIN NO: MGR-00-002

To: All Reinsured Companies
All Risk Management Agency Field Offices

From: Kenneth D. Ackerman /s/ Kenneth D. Ackerman
Administrator

Subject: Grape Crop Provisions (053): Pierce's Disease and California Grapes

BACKGROUND:

Due to an outbreak of Pierce's disease on grapes in Riverside County and other parts of California last year, two questions have arisen relating to 2000 crop year coverage for California under the Grape Crop Provisions (053).

The first question relates to whether or not Pierce's disease is a covered cause of loss. Section 10(a)(4) of the Grape Crop Provisions lists the following cause of loss: "Plant disease, but not damage due to insufficient or improper application of disease control measures."

The second question relates to whether or not insureds may increase their coverage level and/or price elections, and if new insureds can obtain coverage if the disease is present. Section 3(f) of the Grape Crop Provisions states the following: "In California, Idaho, Mississippi, Oregon, Texas, and Washington, you may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase." Section 7(c) of the same provisions states that insured varieties are those "That are grown in a vineyard that, if inspected, is considered acceptable by us."



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

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ACTION:

For grapes insured in California under the Grape Crop Provisions (053) only:

1. 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.
2. If Pierce's disease was not evident on any of a producer's acreage, regardless of variety, during the year preceding the sales closing date, the producer is eligible to increase the coverage level and/or price election for any variety.
3. If Pierce's disease was evident on any of a producer's acreage, regardless of variety, during the year preceding the sales closing date, the producer:
 - A. 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.
 - B. 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.
4. 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.
5. In the case of new insureds, the producer must indicate on a "Producer's Pre-Acceptance Worksheet" the presence of any disease or other damage that will or is likely to reduce production from previous levels. If the producer indicates the previous occurrence of such a disease or other damage, the insurance provider must determine if Pierce's disease was evident on any of the acreage during the year preceding the sales closing date. Insurance should be denied for any grape variety grown on such acreage or acreage that is contiguous to acreage where the disease was evident.

DISPOSAL:

This bulletin is for the purpose of transmitting/updating information and the disposal date is December 31, 2000.