

June 21, 2004

**SUPPLEMENTAL INSTRUCTIONS  
for the  
STRAWBERRY CROP INSURANCE PILOT PROGRAM**

The FCIC 18010 Crop Insurance Handbook (CIH) generally applies to the Strawberry Fixed Dollar Plan Pilot. Exceptions, changes, and additions are referenced in this supplement.

Strawberries are a Category D (Fixed Dollar Plan) crop. CIH Sections 1 - 3 that apply to Category D crops apply to strawberries.

**CIH Section 4** - In addition to Section 4E, Endorsements and Options:

Strawberry Modified Minimum Value Option, as described in section 14 of the Strawberry Crop Provisions:

- (a) Permits the insured to select either the Modified Minimum Value in Option I or Option II of the Modified Minimum Value Option for types given by the Special Provisions and for which the actuarial table designates premium rates.
- (b) New insureds must elect the option on their application if the option is to apply. If a carryover insured, the option must be elected on a contract change form and submitted on or before the sales closing date for the initial crop year in which the insured wishes the option to be effective. This is a continuous option and may be canceled in accordance with the cancellation provisions in the policy. Cancellation dates are specified in the Strawberry Pilot Crop Provisions.
- (c) FCIC approved Strawberry Pilot Crop Provisions must be in force and all the terms and conditions of the policy adhered to.
- (d) Options I and II of the Modified Minimum Value Option allow the total value of the harvested production from all insurable acreage from the unit to be determined as follows:
  - (1) For sold production, the dollar amount obtained by subtracting the allowable cost contained in the Special Provisions from the price received for each pound of strawberries sold (this result may not be less than the Modified Minimum Value Option contained in the Special Provisions that you elected for any pound of strawberries), and multiplying this result by the pounds of strawberries sold;
  - (2) For marketable production that is harvested but not sold, the dollar amount obtained by multiplying the pounds of such strawberries on the unit by the minimum value shown in the Special Provisions that applies without regard to the choice of the Modified Minimum Value Option. Harvested production that is damaged or defective due to insurable causes and is not marketable will not be counted as production.

**CIH Section 5 - Responsibilities**

**Insurance Provider Responsibilities:**

In addition to the applicable insurance provider responsibilities in Section 5A, agents and representatives of the reinsured companies are responsible for:

- (a) Informing insureds of the following requirements and limitations that if not met will affect their coverage:
  - (1) minimum production requirements;
  - (2) acreage limitations;
  - (3) limits on the amount of insurance (if applicable);
  - (4) cultural requirements;
  - (5) notification requirements
    - (i) if the insured is a broker, processor, shipper, or other first handler or,
    - (ii) requirements contained in section 10 of the Strawberry Crop Provisions;
  - (6) the insured must not destroy any damaged plants until after we have given them written consent to do so.
- (b) Assisting in the annual completion of the Strawberry Underwriting Worksheet (Exhibit 1) and, if applicable, the Waiver of Acreage Limitation (Exhibit 2).
- (c) Providing the insured with the Strawberry Underwriting Worksheet and, if applicable, the Waiver of Acreage Limitation Acceptable Supporting Records.
- (d) Retaining the Strawberry Underwriting Worksheet and, if applicable, the Waiver of Acreage Limitation and the Pre-Acceptance Inspection reports in the insured's file folder.

**Producer's Responsibilities:**

In addition to the producer's responsibilities in Section 5B, insured producers are responsible for:

- (a) Filing a Strawberry Underwriting Worksheet each year.
- (b) Informing the insurance provider if acreage has increased from the previous year's acreage by more than the percentage specified on the Special Provisions.
- (c) Informing the insurance provider:
  - (1) within 3 days of the date harvest should have started if the strawberry crop will not be harvested;
  - (2) immediately if damage occurs during harvest;
  - (3) at least 10 days before any production will be sold by direct marketing or for cash;
  - (4) at least 5 days before harvest if you intend to harvest and to file a claim;
  - (5) within 2 days if you experience a harvest delay or your date of first harvest is later than the date on the Special Provisions of Insurance (SPOI). Harvest Delay is defined in the SPOI as: "When the number of days between your strawberry harvests exceeds the number of days shown on the Special Provisions."

Examples of SPOI statements are:

Harvest Delay: In accordance with Section 10 (f) of the Strawberry Crop Provisions, the insured must notify us within 2 days if they experience a harvest delay of 15 days or more.

First Harvest: In accordance with Section 10 (f) of the Strawberry Crop Provisions, the insured must notify us within 2 days if their first harvest is later than December 1st so that we may inspect or appraise the insured acreage.

- (6) at least 10 days before harvest if you are a broker, processor, shipper, or other first handler;
- (7) by the acreage reporting date if you are a broker, processor, shipper, or other first handler or within 5 days of the date you began in this capacity.

In addition to the RMA Regional Office (RO) responsibilities in Section 5D, the RO is responsible for:

- (a) Approving or disapproving and mailing the Waiver of Acreage Limitation form to the insurance provider no more than 15 calendar days after receiving the form and required documentation.

**CIH Section 8** - In addition to section 8A(2)

Strawberries are a Category D, (Fixed Dollar Plan) Crop with the following requirements:

(a) Minimum Production Requirements for Insurability:

In accordance with Section 6(h) of the Strawberry Pilot Crop Provisions, the insured crop will be all strawberries in the county that are produced for commercial sale by a person who in at least three of the five previous crop years, produced or managed a farm that produced the minimum amount of strawberries specified in the Special Provisions.

Evidence of management include, a copy of the management contract or written verification from the Farm Service Agency, Cooperative Extension Service, or a third-party handler such as a processor or shipper.

(b) Acceptable Production Records:

- (1) If farm management records are used to support production records, they must be substantiated by records from a marketing outlet, processor, shipper, or other buyer. Records must show the quantities delivered and sold and the dollar amount received for the quantities sold.
- (2) Acceptable records of direct marketed production are: Daily pick records that meet the requirements outlined in the Crop Insurance Handbook (Section 10 C(4)) are acceptable, or as described in the Special Provisions as follows:
  - (i) Daily farm log that includes quantity sold and price received on a unit basis; or
  - (ii) Pick records with picker's ID# and amount picked daily on a unit basis; or
  - (iii) Cash register receipts with quantity sold and price received on a unit basis.

- (c) Annual production reports are not required to QUALIFY for optional units, however, the insured must maintain written, verifiable records of strawberry production from each unit in the event there is a loss on the unit(s). UNLESS LIMITED BY THE SPECIAL PROVISIONS, strawberries may be divided into more than one insurance unit if, for each proposed (optional) unit:
- (1) The acreage of insured strawberries is located in a separate section, section equivalent, or farm serial number, as described in the Basic Provisions section 34(c)(1), or
  - (2) The acreage of insured strawberries is located on non-contiguous land, unless limited by the SPOI.
- (d) Growers must complete the Strawberry Underwriting Worksheet (Exhibit 1) annually to certify their prior production, acreage, and cultural practices. The company may then use the form and field inspections, as needed, to determine if all the cultural requirements for insurability given in the Special Provisions are satisfied.
- (e) Inspections may be conducted if any production from any unit will be sold by direct marketing or sold for cash.
- (1) In counties that have an insurability requirement based on the number of viable plants per acre, field inspections should not be done for at least 3 weeks (21 days) after transplanting.
  - (2) The insurance provider will perform the field inspection. Inspections must be assigned to an inspector within five working days of receipt of the request.
  - (3) Inspectors should make appointments with the insureds so the insureds can be present to answer any questions and provide authorized access to the unit(s).
  - (4) The items shown below are required and must be documented on the inspection report along with any other pertinent circumstances observed by the inspector. A form such as a *Statement of Facts* could be used to document this information.
    - (A) Identification information - name of crop, unit number, crop year, contract number, name and address of insured. A copy of the insured's completed Strawberry Underwriting Worksheet **must** be attached.
    - (B) Acreage and location - planted insurable acreage and location information.
    - (C) Crop information - overall crop condition.
    - (D) Special hazards - note any hazards (flood, etc.).
    - (E) Management practices - note any improper farming practices (poor weed control, etc.) and comment on overall unit condition.
    - (F) Verify that the cultural practices, field location, and acres specified on the Strawberry Underwriting Worksheet are accurate.
    - (G) Recommendation - recommend whether an appraisal should be conducted.
    - (H) Date of inspection, signature, code number and title of person making the inspection.
  - (5) Distribution: Original - Insurance Provider Verifier,

First copy - Insured's file,  
Second copy - Inspector's option.

(f) Waiver of Acreage Limitation (Exhibit 2) and Amount of Insurance Reduction:

The Special Provisions of Insurance may have an acreage limitation statement that limits the amount of insurance if the producer plants more than a specified percent of the previous crop year's acreage. If a producer intends to plant more than that percentage, a waiver can be requested from the appropriate RMA Regional Office. The waiver must be requested at the time of application or for carry over insureds by the acreage reporting date. All required evidence as indicated in Exhibit 3 of these instructions should be included with the Waiver of Acreage Limitation when forwarded to the appropriate RMA Regional Office. For producers who exceed the acreage limitation and the acreage limitation is not waived, the amount of insurance for the current crop year will be calculated as follows:

- (1) Multiply the greatest number of acres the producer planted in any prior year by the percentage specified in the acreage limitation statement and divide this result by the current year's acreage; and
- (2) Multiply the result of (1) above by the amount of insurance for the current crop year.

Exhibit 3 is the evaluation criteria used to approve or disapprove waiver requests by the RMA.

- (g) The Special Provisions of Insurance may have a statement that limits the amounts of insurance available to growers whose highest prior production (measured in pounds per acre) is less than the specified production. This is in accordance with Section 3(c) of the Strawberry Pilot Crop Provisions.

For example: if the grower's highest specified yield in the most recent three crop years was 48,000 pounds per acre and the specified production was 60,000 pounds per acre, the amounts of insurance available will be limited to:

$$48,000 \div 60,000 = 0.8 \times \text{Fixed \$ Amounts @ Each Coverage Level.}$$

If the fixed \$ amount @ 75% level was \$12,000, the available \$ amounts are:

- $0.8 \times \$12,000 = \$9,600$  per acre at the 75% coverage level
- $0.8 \times \$11,200 = \$8,960$  per acre at the 70% coverage level
- $0.8 \times \$10,400 = \$8,320$  per acre at the 65% coverage level
- $0.8 \times \$ 9,600 = \$7,680$  per acre at the 60% coverage level
- $0.8 \times \$ 8,800 = \$7,040$  per acre at the 55% coverage level
- $0.8 \times \$ 8,000 = \$6,400$  per acre at the 50% coverage level
- $0.8 \times \$ 4,400 = \$3,520$  per acre at the CAT coverage level

Exhibit 4 provides an example of calculating the strawberry producer premium and a blank premium calculation worksheet is on the following page.

**EXHIBIT 1**

**STRAWBERRY UNDERWRITING WORKSHEET**

Name: \_\_\_\_\_ Policy Number: \_\_\_\_\_

Crop Year: \_\_\_\_\_ Type: \_\_\_\_\_ Unit Number: \_\_\_\_\_

**PRIOR PRODUCTION**

(Enter acres and production for the last 5 years)

Year :	Acres:	Pounds/acre	Source:
1)			
2)			
3)			
4)			
5)			

Field Location			
Field Identification			
Fumigation Date			
Fumigation Materials and Concentration			
Fumigation Rate			
Height of Bed			
Plant Certification			
Plant Density			
Variety Planted			
Acres Planted			
Date Planted			
Date Plastic Mulch Applied			
Drip Irrigation			
Overhead Sprinklers			

**REMARKS**

I certify that the information I have furnished is complete and accurate for the commodity, unit, and year shown. I understand that the failure to report completely and accurately may result in voidance of my crop insurance contract and may result in criminal or civil false claim penalties (18 U.S.C. 1006 AND 1014; 7 u.s.c. 3729 and 3730).

Signature

Date

**INSTRUCTIONS FOR COMPLETING  
STRAWBERRY UNDERWRITING WORKSHEET**

**NOTE:** *If an item is not applicable in your county or parish, enter NA. A separate worksheet should be completed for each unit.*

<u>ITEM</u>	<u>EXPLANATION AND/OR EXAMPLE</u>
<b>Name</b>	Identify exactly the Applicant or Insured person (legal entity) to whom the policy is, or will be, issued. <i>Example: IM Insured</i>
<b>Policy Number</b>	The company will enter the insured's assigned policy number.
<b>Crop Year</b>	The year in which harvest of the insured crop will be completed.
<b>Type</b>	Defined by the planting system; initial and final planting dates are in the actuarial documents. <i>Example: summer or winter</i>
<b>Unit Number</b>	The company will enter the 5-digit unit number from the Summary of Coverage after it is verified to be correct. <i>Example: 00100</i>

**PRIOR PRODUCTION**

<b>Year</b>	Report the year in which your yield occurred.
<b>Acres Planted</b>	Report the number of acres of strawberries planted for the crop year.
<b>Pounds/Acre</b>	Report the yields (in pounds per acre) you have produced in the previous 5 (five) crop years.
<b>Source</b>	Report the source of prior production reported above. <i>Examples: processor records at J.M.Smucker; handler records at Good-Pick; daily pick records maintained by our office manager.</i>
<b>Field Location</b>	Specify section, township, and range numbers. Section equivalent or FSA farm serial numbers may also be used to locate the field. <i>Example: SW1/4 30 22 130</i>
<b>Field Identification</b>	The company will enter the field identification symbol from the Summary of Coverage. <i>Example: 1A, 2B, 3A</i>

ITEM	EXPLANATION AND/OR EXAMPLE
<b>Fumigation Date</b>	Date the soil fumigation was completed. If the soil sterilization method did not use fumigants, skip the next two items and describe the method in the <i>Remarks</i> section below.
<b>Fumigation Materials and Concentration</b>	<i>Example: 70% methyl bromide and 30% chloropicrin</i> If concentration is restricted due to the proximity of residential areas, explain in <i>Remarks</i> .
<b>Fumigation Rate</b>	Describe the rate of application. <i>Example: 300 pounds per acre</i>
<b>Height of Bed</b>	Enter the approximate height of the planting beds at the time the strawberries were transplanted.
<b>Plant Certification</b>	Enter YES, if your transplants were certified disease-free by the California Department of Food and Agriculture or other states' agencies; otherwise enter NO.
<b>Plant Density</b>	Report the number of viable transplants per acre. <i>Example: 27,000 p/ac</i>
<b>Variety Planted</b>	Report the variety or varieties planted in the field or unit.
<b>Acres Planted</b>	Number of determined acres, to tenths, in field or unit.
<b>Date Planted</b>	Report the date planting was completed in the field or unit.
<b>Plastic Mulch Applied</b>	Report the date plastic mulch was applied to completely cover the surfaces of raised planting beds in the field or unit.
<b>Drip Irrigation</b>	Enter YES, if drip irrigation is used, otherwise enter NO. If a different irrigation system is used, explain in the "Remarks" section below.
<b>Overhead Sprinklers</b>	Enter YES, if overhead sprinklers are used, otherwise enter NO.
<b>Remarks</b>	Use this space to describe cultural practices that differ from those described in the Special Provisions.
<b>Signature</b>	<i>IM Insured</i>
<b>Date</b>	Enter the date the application for insurance coverage was initiated. As subsequent cultural requirements are satisfied, complete the line item, put your initials and the date by that line item.



**EXHIBIT 2**

**WAIVER OF ACREAGE LIMITATION**

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CROP: INTENDED ACRES:

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NAME: IDENTIFICATION NUMBER:

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CITY: STATE: ZIP CODE: COUNTY:

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Has the above crop been planted on this acreage in any prior crop year?

If yes, see (a) and(b) below:

- (a) Specify the year: \_\_\_\_\_
- (b) How many acres were leased or owned by an entity other than you: \_\_\_\_\_

What was the most acreage of the above crop that you planted in any prior crop year?

If acreage specified, what year is it applicable to? \_\_\_\_\_

What is the source of your acreage records?

Production from what amount of acreage has a written crop-purchase contract? \_\_\_\_\_

What is the value of the crop-purchase contract? \_\_\_\_\_

(To estimate the value, multiply expected production by the price specified in the contract.)

Specify the market or markets for which the crop is intended. \_\_\_\_% Processing, \_\_\_\_% Fresh Market, \_\_\_\_% U-pick, \_\_\_\_% Farmers Market, \_\_\_\_% Other (specify \_\_\_\_\_).

I request that the acreage limitation be waived for the acreage of the above listed crop that I intend to plant for the \_\_\_\_\_ crop year.

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PRODUCER'S SIGNATURE: DATE:

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INSURANCE PROVIDER'S SIGNATURE: DATE:

The waiver is granted for the intended acreage specified above. If more than the intended acres of the insurable crop are planted, this waiver is invalid and none of the acreage of the crop is insurable.

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REQUEST APPROVED BY: DATE:

**EXHIBIT 3**  
**EVALUATION CRITERIA**  
**FOR REQUESTS TO WAIVE**  
**STRAWBERRY ACREAGE LIMITATIONS**

Waiver requests may be approved if at least one of the following conditions apply:

1. The acres intended to be planted to the crop do not exceed the greatest number of acres planted to the crop by the producer in any prior year. Evidence of previous planted acreage is required. Examples of acceptable evidence include: a written statement from the Office of the County Agricultural Commissioner, Cooperative Extension Service, Farm Service Agency, or from a third-party handler such as a shipper or processor.
2. The acres intended to be planted to the crop do not exceed the greatest number of acres planted to the crop on a farm managed by the producer in any of the last three crop years. Evidence of both acres planted and the producer's management experience is required. Acceptable evidence of acres planted is the same as above. Examples of acceptable evidence of management experience include: a copy of the management contract with the former employer; or a written statement from the Farm Service Agency, the Cooperative Extension Service, or a third-party handler such as a processor or shipper.
3. The production from the acres intended to be planted to the crop that exceed the limitation is covered by a written crop-purchase contract, the value of which is not less than the amount of insurance for the acres in excess of the limit. An acceptable crop purchase contract has the following features: it is between the producer and a business enterprise regularly engaged in purchasing the crop; it binds the purchaser to buy a stipulated amount of production or the production from a stipulated number of acres; and it stipulates a purchase price or price formula.

Example: A grower planted 100 acres of the insured crop last year and intends to plant 160 acres this year. The acreage limitation would be 125, and 35 acres would be in excess of the limit. If the grower has an acceptable crop-purchase contract for 35 acres, the waiver request may be approved.

4. The acres intended to be planted to the crop that exceed the limitation are on leased or purchased land that has previously been planted to strawberries. Evidence of previous planting is required. Acceptable evidence include: a written statement from the Office of the County Agricultural Commissioner, the Farm Service Agency, the Cooperative Extension Service, the owner from whom the land is leased, or a previous land owner.

***INSTRUCTIONS for the RISK MANAGEMENT AGENCY REGIONAL OFFICE***

When the decision to approve or disapprove a waiver request has been made, add the following information to the bottom of the waiver request:

1. The statement: "Waiver request approved (or not approved)", as appropriate.
2. The name, signature, and title of the RO representative who made the determination.
3. The date of the determination.
4. The reason(s) for the determination.

**EXHIBIT 4**

**PREMIUM CALCULATION EXAMPLE**

*STRAWBERRY FIXED DOLLAR PLAN PILOT PROGRAM*

**Base Premium:**

1. **Enter the Total Amount of Protection** determined by multiplying the Dollar Amount of Insurance Per Acre, selected by the producer, times the net acres insured times any applicable amount of insurance reduction factors (such as reductions in accordance with the acreage limitation or prior production requirement provisions). \$45,000  
[\$4,500 X 10 acres]
2. **Enter the Coverage Level %** associated with the Dollar Amount of Insurance Per Acre selected by the producer, given by the FCI-35. 65%
3. **Enter the Base Premium Rate** for the selected Coverage Level. 0.044
4. **Enter the Base Premium** determined by multiplying answer 1 times answer 3. \$1,980  
[\$45,000 X 0.044]

**Producer Premium:**

5. **Enter the Producer Premium factor** from the Producer Premium Percentage Table as specified on the FCI-35. Use the factor under the applicable coverage level (answer 2). 0.562
6. **Enter the Producer Premium** determined by multiplying answer 5 by answer 4. \$1,113  
[\$1,980 X 0.562]

*This worksheet is intended to assist only in estimating Producer Premium.*

**PREMIUM CALCULATION WORKSHEET**

**STRAWBERRY FIXED DOLLAR PLAN PILOT PROGRAM**

**Base Premium:**

1. **Enter the Total Amount of Protection**, determined by multiplying the Dollar Amount of Insurance Per Acre, selected by the producer, times the net acres insured times any applicable amount of insurance reduction factors (such as reductions in accordance with the acreage limitation or prior production requirement provisions).
  
2. **Enter the Coverage Level %**, associated with the Dollar Amount of Insurance Per Acre selected by the producer, given by the FCI-35.
  
3. **Enter the Base Premium Rate** for the selected Coverage Level.
  
4. **Enter the Base Premium** determined by multiplying answer 1 times answer 3.

**Producer Premium:**

5. **Enter the Producer Premium factor** from the Producer Premium Percentage Table as specified on the FCI-35. Use the factor under the applicable coverage level (answer 2).
  
6. **Enter the Producer Premium**, determined by multiplying answer 5 by answer 4.

*This worksheet is intended to assist only in estimating Producer Premium.*