

**SUMMARY OF CHANGES FOR THE
ACTUAL REVENUE HISTORY STRAWBERRY PILOT CROP PROVISIONS (2018-0154)**

The following is a brief description of changes to the ARH Strawberry Pilot Crop Provisions that will be effective for the 2018 crop year. Please refer to the crop provisions for more complete information.

This reissuance also includes clarifications with regard to:

- Section 4(d)(1)(iv). Changed “Noncitrus Fruits and Nuts YYYY Preliminary Summary” (released in January following harvest) to “Vegetable Summary” (released in February following harvest)
- Section 13. Changed the unharvested production adjustment from \$0.24 to \$0.15 in Example 2.



**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
ACTUAL REVENUE HISTORY
STRAWBERRY 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 strawberries under these Crop Provisions.

2. Definitions.

Acreage factor – The ratio of the insured acres to the planted acres. This factor will be 1.00 unless the insured plants acreage that exceeds the amount permitted to be insured under a limitation stated in the actuarial documents.

Adapted variety – A variety of strawberries 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 – Nursery stock planted into insured acreage for each crop year with the plants destroyed after the end of the insurance period for the same crop year.

Annual price – In addition to 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 in accordance with section 4(d).

Commercial sale – A transaction in which possession or ownership of the picked strawberries is transferred to any person, including transfer to a first handler who is the same person as the insured.

Crop year – In lieu of the definition contained in section 1 of the Basic Provisions, the period from the date insurance attaches to any strawberries insured under these Crop Provisions until the end of the insurance period, designated by the calendar year that follows the sales closing date.

Cultural practices – The term has the same meaning as the term “good farming practice” in section 1 of the Basic Provisions.

Days between pickings – Values shown in the actuarial documents that are our determination of the average number of days that elapse between pickings of mature strawberries during distinct picking periods.

Delay in picking – A condition that exists when the time between pickings equals or exceeds the days between pickings plus two days.

Direct marketing – The sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, buyer, or broker. Examples of direct marketing include selling through an on-farm or roadside stand, farmer’s market, and permitting the general public to enter the field for the purpose of picking all or a portion of the crop.

Drop – The removal of unmarketable strawberries from all the plants in a portion of or the entire field due to damage and leaving those unmarketable strawberries in the field.

First handler – Any business enterprise regularly engaged in receiving strawberry production directly from the field, and who acts as an intermediary to ship and sell the strawberries to a final retail market. The first handler must possess all licenses and permits for handling strawberries

that are required by the state in which it operates, and must possess the facility space to timely move the strawberries. If you are also the first handler, you must also comply with section 4(e), 8(b) and 12(d).

Harvest – Completion of the final picking of strawberry fruit from the plants for the crop year.

Marketable production – Strawberry production that meets or exceeds the quality standards specified for U.S. No. 1 strawberries, or would be accepted by a packer, processor, or other first handler even if failing to meet those grading standards.

Mechanical damage – Physical injury to strawberry fruit such that it is not marketable, caused by the improper use of tools or machinery.

Nursery stock – Strawberry plants grown using vegetative reproduction that are placed into an environment where the plants will be allowed to grow and produce fruit.

Picking – Removal of marketable strawberry fruit from the plants.

Picking period – One or more sets of dates specified in the actuarial documents that designate the beginning and ending calendar dates when the strawberry fruit normally would be picked.

Planted – Proper placement of nursery stock into the insured acreage.

Planting period – The period of time designated in the actuarial documents in which the strawberries must be planted to be considered summer or winter planted strawberries.

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

Raised bed – A cultural practice in which the surface into which nursery stock is planted is above the surrounding soil at a height sufficient to allow adequate drainage.

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

Revenue reporting date – In lieu of the definition contained in section 2 of the ARH endorsement, the same date as the acreage reporting date contained in the actuarial documents.

Soil salinity – A condition in which the concentration of salts in the soil causes the electrical conductivity of the soil to exceed 1.00 deci-Siemen per meter as measured by a soil electrical conductivity meter, as identified by The University of California.

Strawberry – The fruit of the *Rosaceae fragaria* plant, grown for commercial sale.

Unharvested production adjustment – A dollar amount per pound contained in the actuarial documents that we use to assess a cost for that portion of the approved yield that is not harvested or not otherwise counted as revenue to count (e.g., appraised unharvested marketable production). Since the amount of insurance includes harvesting costs, this value represents our determination of the expenses included in your approved revenue that were not incurred for the insurance year.

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

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3. Unit Division.

- (a) The provisions in section 34 of the Basic Provisions that allow enterprise or whole-farm units are not applicable.
- (b) In addition to the definition contained in section 1 of the Basic Provisions, a basic unit will be established for each planting period specified in the actuarial documents.
- (c) In addition to the provisions in section 34 of the Basic Provisions, optional units may be established if each optional unit is located on non-contiguous land, unless limited by the actuarial documents.
- (d) The provisions in section 34 of the Basic Provisions that allow optional units by irrigated and non-irrigated practices are not applicable.

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

In addition to the provision in section 3 of the Basic Provisions and the provisions in section 6 of the ARH Endorsement, the following requirements will apply:

- (a) You must report, by the revenue reporting date:
 - (1) Any change in production practices such as use of a soil fumigant other than that used in the past or any other circumstance that may reduce the expected yield below the approved yield, and the number of affected acres;
 - (2) Your intention to market the crop in a way that materially differs from the basis on which the revenue history is established; and
 - (3) The average number of strawberry plants per acre on insurable and uninsurable acreage.
- (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 4(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 13(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 select only one coverage level and payment factor for each strawberry planting period in the county as specified in the actuarial documents.
- (d) The annual price is determined for each unit by

planting period.

- (1) The annual price is calculated as follows:
 - (i) The total revenue received from the unit divided by the total pounds sold from that unit;
 - (ii) If there was no sold production from that unit or the price is determined not reasonable, the amount determined in (i) for a similar unit in the same planting period from which you did have sold production;
 - (iii) If there is no unit in the same planting period that is determined to be reasonable, the total revenue to count from all units of the same planting period divided by the total pounds sold; or
 - (iv) If there were no sales from any unit or if we determine you did not receive a reasonable price per pound, the season average price per pound received by producers for strawberries in the state where the crop was insured as calculated from the data reported by NASS in the publication "Vegetable Summary" (released in February following harvest) or the price per pound determined by RMA if said publication is not available.
- (2) Any annual price based in whole or in part on the NASS season average price is final. We will not recalculate the price even though NASS subsequently may revise that price.
- (3) We may reduce the annual price as determined in accordance with section 4(d)(1)(i) through 4(d)(1)(iii) if the revenue is derived from sales that are not representative of an average price for an entire crop year and you can provide at least three years of marketing records that demonstrate seasonality of price.
- (e) You must report if you are a first handler, or become a first handler for strawberries during the insurance period. This report is due on or before the revenue reporting date, or if this event occurs after the revenue reporting date, such report is due within five days after the date you began to act in this capacity.
- (f) The revenue reported for each unit must include all sales irrespective of the disposition of the strawberries. For example, the reported revenue for that unit must include any incidental revenue derived from strawberries diverted to the freezer market from that unit.
- (g) Beginning with the 2016 crop year Master Revenues/Yields will be available in accordance with the ARH endorsement.

5. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is the April 30 immediately preceding the cancellation date.

6. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are July 1.

7. Report of Acreage.

In addition to section 6 of the Basic Provisions, whenever a limitation on insured acreage is contained in the actuarial documents, you must separately report the number of insured acres and the number of uninsured acres.

8. Insured Crop.

- (a) In accordance with the provisions in section 8 of the Basic Provisions, the crop insured will be all the strawberries in the county for which a premium rate is

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provided by the actuarial documents:

- (1) In which you have a share;
- (2) That are grown from nursery stock of an adapted variety to the area;
- (3) That are grown from nursery stock that is certified disease-free by an appropriate authority in the state;
- (4) That is grown as an annual;
- (5) That is irrigated;
- (6) That is grown for commercial sale;
- (7) That is grown in a field that, if inspected, is considered acceptable by us;
- (8) That is grown by a person who in at least three of the five previous crop years:
 - (i) Grew strawberries for commercial sale; or
 - (ii) Participated in managing a commercial strawberry farming operation; and
- (9) That are not direct marketed unless you comply with section 12(d).

(b) A commercial strawberry producer who is also a first handler may establish an insurable interest only if our inspection reveals that the receiving facilities comply with the definition of a first handler contained in these Crop Provisions.

9. Insurable Acreage.

In addition to the provisions in section 9 of the Basic Provisions:

- (a) Insured acreage must:
 - (1) Contain a number of plants per acre that is consistent with the numbers from which your revenue history is certified; and
 - (2) Meet any other cultural practices that may be specified in the actuarial documents.
- (b) Any acreage of the insured crop damaged before the final planting date, to the extent that a majority of producers in the area would normally not further care for it, must be replanted unless we agree that it is not practical to replant. Notwithstanding the definition of "practical to replant" contained in section 1 of the Basic Provisions, it will not be considered practical to replant if nursery stock is not available.
- (c) Limitations on the amount of acreage we will insure for a crop year, if any, will be contained in the actuarial documents.
- (d) In addition to the provisions in section 11 of the Basic Provisions, insurance will attach to any acreage that is either planted before the cancellation date or before the earliest planting date specified in the actuarial documents only if the population of plants on the final planting date is adequate to produce a crop equal to at least your approved yield.

10. Insurance Period.

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

- (a) Coverage begins on each unit or part of a unit the date when the insured crop is transplanted into the field.
- (b) Coverage ends on each unit or part of a unit on the date the strawberry crop is inter planted with another crop.
- (c) Coverage for physical damage ends on any portion of the insured crop when it is picked.
- (d) The calendar date for the end of the insurance period for physical damage is the last day of the last picking period for the planting period as specified in the actuarial documents.
- (e) The calendar date for the end of the insurance period for an inadequate market price is the January 15

following the date of harvest.

11. Causes of Loss.

- (a) In accordance with the provisions in 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;
 - (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 and labeled for use on strawberries.
 - (4) Wildlife;
 - (5) Earthquake;
 - (6) Volcanic eruption;
 - (7) Failure of the irrigation water supply, if caused by a cause of loss specified in section 11(a)(1) through (6) that occurs during the insurance period; and
 - (8) An inadequate market price on sold strawberries or on strawberries which are valued with the annual price procedure.
- (b) In addition to the causes of loss excluded by the provisions 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, including inability to obtain harvest labor, unless the failure to harvest is due to any of the perils specified in section 11(a);
 - (3) Inability to market the strawberries 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; and
 - (4) Soil salinity.

12. Duties in the Event of Damage or Loss.

In addition to the provisions in section 14 of the Basic Provisions, the following requirements will apply:

- (a) You must notify us within three calendar days after:
 - (1) A picking should have started if that picking will not occur due to damage to the fruit and you intend to drop the fruit.
 - (2) You discover any damage during a picking.
- (b) If there is no damage or loss of production but you anticipate a revenue loss, you must give us notice not later than the March 1 following completion of harvest.
- (c) You must not destroy any damaged plants 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 plants as a result, an appraisal of not less than the remaining value per acre will apply to each affected acre.
- (d) You must notify us within at least 15 calendar days if any production from a picking will be sold by direct marketing, or if you are a first handler:
 - (1) We will conduct an inspection and appraisal, if needed, that we will use to determine your revenue to count for such production.

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- (2) If damage occurs after this inspection but before the end of the picking period, we will conduct one or more additional inspections as needed.
- (3) These inspections, and any acceptable records provided by you, will be used to determine your revenue to count.
- (4) Failure to give timely notice will result in an appraisal of not less than the value per acre for each such acre if we are unable to make the required inspection or appraisal as a result.
- (e) You may be required to harvest a representative sample selected by us so we can perform our appraisals.

13. 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 from the total value (see section 13(c)(6));
 - (3) Multiplying the result of section 13(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 multiplied by the number of affected acres for any acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) That is sold by direct marketing if you fail to meet the requirements contained in section 12(d);
 - (D) That is damaged solely by uninsured causes;
 - (E) For which you fail to provide acceptable records; or
 - (F) That you are a first handler if you fail to meet the requirements contained in sections 4(e) and 12(d).
 - (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, which will be the appraised pounds of such production multiplied by the annual price and by your share.
 - (iv) The value of your share of potential production on insured acreage 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 greater of the harvested production or our appraisal in accordance with the provisions in section 15(b) of the Basic Provisions from the samples at the time harvest should have occurred. 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 based on your share of the greater of harvested production or our reappraisal in accordance with the provisions in section 15(b) of the Basic Provisions if additional damage occurs and the crop is not harvested.
- (2) The value of your share of any unsold harvested production, which shall be the quantity of such production multiplied by the annual price.
 - (3) The revenue from all harvested production that you sold if we determine you received a reasonable price 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.
 - (4) The sum of the production determined in section 13(c)(1) through 13(c)(3) will be multiplied by the acreage factor.
 - (5) Costs avoided due to unharvested production, which will be computed as follows:
 - (i) Multiplying the approved yield by the coverage level, your share, and by the number of acres damaged solely by uninsured causes;
 - (ii) Adding this result to the sum of your share of the number of appraised and harvested pounds;
 - (iii) Multiplying the approved yield by the coverage level, the share, and the number of insured acres;
 - (iv) Multiplying the acreage factor by the result of 13(c)(5)(ii) and subtracting that value from the result of 13(c)(5)(iii);
 - (v) Multiplying the result of 13(c)(5)(iv) by the unharvested production adjustment if that result is positive, or determining the avoided costs to be zero otherwise.
 - (6) The total revenue to count is the sum of sections 13(c)(4) and 13(c)(5).
 - (7) We may base any appraisal required by these Crop Provisions upon your approved yield, the picking period, and other data contained in the

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actuarial documents.

(d) Example of your insurance protection:

Example 1: You have 100 percent share in 80 acres of strawberries in a single unit. You certify revenue for the five most recent crop years. The approved revenue is \$24,500 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 \$24,500 approved revenue X 1.00 expected revenue factor x 0.75 coverage level X 1.00 share = \$18,375.

You harvest a crop equal to or greater than the product of your approved yield, coverage level, and share, but an inadequate market price causes your revenue to count to be only \$970,500. No appraisals are necessary and you have no unsold production at the end of the insurance period. Your indemnity is calculated as follows:

- (1) $\$18,375 \times 80 \text{ acres} = \$1,470,000$;
- (2) $\$1,470,000 - \$970,500 \text{ revenue to count} = \$499,500 \text{ preliminary indemnity}$; and
- (3) $\$499,500 \times 0.85 \text{ payment factor} = \$424,575 \text{ indemnity payment}$.

Example 2: You actually have planted 100 acres but only 80 acres can be insured due to the limitation stated in the actuarial documents. All other conditions are the same as Example 1, but you harvest only 2,000,000 pounds from the 100 acres and receive total revenue of \$1,300,000 for that production. Assume your approved yield is 30,000 pounds per acre and the unharvested

production adjustment value is \$0.15 per pound. The acreage factor is 80 divided by 100, or 0.8. Your indemnity is calculated as follows:

- (1) $\$18,375 \times 80 \text{ acres} = \$1,470,000$;
- (2) $30,000 \text{ lbs.} \times 0.75 = 22,500 \text{ lbs. per acre}$;
- (3) $22,500 \text{ lbs.} \times 80 \text{ acres} = 1,800,000 \text{ pounds of insured production}$;
- (4) $1,800,000 \text{ lbs.} - (2,000,000 \text{ lbs.} \times .8) = 1,800,000 \text{ lbs.} - 1,600,000 \text{ lbs.} = 200,000 \text{ lbs. subject to the unharvested production adjustment}$;
- (5) $200,000 \text{ lbs.} \times \$0.15 / \text{lb.} = \$30,000 \text{ for the unharvested production adjustment}$;
- (6) $\$1,300,000 \times 0.8 = \$1,040,000 + \$30,000 \text{ (unharvested production adjustment)} = \$1,070,000 \text{ total revenue to count}$;
- (7) $\$1,470,000 - \$1,070,000 \text{ total revenue to count} = \$400,000 \times 0.85 \text{ payment factor} = \$340,000 \text{ indemnity payment}$.

14. Late and Prevented Planting.

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