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# **PRODUCTION and REVENUE HISTORY PILOT STANDARDS HANDBOOK**

## **2021 and Succeeding Crop Years**



**RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: Production and Revenue History Pilot Standards Handbook</b>	<b>NUMBER: FCIC – 24380-2</b>
<b>EFFECTIVE DATE: 2021 and Succeeding Crop Years</b>	<b>ISSUE DATE: November XX, 2020</b>
<b>SUBJECT:</b>  <b>Provides the procedures and instructions for administering the Production and Revenue History crop insurance program</b>	<b>OPI: Product Administration and Standards Division</b>
	<b>APPROVED:</b>  <b>Richard H. Flourney</b>  <b>Deputy Administrator for Product Management</b>

**REASON FOR AMENDMENT**

1. The issuance of these slip-sheets adds an additional example in paragraph 561C. This example provides clarification for strawberries when harvest has started, and the crop is subsequently affected by an uninsured cause of loss.

# PRODUCTION AND REVENUE HISTORY PILOT STANDARDS HANDBOOK

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### FILING INSTRUCTIONS:

This handbook is effective for the 2021 and succeeding crop years.

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- (2) The calendar date for the end of the insurance period is specified in the actuarial documents.
  - (a) Physical damage occurring after the end of the insurance period will not be included in settlement of claim calculations.
  - (b) Any production that would normally be picked after the end of the insurance period will not be included as production to count or reported on the production report. Only production that is produced and harvested during the insurance period is reported on the production report.
  - (c) Only revenue earned from production reported will be included on the revenue report required.

## 516 Causes of Loss

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### A. Insurable

The following causes of physical loss are covered under the PRH Strawberry Pilot Program:

- (1) Adverse weather conditions;
- (2) Fire;
- (3) Insects and plant diseases if:
  - (a) 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
  - (b) no pesticides effective on the insect or the plant disease are registered with the Environmental Protection Agency and labeled for use on strawberries.

**Important:** Causes of loss due to insects or plant disease are insurable causes of loss only if a natural event, such as rain, either prevents timely application of a pesticide or washes it off the plants before it has had an opportunity to be effective. Further, the insured must have been unable to reapply the control measure before damage occurs or worsens due to continuing natural events, such as adverse weather, or because the label directions limit reapplication for several days after an initial application and there are no substitutes.

In addition, a pest or disease may occur for which no pesticide has been registered for use on that disease or pest or, if a pesticide is registered, it has not been labeled for use on strawberries. The insured must exercise normal and routine care of the field to control insects and disease outbreaks, but if natural events beyond the control of the insured occur and cause a production loss, such losses may be covered if all other requirements are met



## 516 Causes of Loss (Continued)

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### A. Insurable (continued)

- (4) Wildlife;
- (5) Earthquake;
- (6) Volcanic eruption; and
- (7) Failure of irrigation water supply, if due to an insurable cause of loss specified in (1)-(6) of this paragraph.
- (8) In addition to the causes of loss due to physical damage, an inadequate market price on sold strawberries is a covered cause of loss.

**\*\*\*** **Important:** Unharvested and/or unsold strawberries must be appraised to determine the pounds of marketable fruit and must be valued as production to count in accordance with the CP.

### B. Uninsurable

In addition to the causes of loss excluded by the BP, damage or loss will not be insured due to the following:

- (1) Physical injury to strawberry fruit caused by the improper use of tools or machinery such that it is not marketable:
- (2) Failure to pick in a timely manner for any reason, including inability to obtain labor, unless the failure to pick is due to an insurable cause of loss specified in A of this paragraph.

**Important:** Timely notice and timely loss adjustment is extremely important for strawberries because they are highly perishable. AIPs must exercise caution with claims filed late. If the appraisal is made after fruit becomes soft, shriveled or damaged by other causes it will not accurately reflect the condition of the fruit as it was at first maturity.

- (3) Inability to market the strawberries for any reason other than actual physical damage due to an insurable cause of loss as specified in A of this paragraph. For example, payment of an indemnity will not be made if insured is unable to market due to a quarantine, boycott, or refusal of any pers to accept production; and
- (4) High soil salinity for California only, unless otherwise specified in the actuarial documents.

517 - 519 (Reserved)

**C. Potential Production Method for Acreage with Timely Notices (continued)**

**Example:** Three samples are taken in a unit. The samples weighed 0.3 lbs., 0.2 lbs., and 0.4 lbs., for an average weight of 0.9 lbs. / 3 samples = 0.3 lbs. / sample. Multiply 0.3 lbs. average sample weight by the factor for 1,000 (for 1/1000 sample size) = 300 lbs. per acre unharvested production from the previous picking.

(3) Determine the remaining potential production as illustrated below.

**Example:** Assume strawberry plants were damaged by an insured cause in May. The insured elects to continue harvesting the strawberries until a picking is completed on August 14 then elects to destroy the remaining plants. Timely notice was filed. There is no unharvested marketable production from the picking that ended on August 14.

The process described below shows how to use the information shown in the SP to determine the amount of expected production during the remainder of the crop year. The example uses the August 1 to 31 picking period in Monterey County, CA for the winter planted type.

Days the insured did not harvest during a picking period	17	August 15 to August 31
Total days in picking period	31	August 1 to August 31
Portion of current period remaining	54.8%	17 days divided by 31 days) (3 decimals)
Month Percent of Approved Yield	18.0 %	From Special Provisions
Approved yield	62,500lbs.	Approved yield
Potential production for picking period	11,250lbs.	18.0% X 62,500lbs.
Potential production for picking period multiplied by the portion of current picking period remaining	6,165lbs.	11,250lbs. X 54.8%
Sum of Month Percent of Approved Yield for all remaining periods	5.6 %	From Special Provisions; September picking period
Potential production for all remaining picking periods	3,500lbs.	62,500lbs. x 5.6%
Appraised unharvested production	9,665lbs.	6,165lbs. + 3,500lbs.

(4) For a delay in picking, count the number of days beginning on the day after the last picking through the day before the next picking commenced. Divide this result by the days between pickings shown in the SP. The process shown below is a slight modification of the process shown in C(3):

**C. Potential Production Method for Acreage with Timely Notices (continued)**

**Example:** Assume a picking in Monterey County, CA ended on June 17. The next picking commenced on June 26. The days between pickings in the SP is two days in this picking period.

Date picking ended	June 17	
Date next picking should have started	June 20	2 days between pickings (June 18 & 19)
Date picking started	June 26	
Days pickings were missed	6	June 20 to June 25
Days in picking period	30	
Percent of picking period missed	20.0%	6 days divided by 30 days
Approved yield	62,500lbs.	
Period % of approved yield	24.0%	SP
Expected production in period	15,000lbs.	24.0% X 62,500lbs.
Appraisal for delay in picking	3,000lbs.	20.0% X 15,000lbs.

- (5) Whenever plants are damaged by insured causes to the extent that the plants will require a period of time to recover before they will again produce marketable strawberries, do not count the recovery time when determining the potential remaining production. Determine potential production starting with the date the next harvest would be expected to occur under normal growing conditions and ending with the end of the insurance period.

**Example:** Assume damage occurs on June 15 and the plants will require 30 days before marketable strawberries are again produced. The insured wishes to destroy the crop and has provided a timely notice. No potential production will be assessed for the remainder of the June picking period or for the first half of the July picking period.

- (6) Whenever plants are damaged by uninsured causes after the initial harvest of the crop, claims will be calculated as shown in the example below.

**Example:** Assume harvest started on 10 acres in Hardee County, FL and ended on February. 15. The insured files a NOL due to third party damage (uninsured COL) on February 16. The harvested production will be counted in Section II of the PW and receive the stage code H. The unharvested production potential will be assessed a portion of the guarantee when calculating the claim due to the uninsured COL.

**C. Potential Production Method for Acreage with Timely Notices (continued)**

The unharvested production damaged by uninsured causes will be captured as a separate line in Section I of the PW and will receive the stage code TH. To calculate the prorated guarantee to be used for this entry, use the table provided in the SP. In this case, harvest ended on February. 15.

**Step 1:** Calculate the remaining percent of picking period.

Divide the total days of potential harvest remaining for each month (Feb. = 13 days, March = 31 days and April = 10 days) by the total days for each month (Feb. = 28 days, March = 31 days and April = 10 days).

$13 \text{ days} \div 28 \text{ days} = 0.464 = 46.4\%$  remaining percent of picking period for February.

$31 \div 31 \text{ days} = 1.00 = 100\%$  remaining percent of picking period for March

$10 \text{ days} \div 10 \text{ days} = 1.00 = 100\%$  remaining percent of picking period for April

**Step 2:** Calculate the insured's potential production.

The monthly percent of approved yield for February, March and April are 38.64%, 21.93%, and 0.09% respectively. The insured has an approved yield of 50,000 lbs. per acre. Multiply, for each month, the insured's approved yield per acre by the "month percent approved yield" specified in the SP.

$50,000 \times 38.64\% = 19,320 \text{ lbs.}$  of potential production for the entire month of February.

$50,000 \times 21.93\% = 10,965 \text{ lbs.}$  of potential production for the entire month of March.

$50,000 \times 0.09\% = 45 \text{ lbs.}$  of potential production for the entire month of April.

**Step 3:** Calculate the total lbs. per acre remaining for the unharvested production for each month.

Multiply lbs. of potential production by remaining percent of picking period for each month.

$19,320 \text{ lbs.} \times 46.4\% = 8,964 \text{ lbs.}$  of production per acre unharvested for February.

**C. Potential Production Method for Acreage with Timely Notices (continued)**

10,965 lbs. x 100% = 10,965 lbs. of production per acre unharvested for March.

45 lbs. x 100% = 45 lbs. of production per acre unharvested for April.

**Step 4:** Total the results from above and multiply by 10 acres.

8,964 + 10,965 + 45 = 19,974 lbs. of production per acre x 10 acres = 199,740 lbs. of production were unharvested due to the uninsured cause of loss.

The total pounds of production calculated above will then be multiplied by the coverage level and the result will be included as PTC when calculating the claim.

- (7) The potential production on acreage with timely notices of damage or loss will be multiplied by the percent of stand reduction if applicable.

**D. Potential Production Method for Acreage without Timely Notices**

If timely notice of a delay in initial harvest or a harvest delay has not been provided and/or the AIP cannot accurately determine the amount of production (refer to the CP and SP), use Part I of the Strawberry Appraisal Worksheet (Potential Production) to determine the per acre expected potential production to count (refer to the Strawberry Appraisal Worksheet example). If the amount of production cannot be accurately determined for:

- (1) All the pickings on the acreage, appraise not less than the value per acre for the acreage affected.
- (2) One or more pickings (but not all the pickings) on the acreage, determine the strawberries that could have been harvested under normal growing conditions during the time period in question using the instructions in C(5).
- (3) When timely notice has not been provided or acceptable records are not available, do not reduce the potential production for stand reduction.

## **562 Deviations and Modifications**

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- (1) Deviations in appraisal methods require RMA written authorization (as described in the LAM) prior to implementation.
- (2) There are no pre-established modifications contained in this handbook. Refer to the LAM for additional information.

## **563 General Information for Worksheet Entries and Completion Procedures**

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### **A. Appraisal Worksheets**

- (1) Include the AIP's name in the appraisal worksheet title if not preprinted on the AIP's worksheet, when a worksheet entry is not provided.
- (2) Include the claim number on the appraisal worksheet (when required by the AIP), when a worksheet entry is not provided.
- (3) Separate appraisal worksheets are required for each unit and picking appraised. Refer to paragraph 560 for sampling instructions.
- (4) Separate appraisal worksheets are required for Part I of the Strawberry Appraisal Worksheet (Potential Reduction) if production was sold by direct marketing from more than one field or subfield for a picking within a unit and to record appraisals for any plants or production lost due to uninsured causes.
- (5) Standard appraisal worksheet items are numbered consecutively in exhibits 5 and 5A. An example appraisal worksheet is also provided to illustrate how to complete all entries, except the last three items on the appraisal worksheet.

### **B. WAHP Worksheet**

A WAHP is composed of separate valuations for the following categories of production for the current crop year: sold undamaged, unsold undamaged, sold damaged due to an insured cause of loss, and damaged (sold and unsold) due to an uninsured cause of loss. The WAHP is computed in accordance with exhibits 3D and 5C and section 4 of the PRH GP.

## **563 General Information for Worksheet Entries and Completion Procedures (Continued)**

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### **C. RWAHP Worksheet**

A RWAHP is computed to align the value of this year's sold production in which the guarantee is established. The RWAHP is computed separately for each crop, crop type, planting period, and organic practice combination. Refer to paragraph 36D and exhibits 3D and 5C for additional information.

**564-569 (Reserved)**

### **Section 3 Loss Adjustment - Production Worksheet**

#### **570 Production Worksheet Standards**

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- (1) The PW is a progressive form containing all notices of damage for all preliminary and final inspections (including "No Indemnity Due" claims) made on a unit.
- (2) If a PW has been prepared on a prior inspection, verify each entry and enter additional information as needed. If a change or correction is necessary, strike out all entries on the line and re-enter correct entries on a new line. The adjuster and the insured are to initial any line deletions.
- (3) Refer to the LAM for instructions regarding the following:
  - (a) Acreage report errors.
  - (b) Delayed notices and delayed claims.
  - (c) Corrected claims or fire losses (double coverage), and cases involving uninsured causes of loss, unusual situations, controversial claims, concealment, or misrepresentation.
  - (d) Claims involving a Certification Form, (when all the acreage on the unit has been appraised to be put to another use or other reasons described in the LAM).
  - (e) "No Indemnity Due" claims (which must be verified by an appraisal or notification from the insured that the production exceeded the guarantee).
- (4) The adjuster is responsible for determining if any of the insured's requirements under the notice and claim provisions of the policy have not been met. If any have not, the adjuster should contact the AIP.
- (5) Instructions labeled "Preliminary" apply to preliminary inspections only. Instructions labeled "Final" apply to final inspections only. Instructions not labeled apply to all inspections.
- (6) Refer to section 15(b) of the BP for information on determining production to count when acreage is harvested after the crop has been appraised.

**571-579 (Reserved)**