UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
ACTUAL REVENUE HISTORY
TART CHERRY FOR PROCESSING PILOT CROP PROVISIONS

1. Applicability.

You must have applied for insurance and have a policy in effect under the Basic Provisions and the ARH Endorsement before you may elect to insure tart cherries for processing under these Crop Provisions.

2. Definitions.

Adapted variety – A variety of tart cherries recognized by the National Institute of Food and Agriculture (NIFA) as compatible with agronomic and weather conditions in the county.

ARH Endorsement – The Actual Revenue History Pilot Endorsement.

Annual price – In lieu of the definition contained in the ARH Endorsement, the annual price is the value we will use to determine the revenue to count for any appraised or unsold marketable production other than marketable production from diverted acres. We will determine this value for each unit by type as follows:

(a) The total revenue received from the unit from the sale of tart cherries and diversion certificates and will include revenue from diversion certificates when the handlers/processors initiate the diversion, divided by the total pounds sold from that unit; or

(b) If there was no sold production from that unit or you did not receive a reasonable price per pound, the amount determined in (a) for a similar unit of the same processing type from which you did have sold production; or

(c) If there is no unit of the same processing type that is determined to be reasonable by us, the total revenue to count from all units of the same type divided by the total pounds sold; or

(d) If there were no sales from any unit or you did not receive a reasonable price per pound, the season average price per pound received by producers for all tart cherries for processing in your state for the crop year as reported by NASS in the publication "Noncitrus Fruits and Nuts YYYY Preliminary Summary" (released in January following the date of harvest) or the price per pound determined by RMA if said publication is not available.

Any annual price based in whole or in part on the NASS season average price in that publication is final. We will not recalculate the price even though NASS subsequently may revise that price.

Annual price for diverted production – The marketable production from the diverted acres will be valued at 80 percent of the annual price.

Cherry Industry Administrative Board (CIAB) – The organization that administers the Federal Tart Cherry Marketing Order.

Continuity of coverage – When you insure a tart cherry crop in a county for consecutive crop years, i. e., you do not cancel the insurance coverage, we do not cancel it, or it does not terminate by action of the policy once the policy takes effect. Continuity of coverage will still exist if you cancel your policy with us before the cancellation date for a crop year and transfer it to another insurance provider for that crop year.

Diversion certificates – These are issued by the CIAB to tart cherry growers to confirm the result of their appraisal of the pounds of marketable tart cherries on diverted acres that are not delivered to a handler/processor plant.

Diverted acres – The acres diverted under the provisions for in-orchard diversion of the Federal Tart Cherry Marketing Order for which diversion certificates are issued by the CIAB the certifier of diverted marketable tart cherries for processing.

Handler/processor – Any business enterprise regularly engaged in brining, canning, concentrating, freezing, dehydrating, pitting, pressing, puréeing or other methods for commercial sale of tart cherries as a processed product.

Harvest – Removal of mature tart cherries for processing from the trees by a machine designed for that purpose.

Marketable – Tart Cherry production that meets or exceeds the grading standards specified in the Special Provisions, or would be accepted by a processor or other handler even if failing to meet those grading standards.

Mechanical damage – Physical injury to a tree such that the tree is destroyed or its ability to produce a normal crop is reduced, or physical injury to fruit such that it is not marketable, caused by the improper use of tools or machinery.

Pound – A unit of weight equal to 16 ounces avoirdupois.

Processing – Sales of tart cherries for human consumption as brined, canned, concentrated, frozen, dehydrated, pitted, pressed, puréed, or any form other than fresh use fruit.

Reasonable price per pound – A value per pound paid by buyers in the local area for tart cherries for processing of similar variety and quality on the date of sale determined by us.

Rootstock – The root and stem portion of a tree to which a scion can be grafted.

Scion – Twig or portion of a twig of one plant that is grafted onto a rootstock.

Type – A grouping of tart cherry varieties according to predominant end use as listed in the Special Provisions.

Unsold production – Any tart cherries for processing other than in-orchard diverted production that you have harvested but for which you have not received a final settlement price on the calendar date for the end of the insurance period for losses due to an inadequate market price.

Diverted production – Any marketable tart cherries for processing from the diverted acres other than those purchased by the handler/processor and subject to CIAB's At-plant diversion procedure.

Value per acre – The approved revenue per acre multiplied by the expected revenue factor, the coverage level percent, and your share.

3. Unit Division.

(a) Section 34(a) of the Basic Provisions does not apply to these Crop Provisions.

(b) In addition to the provisions of section 34(c) of the Basic Provisions, an optional unit may:

(1) Consist of acreage located on non-contiguous land;

(2) Be established by type; or

(3) Be established as specified in the Special Provisions.

4. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities.

In addition to the requirements of section 3 of the Basic Provisions and section 6 of the ARH Endorsement:

(a) You must report, by the revenue reporting date designated in section 3 of the Basic Provisions:

(1) Any damage, removal of trees, change in practices, or any other circumstance that may reduce the quantity or quality of tart cherries for processing produced on insured acres and the number of affected acres;

(2) The ages of the trees, number of bearing trees, and planting patterns on insurable acreage;

(3) For the first year of insurance for acreage interplanted with another perennial crop, and any time the planting pattern of such acreage is changed:

(i) The age of the interplanted crop and type if applicable;

(ii) The planting pattern; and

(iii) Any other information that we request.

(b) We will reduce the yield and annual revenue used to establish your value per acre, as necessary, based on our estimate of the effect of any situation listed in sections 4(a)(1) through (a)(3). If the situation occurred:

(1) Before the beginning of the insurance period, the yield and annual revenue used to establish your value per acre will be reduced for the current crop year regardless of whether the situation was due to an insured or uninsured cause of loss. If you fail to notify us of any circumstance that may reduce your yields and annual revenues from previous levels, we will reduce the yield and annual revenue used to establish your value per acre at any time we become aware of the circumstance;

(2) Or may occur after the beginning of the insurance period and you notify us by the revenue reporting date, the yield and annual revenue used to establish your value per acre will be reduced for the current crop year only if the potential reduction in the yield and annual revenue used to establish your value per acre is due to an uninsured cause of loss; or

(3) Or may occur after the beginning of the insurance period and you fail to notify us by the revenue reporting date, production lost due to uninsured causes equal to the amount of the reduction in yield and annual revenue used to establish your value per acre will be applied in determining any indemnity (see section 12(c)(1)(ii)). We will reduce the yield and annual revenue used to establish your value per acre for the subsequent crop year.

(c) You may not increase your elected coverage level after insurance attaches for any crop year if a cause of loss that could or will reduce the yield of your crop is evident at any time before the cancellation date.

(1) You cannot avoid this restriction by cancelling your policy with one insurance provider and purchasing coverage from another insurance provider.

(2) We may reduce your elected coverage level to the level that was in effect in the previous crop year at any time we become aware that you have violated this restriction.

(d) The revenue reported for each unit must include all sales of tart cherries for processing, regardless of their processing disposition, and will include revenue from diversion certificates when the handler/processor initiates the diversion.

(e) The revenue reported for the production of marketable tart cherries from the diverted acres will exclude any revenue from the sales of grower-owned CIAB-issued diversion certificates and be valued at 80 percent of the annual price.

(f) In lieu of that specific provision of section 3(f) of the Basic Provisions and the definition of revenue reporting date contained in the ARH Endorsement, the revenue reporting date is the acreage reporting date.

5. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is the August 31 that immediately precedes the cancellation date.

6. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination date is November 20.

7. Insured Crop.

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all the tart cherries for processing in the county for which a premium rate is provided by the actuarial documents:

(1) In which you have a share;

(2) That is of varieties (scion and rootstock) adapted to the area;

(3) That is irrigated, unless the Special Provisions allow a non-irrigated practice;

(4) That is grown in an orchard that meets the conditions of insurability contained in the Special Provisions and that, if inspected, is considered acceptable by us.

(b) A tart cherry producer who is also a handler/processor may establish an insurable interest if there are purchases of tart cherries from other producers with no financial interest in his/her processing business.

(1) The documented prices of these purchases can be considered the annual price if they meet the definition of reasonable price in section 2.

(2) Alternatively an insurable interest is established by accepting the annual price as reported by NASS.

(c) A tart cherry producer who is a member of a cooperative may establish an insurable interest if the cooperative purchases tart cherries from other producers with no financial interest in the cooperative.

(1) The documented prices of these purchases can be considered the annual price if they meet the definition of reasonable price in section 2.

(2) Alternatively, an insurable interest is established by accepting the annual price as reported by NASS.

8. Insurable Acreage.

(a) In lieu of the provisions in section 9 of the Basic Provisions that prohibit insurance attaching to a crop planted with another crop, tart cherries for processing interplanted with another perennial crop are insurable unless we inspect the acreage and determine it is not acceptable.

(b) In addition to the acreage identified as uninsurable in section 9 of the Basic Provisions, any acreage that has not produced at least the minimum number of pounds of marketable tart cherries for processing per acre specified in the Special Provisions is not insurable.

9. Insurance Period.

(a) In accordance with the provisions of section 11 of the Basic Provisions, insurance will attach according to the following terms:

(1) For the crop year you initially apply for insurance, or for the year following a break in continuity of coverage, on the later of ten days after your properly completed application is received in our local office or the date specified below unless we inspect the acreage during the ten day period and determine that it does not meet insurability requirements or November 21.

(2) For each subsequent crop year you have continuity of coverage, on the day immediately following the end of the insurance period for physical damage for the prior crop year.

(b) The calendar date for the end of the insurance period for physical damage to the tart cherries for processing for each crop year is August 15, unless specified otherwise on the Special Provisions.

(c) The calendar date for the end of the insurance period for loss of revenue due to an inadequate market price is the January 15 following harvest.

(d) In addition to the provisions of section 11 of the Basic Provisions:

(1) If you acquire an insurable share in any insurable acreage after coverage begins, but on or before the acreage reporting date for the crop year, and after an inspection we consider the acreage acceptable, insurance will be considered to have attached to such acreage on the calendar date for the beginning of the insurance period.

(2) If you relinquish your insurable interest on any insurable acreage of tart cherries for processing on or before the acreage reporting date of any crop year, insurance will not be considered to have attached to, and no premium will be due, and no indemnity paid, for such acreage for that crop year unless:

(i) A transfer of coverage and right to an indemnity, or a similar form approved by us, is completed by all affected parties;

(ii) We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date; and

(iii) The transferee is eligible for crop insurance.

10. Causes of Loss.

(a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur within the insurance period:

(1) Adverse weather conditions;

(2) Fire, unless undergrowth has not been

controlled or pruning debris has not been removed from the orchard;
(3) Insects and plant diseases if:
(i) Adverse weather conditions prevent application of control measures or cause control measures to be ineffective after application, and reapplication is not possible or permitted before damage occurs or worsens; or
(ii) No pesticides effective on the insect or the plant disease are registered with the Environmental Protection Agency or through University Extension and labeled for use on tart cherries for processing.
(4) Wildlife;
(5) Earthquake;
(6) Volcanic eruption;
(7) Failure of the irrigation water supply, if caused by a cause of loss specified in section 10(a)(1) through (6) that occurs during the insurance period; and
(8) An annual price that results in the value of your tart cherries for processing use being less than your approved revenue.
(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss due to:
(1) Mechanical damage;
(2) Failure to harvest in a timely manner for any reason, unless the failure to harvest is due to any of the perils specified in section 10(a); and
(3) Inability to market the tart cherries for processing use for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

11. Duties in the Event of Damage or Loss.

In addition to the requirements of section 14 of the Basic Provisions, the following will apply:
(a) You must notify us at least 3 days before the date harvest should start if the crop will not be harvested or within 2 days of any decision by you to divert any part of your crop under the in-orchard diversion provisions of the Federal Tart Cherry Marketing Order for supply control. Failure to provide the 2 day notice of the decision to divert will result in the marketable production from the diverted area being priced at the annual price and not the annual price for diverted production.
(b) If damage occurs when the tart cherries for processing are mature or at any time during harvest, you must notify us within 3 days after you discover the damage so we can inspect your acreage.
(c) If there is no damage or loss of production but you anticipate a revenue loss, you must give us notice not later than March 1, the year following harvest.
(d) You must not destroy the damaged crop until we have given you written consent to do so. If you do not meet the requirements of this section and we are unable to inspect the damaged production as a result, an appraisal of not less than the value per acre will apply to each affected acre.
(e) You may be required to harvest a representative sample selected by us so we can perform our appraisals.
(f) Should we decide to conduct our own appraisal of marketable yield on diverted acres, that assessment will be used in any settlement of claim and not the marketable yield identified on CIAB diversion certificates.

12. Settlement of Claim.

(a) We will determine your loss separately for each unit specified on your acreage report or that we find to exist in accordance with the Basic Provisions and these Crop Provisions. If you do not or cannot provide acceptable records of revenue or production for the crop year for:
(1) Any optional unit, we will combine all optional units for which such records were not provided; or
(2) Any basic unit, we will allocate commingled production to each basic unit in proportion to our liability on the harvested acreage for each unit.
(b) In the event of loss or damage covered by this policy, we will settle your claim by:
(1) Multiplying the insured acreage by the value per acre;
(2) Subtracting the total revenue to count (see section 12(c)); and
(3) Multiplying the result of section 12(b)(2) by the payment factor if that result is positive or determining the indemnity to be zero otherwise.
(c) The total revenue to count from all insurable acreage on the unit will be the sum of the following determinations:
(1) For appraised acreage or production:
(i) Not less than the value per acre for any acreage:
(A) That is abandoned;
(B) Put to another use without our consent;
(C) That is damaged solely by uninsured causes; or

(D) For which you fail to provide acceptable records.

(ii) The value of any production lost due to uninsured causes, which will be the appraised pounds of such production multiplied by the annual price and by your share.

(iii) The value of unharvested marketable production (other than the marketable production from the diverted acres) which will be the appraised pounds of such production multiplied by the annual price and by your share.

(iv) The value of the marketable production from any diverted acres which will be the appraised pounds of such production multiplied by 80 percent of the annual price and by your share.

(v) The value of your share of potential production on insured acreage other than diverted acres you intend to put to another use or abandon if you agree to our appraisal of the value of such production, which will be your share of the quantity of such appraised production multiplied by the annual price. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised value is not reached:

(A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us. The revenue to count for such acreage will be based on the following. Your appraised production will be used to calculate your claim if you are not going to harvest your acreage. If your harvested production is less than the appraised production and you harvest after the end of the insurance period, your appraised production will be used to adjust the loss. If your harvested production is less than the appraised production and you harvest before the end of the insurance period, your harvested production will be used to adjust the loss. If the harvested production exceeds the appraised production, claims will be adjusted using the harvested production (See: Section 15(b) of the Basic Provisions). If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the revenue to count; or

(B) If you elect to continue to care for the crop, the revenue to count for the acreage will be determined in accordance with section 15(b) of the Basic Provisions.

(2) The value of your share of any unsold harvested production other than diverted production, which shall be the quantity of such production multiplied by the annual price.

(3) The value of your share of the marketable production from diverted acres shall be the quantity of such production multiplied by 80 percent of the annual price.

(4) The revenue from all harvested production that you sold if we determine you received a reasonable price per pound for all such production. If we determine the price for any part of the production was not reasonable, the revenue to count shall be the quantity of such production multiplied by the annual price for the crop year. Harvested production that is damaged or defective due to insurable causes and is not marketable will have a value of zero.

(d) Examples of your insurance protection**:**

Example 1: You have 100 percent share in 10 acres of tart cherries for processing in a single unit. You certify revenue for the eight most recent crop years. The approved revenue is $1,600 per acre. RMA has provided the expected revenue factor, which is 1.00. You chose the 75 percent coverage level and a payment factor of 0.85. The value per acre is $1,600 approved revenue X 1.00 expected revenue factor x 0.75 coverage level X 1.00 share = $1,200.

You harvest a crop with an average yield, but an inadequate market price results in a revenue to count of only $9,000 after applying your coverage level, and share. No appraisals are necessary and you have no unsold production at the end of the insurance period. Your indemnity is calculated as follows:

(1) $1,200 X 10 acres = $12,000;

(2) $12,000 – $9,000 revenue to count =

$3,000 difference; and

(3) $3,000 x 0.85 payment factor = $2,550 indemnity payment.

Example 2: All conditions are the same as Example 1, but 2.3 acres of the tart cherries for processing were damaged by the drift of pesticide that damaged the tart cherries and made them unmarketable (acreage damaged solely by uninsured causes). You did not harvest 2,000 pounds of tart cherries for processing on the remaining acreage (unharvested appraised production). A total of 1,000 lbs. had mechanical damage (production damaged due to uninsured causes). You sold 22,000 pounds of tart cherries at an average price (the annual price) of $0.26 per pound. Your indemnity in this case will be calculated as follows:

(1) $1,200 x 2.3 acres = $2,760 appraised value for acreage damaged solely due to uninsurable cause;

(2) 1,000 lbs. x $0.26/lb. x 1.000 share = $260 for production lost due to uninsurable causes;

(3) 2,000 lbs. x $0.26/lb. x 1.000 share = $520 for appraised unharvested production;

(4) 22,000 lbs. sold x $0.26/lb. = $5,720 value for sold harvested production;

(5) $2,760 + $260 + $520+ $5,720 = $9,260 total revenue to count;

(6) $12,000 - $9,260 = $2,740 difference; and,

(7) $2,740 x 0.85 payment factor = $2,329 indemnity payment.

Example 3: All conditions are the same as Example 1, but you have diverted 2 acres of tart cherries for processing for diversion under the Federal Tart Cherry Marketing Order. The appraisal of these diverted acres assesses 4,000 lbs. to be marketable. There is no damage due to uninsurable causes. You harvest the rest of the unit and sell 16,000 lbs. No final price is available by January 15, so the price used is the average price for all tart cherries for processing in the state published in January of the year following harvest by NASS. ($0.24/lb.). The production from the diverted acres is valued at 80 percent of this price ($0.192/lb.).

(1) $1,200 x 10 acres x 1.00 share = $12,000;

(2) 16,000 lbs. x $0.24/lb. = $3,840 value for sold production;

(3) 4,000 lbs. x ($0.24/lb. X 0.80) = $768 value for diverted production;

(4) $3,840 + $768 = $4,608 total revenue to count;

(5) $12,000 - $4,608 = $7,392 difference; and,

(6) $7,392 x 0.85 payment factor = $6,283 indemnity payment.

13. Late and Prevented Planting.

The late and prevented planting provisions of the Basic Provisions are not applicable.