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Corporation

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PISTACHIO INSURANCE STANDARDS HANDBOOK

2021 and Succeeding Crop Years

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

TITLE: PISTACHIO PROGRAM INSURANCE STANDARDS HANDBOOK	**NUMBER: 24320**
EFFECTIVE DATE: 2021 and Succeeding Crop Years	**ISSUE DATE: August 19, 2020**
SUBJECT: **Provides the Pistachio Insurance Standards for the 2021 and succeeding crop years**	**OPI: Product Administration and Standards Division** **APPROVED:** */s/ Richard H. Flournoy* **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

Pistachio Insurance Standards Handbook is being reissued and the handbook will be effective for the Pistachio Program available beginning with the 2021 crop year. The handbook updates the references to the Crop insurance Handbook (CIH), the Document and Supplemental Standards Handbook (DSSH), the General Standards Handbook GSH) and the Loss Adjustment Manual (LAM). Highlighted text throughout the handbook represents changes or additions.

1. The Pistachio Program is being converted to a permanent program; removed the word “pilot” and Part 1C: Duration.
2. Updated verbiage throughout the document for consistency in terms.
3. Updated the set out year to match policy language change.
4. Added Written Agreement language to match policy changes.
5. Updated crop year examples throughout the handbook.
6. Removed CAW language since it has been removed from CIH.
7. Included the State of New Mexico for added land procedures.
8. Updated the terms used for yield limitation, yield adjustment, and yield exclusion which are not applicable.
9. Updated definitions to match the policy.
10. Corrected an error in Exhibit 3.
11. Updated yield descriptors in Exhibit 4 examples.

PISTACHIO INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Pistachio Insurance Standards Handbook							
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FILING INSTRUCTIONS

This handbook replaces the 2017 Pistachio Pilot Insurance Standards Handbook, FCIC-24320 (08-2016). This handbook is effective for the 2021 and succeeding crop years and is not retroactive to any 2020 or prior crop year determinations.

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Part 1 General Information and Responsibilities

1 General Information

A. Purpose

This handbook provides procedure for administering the Pistachio Program in accordance with the Common Crop Insurance Policy Basic Provisions and the Pistachio Crop Provisions and supplements the CIH, the DSSH, the GSH, and LAM via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH, DSSH, GSH, LAM or other issuance, this handbook supersedes the others.

B. Source of Authority

The APH-Pistachio Program is an RMA developed product approved by the FCIC Board of Directors, under Section 523 of the Federal Crop Insurance Act. This handbook provides the FCIC approved procedures for administering the program**.**

C. Applying for Pistachio Program

AIPs shall use the application located in the Document and Supplemental Standards Handbook for the Pistachio Program. The application must indicate the insured has selected the Pistachio Crop Provisions along with all other required information.

D. Related Handbooks

The following table provides handbooks related to Pistachio Program.

Important: Not all sections of related handbooks or all procedures in a section apply to the Pistachio Program. See Part 3 for more information.

Handbook	Purpose
CIH	This handbook provides the official FCIC-issued underwriting standards for policies covered under the Common Crop Insurance Policy Basic Provisions and Area Risk Protection Insurance, including the Catastrophic Risk Protection Endorsement and Supplemental Coverage Option; and the Actual Production History Regulation G
DSSH	Provides the official FCIC approved form standards and procedures for use in the sale and service of any eligible Federal crop insurance policy
GSH	Provides the general administrative procedures that apply across all plans of insurance.
LAM	Identifies loss adjustment standards and requirements for determining production or revenue and adjusting crop insurance claims.
Pistachio Loss Adjustment Standards Handbook	Provides specific loss procedures for pistachios.

2 Responsibilities

A. AIP Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any program issues or concerns to the Product Administration Standards Division (PASD) of RMA at (816) 926-6343 or via mail at USDA/RMA/Stop 0813, P.O. Box 419205, Kansas City, MO 64141-6205.

B. Insured's Responsibilities

To be eligible for the Pistachio Program, insureds must comply with all terms and conditions of the CCIP Basic Provisions, and the Pistachio Crop Provisions.

3-20 (Reserved)

Part 2 Insurability

21 Alternate Bearing

Pistachios are an alternate bearing perennial crop and establishing an approved yield to reflect the expected yield for the next year requires modified procedures found in this handbook APH crop insurance programs cover yield losses due to natural causes. For alternate bearing crops, the swing in production are an inherent characteristic of the tree; therefore, low yields may not be due to an insurable cause of loss.

To address alternate bearing characteristics, the pistachio procedures use a variability index to identify units which have "on" versus "off" years and adjusts the approved yield accordingly. If the previous year was high, the approved yield may be lowered for the current crop year. Likewise, when the yield for the previous year was low, the approved yield may be increased for the current crop year. This approach will better align the guarantee in both 'on' and 'off' years with the true expected yield.

22 Insurable Types and Practices

A. Types Insurable

For pistachios there are no types specified.

B. Insurable Practices

(1) Pistachios must be irrigated to be insurable.

(2) Organic practices (transitional and certified) are also insurable.

(3) Insurable practices listed in the actuarial documents are:

002 Irrigated
702 Organic (certified) irrigated
712 Organic (transitional) irrigated

23 Units, Coverage Levels, and Prices

A selection of one coverage level and one price election percent for both years of the two-year coverage period for all pistachios insured in the county. Coverage level, price election percent, and unit structure may be changed by the insured by notifying the AIP in writing by the sales closing date for the next two-year coverage period.

A. Units

The Pistachio Crop Provisions, Section 2, allow basic units to be divided into optional units if each optional unit is located on non-contiguous land, unless limited in the Special Provisions or otherwise allowed by written agreement.

As with other insurance plans:

(1) All optional units must be identified on the forms used to report production and acreage.

(2) When adjusting a loss, units may be adjusted or combined to reflect the actual unit structure.

(3) For optional units, acceptable records of production must be available for at least the most recent crop year.

- The insured does not have to be able to separate all years in the APH database to qualify for OUs.
- The insured must have acceptable records for at least the most recent crop year according to the OUs requested.
- For the requested OU, if the insured is unable to separate prior years (other than the most recent), actual yields will be used in accordance to CIH 1088 B(1) since T-Yields are not available. See CIH exhibit 15W for the applicable yield descriptors.

(4) The insured must have production evidence, which can be independently verified, including the acreage and production used to determine the approved APH yield or amount of insurance for each optional unit.

The Basic Provisions, Section 34, which allow enterprise and whole-farm units do not apply to pistachios.

23 Units, Coverage Levels, and Prices (Continued)

B. Coverage Levels and Prices

Coverage is available in 5 percent (5%) increments:

- 50 percent (50%);
- 55 percent (55%);
- 60 percent (60%);
- 65 percent (65%);
- 70 percent (70%); and
- 75 percent (75%).

24 Reports

Acceptable supporting records for delivered pistachios include:

(1) delivery statements;

(2) pool closing statements;

(3) production recaps or settlement reports provided by the processor only if the records clearly identify the production unit; and

(4) all records, regardless of the type of record, must include the assessed weight determined according to regulations of the Administrative Committee for Pistachios.

25 Written Agreements

Written agreements are allowed for pistachios. At least four years of production records are needed to qualify for a written agreement.

26-30 (Reserved)

Part 3 Applicability of Handbooks

31 General Overview

This Part identifies information specific to the applicability of the CIH, DSSH, GSH, LAM, and any other procedural issuance that may require supplemental information with regards to pistachios. Unless specifically amended, supplemented, or deleted by information in this handbook, all policy and procedure issuances apply to the Pistachio Program.

Pistachios are a perennial crop and existing procedures for perennials will apply.

Some procedures are modified to address alternate bearing which is a special characteristic of pistachio production. In particular,

- The approved yield for each unit will be determined by adjusting the average yield for expected alternate bearing effects. There will be no limitations on year to year changes in approved yield

- All APH databases will contain at least four years of actual yields. T-yields, yield limitations, yield adjustments, and yield exclusions are not applicable.

AIPs will be responsible for calculating and documenting the approved yield adjustments as applicable.

32 Specific Information Regarding the Crop Insurance Handbook

The general rules of crop insurance, as provided in the CIH, apply to the Pistachio Program.

The following table provides general information, changes, additions, deletions and/or modifications, and termed supplemental instructions regarding the applicability of the CIH to the Pistachio Program.

CIH Reference	Supplemental Instructions
Part 18 Section 8 Paragraph 1882	Relevant underwriting and AIP responsibilities apply.
Paragraph 1215	Does not apply to Pistachio Program.
Part 10	**Optional Units -** Optional units may be established if each optional unit is located on non-contiguous land, unless limited in the Special Provisions or otherwise allowed by written agreement. The supporting records must indicate production for each optional unit and must account for total production from the planted acreage.

CIH Reference	Supplemental Instructions
Part 18 Section 7 Paragraph 1854	APH database instructions for acreage with an organic plan – This procedure is modified because T-Yields, yield limitations, yield adjustment, and yield exclusion are not applicable to the Pistachio Program. Actual conventional yields from the acreage are carried over to the certified organic and transitional APH databases as modified below: If there are less than four years of actual yields for the transitional acreage available in the transitional APH database, use the recent four years of actual yields from the conventional APH database with a twenty percent reduction for each yield. The reduced actual yields from the conventional acreage will be replaced by actual yield history for the transitional acreage as it is collected. The yield variability index procedure in this handbook applies for both certified organic and transitional acreage. APH database instructions for acreage without an organic plan is modified – This procedure is modified as follows: Transitioning Acreage. For acreage transitioning to the organic (certified) practice without an organic plan or written documentation from a certifying agent indicating an organic plan is in effect, the AIP must reduce the approved yield for the conventional APH database to reflect the change in practice. The approved yield for the conventional APH database should be reduced using the following procedure: (a) Apply the yield variability index procedures, (b) Multiply the result in (a) by 0.80 to account for the twenty percent reduction due to the change in practice, (c) Report the resulting approved yield. Continue to make this adjustment until the acreage becomes certified organic or the insured reverts to conventional farming practices.

CIH Reference	Supplemental Instructions
Part 18 Section 7 Paragraph 1854 (Continued)	Modify procedures for the APH database reporting instructions for acreage without an organic plan as follows: (Continuation) Certified Acreage. When acreage previously transitioning to the organic (certified) practice without an organic plan or written documentation from a certifying agent indicating an organic plan is in effect, and the acreage becomes certified organic, the AIP must consider the annual yields from the transitional time period in determining the approved yield for the certified organic acreage. (a) Four or more years of certified organic production history. If the insured has four or more years of certified organic annual yields, the AIP does not adjust the certified organic approved yield other than the applicable yield variability adjustment. (b) Less than four years of certified organic production history. If the insured has less than four years of certified organic annual yields, the AIP must assure that any transitional acreage without an organic plan or written documentation in effect from a certifying agent is accounted for in the certified organic production history. The database should be established, and approved yield calculated by: 1. Use any certified organic annual yields, 2. Include the annual yields from the transitional acreage (without a plan or written documentation from a certifying agent indicating an organic plan is in effect) in the most recent four APH crop years, 3. Complete the database with prior conventional yields, reduced by twenty percent to account for the change in practice. For both certified organic and transitional acreage, the yield variability index procedure in this handbook applies. For acreage that coverts to a conventional practice from an organic (certified) practice, use the most recent four years of certified organic yields with each yield transferred over without adjustment. The actual yields from the certified organic acreage will be replaced by actual yield history for the conventional acreage as it is collected.
Part 13	Applies to Pistachio Program.
Part 14	Applies to Pistachio Program.
Part 17	Does not apply to Pistachio Program.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

CIH Reference	Supplemental Instructions
Part 18	Pistachios are an eligible Category C crop. Category C APH crop procedures apply for pistachios with included modifications.
Part 18 Section 3	**Age/Leaf Year Determination -** Rooted pistachio plants are usually planted in spring, then once established are budded in the field with the fruiting cultivar. This determination of "Leaf Year" for perennials by subtracting the set out year from the calendar year of insurance and add one year. For purposes of the Pistachio Program, the calendar year the trees are grafted in the field is considered the year of "set out". Example: Rootstock is graphed in April of 2012. The "set out" year is 2012. Harvestable fruit production is expected to begin in the 6th leaf year, 2017. The minimum age the orchard would become insurable is the 10th leaf year, 2021.
Part 18 Section 4	**PAW (Producer's Pre-Acceptance Worksheet) -** Apply the procedures in this section with the following supplemental instructions: **Block Number** - Certification of information by block is necessary to document differences in planting date, type, variety, rootstock, etc. List uninsurable block(s) on separate line(s) as needed.
Part 18 Section 5	**PAIR** - A Pre-Acceptance Inspection Report (PAIR) is required for new insureds. Special attention must be given to water supplies for irrigation, arrangements for harvesting and processing, and documentation of the number of bearing trees per planted acre.
Part 18 Section 6 Paragraph 1851	**Block Reporting -** Block reporting allows the insured to report and maintain separate production and acreage by block. An insured may report production and an AIP may establish an APH database by block. Reporting by block allows production from underage trees or acreage not meeting production minimums to be maintained separately.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

<table>
<tr><th>CIH Reference</th><th>Supplemental Instructions</th></tr>
<tr><td>Part 18
Section 6
Paragraph 1856</td><td>APH Database Establishment Methods - A minimum of four years of actual yields are required in each APH database to calculate an approved yield.</td></tr>
<tr><td>Part 18
Section 6
Paragraph 1858</td><td>Does not apply to Pistachio Program.</td></tr>
<tr><td>Part 18
Section 6
Paragraph 1860</td><td>Added Insurable Acreage - Added insurable acreage is acreage that becomes insurable in the current policy crop year because policy requirements for minimum age are met.

For pistachios the minimum age requirement is 10 leaf years. The procedures in Subparagraph A for specific crops in AZ, CA, HI and UT (this procedure will also apply to pistachio production in NM) and Subparagraph C will apply to added insurable acreage when the 10th leaf year minimum age requirement is met.</td></tr>
<tr><td>Part 18
Section 6
Paragraph 1861</td><td>Added new land - Land may be added to an insured’s pistachio policy prior to the acreage reporting date of each year of the two-year module as long as the insured can provide four years of acceptable production records for the land being added and the acreage added meets the minimum requirements to be insurable under the policy. An insured may use production records from another producer for the acreage being added but the records must contain at least four years of production and must meet the requirements to qualify as acceptable verifiable records shown in Part 2 Section 24 of this Handbook</td></tr>
<tr><td>Part 18
Section 6
Paragraph 1862</td><td>Test for High Variability of Actual Yields - Substitute new procedure as follows:

In lieu of the procedure specified in this paragraph, the following procedure is to be used for pistachios in order to determine the approved yield.

If the orchard is in the 10th or 11th leaf years, the variability adjustments below are not applicable. The approved yield for 10th and 11th leaf year orchards will be the simple average of the most recent 4 years of history.

If the orchard is in the 12th leaf year or older, the following variability adjustment procedure will be applied by the AIP to determine approved yield.

Step 1. Calculate the average yield from the APH database. Use the most recent, largest even number of yields if there fewer than 10 years of yields.
<table>
<tr><td>If the database has 10 yields</td><td>Use all 10 years</td></tr>
<tr><td>If the database has 9 or 8 yields</td><td>Use most recent 8,</td></tr>
<tr><td>If the database has 7 or 6 yields</td><td>Use most recent 6,</td></tr>
<tr><td>If the database has 5 or 4 yields</td><td>Use most recent 4,</td></tr>
</table>
Step 2. Calculate the average yield resulting from the two (2) years prior to the most recent crop year.</td></tr>
</table>

CIH Reference	Supplemental Instructions
Part 18 Section 6 Paragraph 1862 (Continued)	**Test for High Variability of Actual Yields** (Continued) ***Step 3.*** Calculate the variability index by dividing the most recent year's yield by the average yield calculated in Step 2; multiply by 100; round to nearest whole number.

If the variability index is:	
Less than or equal to 75	the most recent year was an "off" year
Between 75 and 125	no adjustment
Greater than or equal to 125	the most recent year was an "on" year

Step 4. Determine the variability adjustment factor:

If the variability index is:	The variability adjustment factor is:
Less than or equal to 75	1.40
Between 75 and 125	1.00
Greater than or equal to 125	0.60

Step 5. Calculate the approved yield by multiplying the average yield calculated in Step 1 by the variability adjustment factor determined in step 4.

If the variability index is:	The approved yield is calculated as:
Less than or equal to 75	1.40 x APH
Between 75 and 125	1.00 x APH
Greater than or equal to 125	0.60 x APH

Step 6. Enter the approved yield from Step 5 into the APH database as appropriate.

- Alternate bearing adjustments will be determined, and documentation maintained by AIPs.

The approved yields must be submitted, as appropriate, based on guidance from Appendix III.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

CIH Reference	Supplemental Instructions
Part 18 Section 6 Paragraph 1862 Subparagraph E	Downward Trending Test(s) are not required. Special case indicators D and DF are not applicable.
Part 18 Section 6 Paragraph 1862 Subparagraph F	Does not apply to Pistachio Program.
Part 18 Section 6 Paragraph 1863	**Approved APH Yield -** The approved yield may be different from the simple average due to AIP adjustments by formula and procedures contained in this Handbook
Part 18 Section 8 Paragraph 1881	**RO Determined Yields Request -** Limited to consideration of the yield data and calculation accuracy. The validity of the variability index and variability adjustment factors is not reviewable.
Part 18 Section 7 Paragraph 1872	**Yield Adjustment -** Not applicable, flag 12 is not appropriate.
Part 18 Section 7 Paragraph 1873	**Yield Limitations -** There are no limits on year to year changes in approved yield. Cups are not authorized.
Part 19 Section 2 Paragraph 1941	**Evidence of Production** - Acceptable supporting records for delivered pistachios include: • delivery statements, • pool closing statements, • production recaps or settlement reports provided by the processor only if the production unit is clearly identified, • all records, regardless of the type of record, must include the assessed weight determined according to regulations of the Administrative Committee for Pistachios. **Assessed Weight -** The total pounds of edible split in-shell, total edible kernels from shelling stock and edible kernels from closed shell. Total edible kernels from shelling stock and edible kernels from closed shell are converted to in-shell equivalents according to Administrative Committee for Pistachios regulations.

32 Specific Information Regarding the Crop Insurance Handbook (Continued)

CIH Reference	Supplemental Instructions
Part 15 Section 3	Does not apply to Pistachio Program.
Part 15 Section 5	Does not apply to Pistachio Program.
Part 15 Section 6	Applies to Pistachio Program.
Part 20	Does not apply to Pistachio Program.

33 General Standards Handbook

GSH Reference	Supplemental Instructions
Part 6	Applies to Pistachio Program.
Part 8 Section 4	Organic Part 8, Section 4 is modified as follows: Organic: Organic (certified) and organic (transitional) practices are insurable. Variable T-Yield procedures do not apply.

34 Prevented Planting Standards Handbook

The Prevented Planting Standards Handbook is not applicable to the Pistachio Program. Prevented planting coverage is not available for pistachios.

35 Loss Adjustment Manual

The procedures identified (except replanting procedures) in the LAM are adopted for the Pistachio Program. Replanting coverage is not available for pistachios

36 Pistachio Loss Adjustment Standards Handbook

The Pistachio Program Loss Adjustment Standard Handbook applies to this.

37-40 (Reserved)

Exhibit 1

Acronyms

The following table provides approved acronyms used in this handbook.

Approved Acronyms	Term
AIP	Approved Insurance Provider
APDD	Actuarial and Product Design Division
APH	Actual Production History
CAT	Catastrophic Risk Protection
CCIP	Common Crop Insurance Policy
CIH	Crop Insurance Handbook
DSSH	Document and Supplemental Standards Handbook
GSH	General Standards Handbook
FCIC	Federal Crop Insurance Corporation
LAM	Loss Adjustment Manual
NASS	National Agricultural Statistics Service
PAIR	Pre-Acceptance Inspection Report
PASS	Policy Acceptance and Storage System
PAW	Producer's Pre-Acceptance Worksheet
RO	Regional Office
RMA	Risk Management Agency

Definitions

The following are definitions of the terms used within this handbook.

Agent- The same meaning as the term "agent" in the Standard Reinsurance Agreement.

Approved Insurance Provider (AIP)- The same meaning as the term "approved insurance provider" in the Federal Crop Insurance Act. For the purposes of this handbook, Approved Insurance Provider includes managing general agents as defined in the Standard Reinsurance Agreement.

Alternate bearing –The physiological propensity of perennial species, such as pistachios (*Pistacia vera)*, to produce a higher yield ('on' year), typically followed the next year by a lower yield ('off" year).

Assessed Weight - The total pounds of edible split in-shell, total edible kernels from shelling stock and edible kernels from closed shell. Total edible kernels from shelling stock and edible kernels from closed shell are converted to in-shell equivalents according to Administrative Committee for Pistachios regulations.

Approved yield (per acre) – In addition to the definition contained in the Basic Provisions, the quantity of pistachios (total assessed weight pounds per acre) determined by multiplying the average production history yield per acre by the variability adjustment factor.

Bearing Trees - Pistachio nuts are produced only by female trees. Each planting requires non-bearing male trees for pollination. The ratios of bearing trees to pollinators and planting patterns are particular to each field.

Crop Year– Calendar year in which the harvest occurs.

Harvest – Removal of the mature pistachio nuts from the tree.

Leaf year - Subtract the set out year from the crop year, then add one year.

> Example: Rootstock is grafted in April of 2012. The "set out" year is 2012. Harvestable fruit production is expected to begin in 2017 the sixth leaf year (6 = 2017-2012+1). The orchard would become insurable in 2021 the 10th leaf year (10 = 2021-2012+1).

Pesticide- A generic term to include fungicides, herbicides, insecticides, rodenticides, etc.

Practice – Insurable practices listed in the actuarial documents.

Production guarantee (per acre) - The quantity of pistachios (total assessed weight pounds per acre) determined by multiplying the approved yield per acre by the coverage level percentage.

Definitions (Continued)

Set out year– The actual calendar year for acreage grafted before July 1st or the calendar year following grafting when grafting occurs on or after July 1st.

Type – Insurable types listed in the actuarial documents.

Variability adjustment factor – A factor derived from the variability index that is multiplied by the APH to determine the approved yield.

(1) If the variability index is less than or equal to 75 the variability adjustment factor will equal 1.4 unless otherwise provided in the Special Provisions.

(2) If the variability index is greater than 75, but less than 125, the variability adjustment factor will equal 1.00 unless otherwise provided in the Special Provisions.

(3) If the variability index is greater than or equal to 125, the variability adjustment factor will equal 0.60 unless otherwise provided in the Special Provisions.

Variability index– A ratio determined by dividing the yield from the most recent crop year by the average yield of the two previous crop years. Multiply the result by 100 and round to the nearest whole number. The index is used to identify units that are likely to have on versus off years.

Examples – Alternate Bearing

Example A 10 Year Database --- Adjust Approved Yield lower than Average Yield because expecting "Off" Year

In this example the crop insurance year is 2021 and the previous year is ____. The insured has production records for 10 years, ____ back to ____ and an average yield of 3,638 pounds. The variability index is calculated by dividing the ____ yield by the average of ____ and ____ yields: 4,478/ [(5,424 + 856)/2) = 3,140]. The 143 index value is above 125 indicating that ____ was an "on" year. Therefore, the crop year ____ is expected to be lower (an "off" year) and the adjustment factor would be 0.60. You multiply the average yield by the adjustment factor to determine the approved yield for Crop Year ____: 3,638 x 0.60 = 2,183

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Crop Year	2021
3,420	4,713	3,922	2,590	4,919	3,842	2,215	5,424	856	4,478	Average Yield =	3,638

Recent Average 3,140

If	then	Factor	
index => 125	Adjust lower	1 - 0.40	0.60
125<index>75	No Adjustment		1.00

Multiply Average Yield by the Factor

Approved Yield for 2021 **2183**

Examples – Alternate Bearing (Continued)

Example B 8 Year Database --- Adjust Approved Yield higher than Average Yield because expecting "On" Year

In this example the crop insurance year is [ ] and the previous year is [ ]. The insured has production records for 8 years, 20 back to [ ] and an average yield of 1,760 pounds. The variability index is calculated by dividing the [ ] yield by the average of 2019 and 2018 yields: 1,546/ [(2,269 + 2,612)/2 = 2,441]. The 63 index value is below 75 indicating that 2020 was an "off" year. Therefore, the crop year 2021 is expected to be higher (an "on" year) and the adjustment factor would be 1.40. You multiply the average yield by the adjustment factor to determine the approved yield for Crop Year 2012: 1,760 x 1.40 = 2,464

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Crop Year	2021
		1,163	1,513	1,664	1,348	1,967	2,269	2,612	1,546	Average Yield =	1,760

Variability Index = 2020 Yield / Recent Average = 1,546 / 2,441 x 100 = 63

If	then	Factor		
index => 125	Adjust lower	1 - 0.40	0.60	
125<index>75	No Adjustment		1.00	
				1.40

Multiply Average Yield by the Factor

Approved Yield for 2021 **2,464**

Examples – Alternate Bearing (Continued)

Example C 5 Year Database (Use most recent 4 years) - No Adjustment, Approved Yield same as Average Yield

In this example the crop insurance year is 2021 and the previous year is 2020. The insured has production records for 5 years, 2020 back to 2016 and an average yield of 1,903 pounds. The variability index is calculated by dividing the 2020 yield by the average of 2019 and 2018 yields: 2,388/ [(2,012 + 2,258)/2 = 2,135]. The 112 index value is between75 and 125 so no adjustment for "on" or "off" year is needed. The adjustment factor would be 1.00. You multiply the average yield by the adjustment factor to determine the approved yield for Crop Year 2021: 1,903 x 1.00 = 1,903

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Crop Year	2021
					688	953	2,012	2,258	2,388	Average Yield =	1,903

Recent Average 2,135

If	then	Factor	
index => 125	Adjust lower	1 - 0.40	0.60
125<index>75	No Adjustment		1.00

Multiply Average Yield by the Factor

Approved Yield for 2021 **1,903**

Examples – Alternate Bearing (Continued)

Example D 7 Year Database (Use most recent 6 years) - Adjust approved yield lower than average yield because expecting "Off" Year

In this example the crop insurance year [ ] and the previous year is [ ]. The insured has production records for 7 years, [ ] back to 2014 and an average yield of 1,971 pounds. The variability index is calculated by dividing the 2020 yield by the average of 2019 and 2018 yields: 2,634/ [(1,975 + 627)/2 = 1,301]. The 202 index value is above 125 indicating that 2020 was an "on" year. Therefore, the crop year 2012 is expected to be lower (an "off" year) and the adjustment factor would be 0.60. You multiply the average yield by the adjustment factor to determine the approved yield for Crop Year 2021: 1,971 x 0.60 = 1,183

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Crop Year	2021
			1352	3,426	2,515	648	1,975	627	2,634	Average Yield =	1,971

Recent Average 1,301

If	then	Factor	
index => 125	Adjust lower	1 - 0.40	0.60
125<index>75	No Adjustment		1.00

Multiply Average Yield by the Factor

Approved Yield for 2021 **1,183**

Exhibit 4

Transition and Organic APH Database Examples

Note for the examples in this exhibit the yield descriptor "GT" designates a twenty percent reduction in conventional actuals yields for pistachios. For other applicable yield descriptors see CIH 2021 Exhibit 15W.

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Examples for transitioning under an organic plan:

(1) Establishment and maintenance of the transitional APH database.

In 2015, an insured transitions conventional acreage using organic practices, following an approved plan. The insured has no prior organic farming history.

(a) The insured's yield history (conventional APH database) prior to transitioning the acreage under the organic practice.

(a) Conventional APH Database			
Crop Year: 2015		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2005	119125	125	A 953
2006	183625	125	A 1469
2007	89750	125	A 718
2008	168125	125	A 1345
2009	125125	125	A 1001
2010	151250	125	A 1210
2011	117000	125	A 936
2012	209000	125	A 1672
2013	103125	125	A 825
2014	224500	125	A 1796
	Approved Yield		716

(b) The transitional APH database will consist of four reduced actual yields from the conventional acreage in the unit when no actual transitional yields are available.

(b) Transitional APH Database			
Crop Year: 2015		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2011			GT 749
2012			GT 1338
2013			GT660
2014			GT1437
	Approved Yield		628

Transition and Organic APH Database Examples (Continued)

Examples (c) – (e) illustrate a transitional APH database that contains transitional organic yield history. The actual yields include total production and number of acres. The transitional organic actual yields will replace the reduced conventional yields as they are accumulated in the APH database.

(c) One year of actual transitional yields in the APH database and three reduced conventional yields.

(c) Transitional APH Database			
Crop Year: 2016		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2012			GT1338
2013			GT660
2014			GT1437
2015	90500	125	A724
	Approved Yield		1456

(d) Two years of actual transitional yields in the APH database and two reduced conventional yields.

(d) Transitional APH Database			
Crop Year: 2017		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2013			GT 660
2014			GT 1437
2015	90500	125	A 724
2016	153250	125	A1226
	Approved Yield		1012

(e) Three years of actual transitional yields in the APH database and one reduced conventional yield. At this point, the transition period (thirty-six months) as required by the OFPA and NOP standard is complete. The acreage, for the 2018 crop year, may be insured as certified organic.

(e) Transitional APH Database			
Crop Year: 2018		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2014			GT 1437
2015	90500	125	A724
2016	153250	125	A1226
2017	86125	125	A689
	Approved Yield		1427

(2) Certified organic APH database examples illustrate the maintenance of the certified organic APH database.

After the transition period has been complete, the certified organic APH database is established.

(a) Initial year of the certified organic APH database. Is comprised of the most recent four yields from the transitional APH database.

(a) Certified Organic APH Database			
Crop Year: 2018		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2014			GT1437
2015		125	OF 724
2016		125	OF 1226
2017		125	OF 689
	Approved Yield		1427

Exhibit 4
Transition and Organic APH Database Examples (Continued)

(b) One certified organic yield and three actual yields from the transitional APH database.

(b) Certified Organic APH Database			
Crop Year: 2019		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2015		125	OF 724
2016		125	OF 1226
2017		125	OF 689
2018	249000	125	A 1992
	Approved Yield		695

(c) Two years of certified organic actual yields and two actual yields from the transitional APH database.

(c) Certified Organic APH Database			
Crop Year: 2020		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2016		125	OF 1226
2017		125	OF 689
2018	249000	125	A 1992
2019	109750	125	A 878
	Approved Yield		1675

(d) Three years of certified organic yields and one actual yield from the transitional APH database.

(d) Certified Organic APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2017		125	OF 689
2018	249000	125	A 1992
2019	109750	125	A 878
2020	205875	125	A 1647
	Approved Yield		1302

Examples of transitioning without an organic plan:

(1) Transitioning acreage to certified organic without an organic plan or written documentation from a certifying agency.

For the 2021 crop year, an insured begins transitioning conventional acreage using organic practices without an organic plan or written documentation from a certifying agency; therefore:

(a) The acreage must be insured under the conventional farming practice.

The APH database below illustrates the conventional APH database prior to transitioning the acreage.

(a) Conventional APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2011	119125	125	A953
2012	183625	125	A1469
2013	89750	125	A718
2014	168125	125	A1345
2015	125125	125	A1001
2016	151250	125	A1210
2017	117000	125	A936
2018	209000	125	A1672
2019	103125	125	A825
2020	224500	125	A1796
	Approved Yield		716

(b) If the conventional acreage had been transitioned according to a plan, then a separate transitional APH database would be established. If the insured chooses to transition without a plan, a separate APH database is not established and the AIP must reduce the approved yield to account for the change in practice as specified in this handbook. The resulting initial year APH database is the following:

(b) Conventional APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2011	119125	125	A953
2012	183625	125	A1469
2013	89750	125	A718
2014	168125	125	A1345
2015	125125	125	A1001
2016	151250	125	A1210
2017	117000	125	A936
2018	209000	125	A1672
2019	103125	125	A825
2020	224500	125	A1796
	Variability Index Adjusted Yield		716
	Approved Yield		573*

*The approved yield must be reported with perennial special case “PM” and limitation code “11”.

(c) The example below illustrates the actual transitional yields the insured accumulated while transitioning the conventional acreage without an organic plan or other documentation from a certifying agency.

(c) Conventional APH Database			
Crop Year: 2020		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2010	168125	125	A1345
2011	125125	125	A1001
2012	151250	125	A1210
2013	117000	125	A936
2014	209000	125	A1672
2015	103125	125	A825
2016	224500	125	A1796
2017	90500	125	A724
2018	153250	125	A1226
2019	86125	125	A689
	Variability Index Adjusted Yield		1599
	Approved Yield		1279*

*The approved yield must be reported with perennial special case "PM" and limitation code "11".

(2) Establish a certified organic APH database only when the insured has an organic plan and certificate from a certifying agency. In this situation, the insured has completed the transitional period for organic acreage and has provided an organic plan and certificate. Since the acreage was transitioned without a plan, any applicable actual yield(s) from the transitional acreage must be considered when determining the certified organic approved yield.

(a) Initial year of the certified organic APH database. Is comprised of the three actual transitional acreage yields and one reduced conventional yield from the conventional APH database.

(a) Certified Organic APH Database			
Crop Year: 2020		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2016			GT1437
2017		125	OF724
2018		125	OF1226
2019		125	OF689
	Approved Yield		1427

(b) One actual certified organic yield and three yields from the transitional period.

(b) Certified Organic APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2017		125	OF724
2018		125	OF1226
2019		125	OF689
2020	249000	125	A1992
	Approved Yield		695

Transition and Organic APH Database Examples (Continued)

Example of acreage changing from certified organic practice to conventional:

When certified organic acreage converts back to the conventional practice due to drift, revocation of the certificate, etc., the conventional APH database must be established using the most recent four years of yields from the certified organic APH database.

(a) The APH database below illustrates the certified organic APH database prior to converting back to conventional APH database.

(a) Certified Organic APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2015	249000	125	A1992
2016	109750	125	A878
2017	205875	125	A1647
2018	79000	125	A632
2019	187500	125	A1500
2020	74500	125	A596
	Approved Yield		1691

(b) Establish the conventional APH database using the most recent four years from the certified organic APH database. (See CIH 2021 Exhibit 15W for applicable yield descriptor and Exhibit 22 for applicable perennial special case depending on the reason why the insured is converting back to a conventional APH database.)

(b) Conventional APH Database			
Crop Year: 2021		Unit No. 0001-0000	
Year	Total Prod	Acres	Yield
2017	205875	125	A1647
2018	79000	125	A632
2019	187500	125	A1500
2020	74500	125	A596
	Approved Yield		1531