



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.:MGR-02-009

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Ross J. Davidson, Jr. /s/ Ross J. Davidson, Jr. 05/15/02
Administrator

SUBJECT: Cherry Claims Reliant on the Closing of Marketing Pools

BACKGROUND:

Sweet cherry producers generally retain ownership of their product until marketed by commercial handlers. Many commercial handlers of fresh and processed cherries traditionally provide final settlement prices to growers after the end of the insurance period. It is not uncommon for the final prices to be released anywhere from 6 months to 3 years after the end of the insurance period.

Delayed price settlement by cherry packers and processors impacts both insured cherry growers and insurance providers. Pending claims cannot be settled until final settlement prices are received for the current crop. In order to facilitate claims settlement, the Risk Management Agency (RMA) is issuing this bulletin to provide guidelines for settling cherry claims.

ACTION:

Insurance providers are authorized to use the following procedure to settle cherry claims for the 2002 and succeeding crop years. If the insured and the insurance provider agree, and the following situations are applicable, the value for harvested cherries can be determined as follows:

1. After the end of the insurance period, the minimum value per pound shown in the Special Provisions may be used as the entry for item 21 on the Summary of Harvested Production Worksheet, if the following situations occur:



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- A. Settlement prices are not available on 100% of the production from the unit; or
 - B. The average final settlement price minus the allowable cost for that portion of the harvested production will be less than the minimum value contained in the Special Provision, based on verifiable information from the packer.
2. If the claim remains open more than 120 calendar days after the published date for the end of the insurance period or if the verifiable information specified in paragraph 1. B above is not available, and there is no final settlement price for any part of the production from the unit, then the applicable entries for item 10 (Gross Dollars Received) on the Summary of Harvested Production Worksheet will be based on the pounds of harvested production and either:
- A. The first handler's open market price(s) on the date of delivery for cherries of comparable quality or similar maturity; or
 - B. The highest open-market price available in the local area on the date of harvest for cherries of comparable quality and similar maturity, if the first handler did not quote open market price(s).
3. If the insured and the insurance provider do not agree on the price for harvested cherries, refer to the Loss Adjustment Manual (LAM) part 3, section 1, paragraph 59, for the procedure on handling delayed claims.
4. The adjuster must document how the price was determined in the remarks section of the claim form or on a special report.

DISPOSAL DATE:

This bulletin will remain active until incorporated into the FCIC-25670, Cherry Loss Adjustment Standards Handbook.