

MGR-18-009

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Date

August 20, 2018

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Martin R. Barbre, Administrator

Subject

Deviation to Processing Tomato Contract Requirement for 2018 Crop Year

The Risk Management Agency (RMA) has been advised that some processing tomato policy holders in California are at risk of losing coverage for their 2018 crop. Due to market conditions resulting in extended price negotiations, it is estimated that 30 percent to 40 percent of policy holders in California do not yet have a final contract price. A processor contract including a price per ton is a requirement to maintain insurance eligibility under the terms of coverage for the Processing Tomato Crop Provisions (05-087) (“policy”).

In addition, Section 3(b) of the policy states in part:

Liability under this policy will not exceed the number of tons required to be accepted by the processor under a processor contract in effect on or before:

(1) **The earlier of August 20 or the date of damage** to the insured crop in all counties with an acreage reporting date of July 15; [Emphasis added]

Consequently, liability cannot be determined and insurance will not attach if the contract is not provided by the earlier of August 20 or the date damage occurs.

RMA has identified that while the contract price has not been established, these policyholders have a written agreement from a processor to deliver their crop according to a predetermined delivery schedule.

For the 2018 crop year only, RMA will accept delivery schedules in lieu of the processor contract to determine the liability under Section 3(b) of the crop provisions up to August 31, 2018. The delivery schedule must be provided by the processor and reflect the tonnage to be delivered. The processor contract must be provided no later than October 20, 2018.

DISPOSAL DATE:

December 31, 2019