



United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation

FCIC-24330 (08-2022)

# **ACTUAL REVENUE HISTORY (ARH)**

# **TART CHERRY FOR PROCESSING PILOT**

# **INSURANCE STANDARDS HANDBOOK**

**2023 and Succeeding Crop Years**

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**UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM PRODUCTION AND CONSERVATION  
RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: ARH Tart Cherry for Processing Pilot Insurance Standards Handbook</b>	<b>NUMBER: FCIC –24330 OPI: Product Management</b>
<b>EFFECTIVE DATE: 2023 and Succeeding Crop Years</b>	<b>ISSUE DATE: August 31, 2022</b>
<b>SUBJECT:</b>  Provides the insurance standards and instructions for the ARH tart cherry for processing pilot crop insurance program.	<b>APPROVED:</b>  <i>/s/ Richard Flournoy</i>  Deputy Administrator for Product Management

**REASON FOR ISSUANCE**

This handbook provides the official FCIC approved 2023 and succeeding crop years’ underwriting and administration standards for the ARH Tart Cherry for Processing Pilot Program.

All approved insurance providers must utilize these standards for the ARH Tart Cherry for Processing Pilot.

**SUMMARY OF CHANGES**

Listed below are the changes to the 2023 FCIC 24330 ARH Tart Cherry for Processing Pilot Insurance Standards Handbook with significant content change. All changes, and additions are highlighted. Minor changes and corrections are not included in this listing. \*\*\* used throughout the handbook indicate where major deletions occurred.

<b>Reference</b>	<b>Description of Change</b>
Throughout	Formatting updates throughout to comply with the External Handbook Standards (EHS) and references to CIH were updated where necessary.
<a href="#">Para. 1C.</a>	Page 1: Added required civil rights language.
<a href="#">Part 1</a>	Page 3: Removed subparagraph for Applying for ARH Tart Cherry for Processing Pilot Program.
<a href="#">Para. 2</a>	Page 3: Removed subparagraph for Insured’s Responsibility.
<a href="#">Para. 32A</a>	Page 10: Added information and references for both the revenue report and ARH report. Also, added the phase in addition to elements required to complete production and APH report.
<a href="#">Para. 32C</a>	Page 12: Restructured the paragraphs.
<a href="#">Para. 32I</a>	Page 13: Clarified block procedures with 90 percent of cherry trees.
<a href="#">Para. 33</a>	Page 17: Removed refences to miscellaneous handbooks.
<a href="#">Para. 34</a>	Page 17: Updated the written agreement language to match policy changes.
<a href="#">Exh. 2</a>	Page 21: Updated the definitions to match the policy.
<a href="#">Exh. 3A</a>	Page 23: Listed the revenue report elements.
<a href="#">Exh. 3B</a>	Page 24: Listed the ARH report elements
<a href="#">Exh. 4F(3)(a)</a>	Page 33: Corrected formula for next year’s ARH production.
<a href="#">Exh. 4G</a>	Page 34: Corrected temporary revenue in the ARH database example.

## RISK MANAGEMENT AGENCY EXTERNAL HANDBOOK STANDARDS

### CONTROL CHART

	<b>TP Page(s)</b>	<b>TC Page(s)</b>	<b>Text Page(s)</b>	<b>Exhibit Page(s)</b>	<b>Date</b>	<b>Directive Number</b>
Current Index	1-2	1	1-19	20-34	08-2022	FCIC-24330

### FILING INSTRUCTIONS

This handbook replaces FCIC-24330, ARH Tart Cherry for Processing Pilot Insurance Standards Handbook dated August 30, 2021. This handbook is effective upon approval and until obsoleted.

ARH TART CHERRY FOR PROCESSING PILOT PROGRAM

INSURANCE STANDARDS HANDBOOK

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# PART 1: GENERAL INFORMATION AND RESPONSIBILITIES

## 1 General Information

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### A. Purpose and Objective

This handbook provides procedure for administering the ARH Tart Cherry for Processing Pilot Program in accordance with the ARH Endorsement and the ARH Tart Cherry for Processing Pilot Crop Provisions, and supplements the CIH, GSH, DSSH, and LAM via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH, GSH, DSSH, or LAM, this handbook controls.

### B. Source of Authority

The ARH Tart Cherry for Processing Pilot Program is an RMA developed product approved by the FCIC Board of Directors on May 9, 2013, under Section 523 of the Federal Crop Insurance Act. This handbook provides the FCIC approved procedures for administering this pilot.

### C. Title VI of the Civil Rights Act of 1964

The USDA prohibits discrimination against its customers. Title VI of the Civil Rights Act of 1964 provides that “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” Therefore, programs and activities that receive Federal financial assistance must operate in a non-discriminatory manner. Also, a recipient of RMA funding may not retaliate against any person because they opposed an unlawful practice or policy, or made charges, testified, or participated in a complaint under Title VI.

It is the AIPs’ responsibility to ensure that standards, procedures, methods, and instructions, as authorized by FCIC in the sale and service of crop insurance contracts, are implemented in a manner compliant with Title VI. Information regarding Title VI of the Civil Rights Act of 1964 and the program discrimination complaint process is available on the USDA public website at [www.ascr.usda.gov](http://www.ascr.usda.gov). For more information on the RMA Non-Discrimination Statement see the DSSH.

### D. Related Handbooks

The following table provides handbooks related to ARH Tart Cherry for Processing Pilot Program.

**Note:** Not all sections of related handbooks or all procedures in a section apply to ARH Tart Cherry for Processing Pilot Program. See [Part 3](#) for exceptions.

D. Related Handbooks (Continued)

Handbook	Relation/Purpose
CIH	This handbook provides the official FCIC approved underwriting standards for policies administered by AIPs for the General Administrative Regulations, Actual Production History Regulation Subpart G; Common Crop Insurance Policy Basic Provisions, and Area Risk Protection Regulations.
DSSH	This handbook provides the official FCIC approved form standards and procedures for use in the sale and service of any eligible Federal crop insurance policy; required statements and disclosures; and the standards for submission and review of non-reinsured supplemental policies in accordance with the SRA.
GSH	This handbook provides the official FCIC approved standards for policies administered by AIPs under the General Administrative Regulations, Common Crop Insurance Policy Regulations Basic Provisions, including the Catastrophic Risk Protection Endorsement, Actual Production History Regulation Subpart G; the Area Risk Protection Insurance Regulations Basic Provisions; the Stacked Income Protection Plan of Insurance; the Rainfall Index Plans; and the Whole-Farm Revenue Protection Pilot Policy.
LAM	This handbook provides the official FCIC approved general loss adjustment standards for all levels of insurance provided under FCIC unless a publication specifies that none or only specified parts of this handbook apply.
ARH Tart Cherry Pilot Loss Adjustment Standards Handbook	This handbook provides the loss adjustment standards for this crop are the official standard requirements for adjusting losses in a uniform and timely manner.
Written Agreement Handbook	This handbook provides the standards and criteria for WAs, and instructions for each RMA RO and AIP to process WA requests.

## 1 General Information (Continued)

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### E. CIAB Field Compliance Officer's Manual

A feature of the tart cherry market is the operation of the Federal Tart Cherry Marketing Order. This Marketing Order incentivizes crop diversion in some years. Full details of diversion procedures are identified in the CIAB Field Compliance Officer's Manual.

### F. Duration

The ARH Tart Cherry for Processing Pilot Program is available beginning with the 2014 crop year and is authorized until terminated or converted to a permanent program by the FCIC Board of Directors.

### G. Area of Applicability

See actuarial information browser for the pilot area. \*\*\*

## 2 Responsibilities

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### A. RMA Responsibilities

Establish and maintain the policy, procedure, and instructions for administering the ARH Tart Cherry for Processing Pilot Program. Provide guidance and clarification, as needed, regarding the policy, procedure, and instructions for the ARH Tart Cherry for Processing Pilot Program.

### B. 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 that includes the ARH Endorsement. AIP should report any ARH Tart Cherry for Processing Pilot Program issues or concerns to PASD of RMA. \*\*\*

## 3-20 (Reserved)

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## PART 2: INSURABILITY

### 21 Limitations on an Increase in Coverage Levels from Year to Year

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Insurance attaches on carryover policies on the day after the day insurance ends for a crop year. This feature provides continuous coverage for the tart cherries.

**Example:** The insurance period for physical damage for the 2023 crop year may end on the date harvest of the unit is complete during calendar year 2023. It may end earlier if the crop is completely destroyed. The insurance period for the 2024 crop year begins on the day after the day harvest of the 2023 crop was completed if that was the day insurance for physical damage ended.

The cancellation/sales closing date is November 20 in all other States, as such an insured could have knowledge that a reduced crop is likely and seek to maximize the coverage level for the next crop year. Accordingly, the Crop Provisions prohibit an increase in the coverage level in such cases. The AIP may reduce the coverage level to the level in effect the previous crop year at any time the AIP becomes aware this limitation has been violated.

The insured cannot avoid this limitation by cancelling the policy with one AIP and purchasing coverage from another AIP. The new AIP must check the PASS to determine if a policy previously was in effect for the insured and enforce the limitation if applicable.

### 22 Insurable Types and Practices

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#### A. Types Insurable

For this pilot, type is a grouping of tart cherry which indicates the predominant end use. T-Revenues and T-Yields, if applicable, must match the intended use for the insurance year. See actuarial information browser for types availability by county. The following types are insurable in the pilot: Tart cherries (processing) that includes tart cherry varieties and production practices which produce fruit that is primarily intended for processing use.

#### B. Insurable Practices

Tart cherries for processing must be produced in an orchard that is acceptable to the AIP, if inspected. Insurable practices are listed in the actuarial information browser. For some pilot counties, tart cherries must be irrigated to be insurable under the ARH Tart Cherry for Processing Pilot Program.

Tart cherries for processing inter-planted with another perennial crop are insurable unless, upon inspection of the acreage by the AIP, it is determined the requirements contained in the policy are not met.

**A. Units**

Basic units are established according to the Basic Provisions. In addition to section 34(c) of the Basic Provisions, the ARH Tart Cherry for Processing Pilot Crop Provisions, section 3 allows basic units to be divided into optional units if each optional unit is located on non-contiguous land or established as specified in SP.

As with other insurance plans:

- (1) All optional units must be identified on the acreage report.
- (2) When adjusting a loss, units may be adjusted or combined to reflect the actual unit structure.
- (3) Acceptable records of revenue and production by optional unit must be available for at least the most recently completed crop year.

**Note:** See [Para. 32](#) regarding acreage and production evidence requirements for more information.

- (4) Records for each optional unit must be maintained in a manner that permits AIP to verify the information.

Provisions in section 34 of the Basic Provisions that allow enterprise and whole-farm units do not apply to tart cherries.

**B. Coverage Levels**

Coverage is available in 5 percent (5%) increments from 50 percent (50%) to 85 percent (85%). CAT coverage is not offered, consistent with FCIC policy regarding revenue insurance plans.

**A. Insurance Dates**

- (1) The cancellation, termination, and sales closing dates are November 20.
- (2) The contract change date is August 31 immediately preceding the cancellation date.
- (3) The date for the end of the insurance period for physical damage for each crop year is August 15, unless specified otherwise in the SP.
- (4) The date for the end of the insurance period for a loss of revenue due to an inadequate market price is January 15 following harvest, unless specified otherwise in the SP. If a tart cherry price pool has not closed by this date, the pounds associated with that pool will be valued using the annual price procedures.
- (5) Regardless of the price used to determine the revenue to count, the notice of loss must be filed by April 15, the year following harvest.
- (6) The acreage reporting date is January 15.
- (7) The revenue reporting date is the acreage reporting date.
- (8) The premium billing date is August 15 of the crop year.

**B. Insurable Causes of Loss**

The following causes of loss due to physical damage are covered under the ARH Tart Cherry for Processing Pilot Program:

- (1) Adverse weather conditions.
- (2) Fire, unless undergrowth has not been controlled or pruning debris has not been removed from the orchard.
- (3) Wildlife damage.
- (4) Earthquake.
- (5) Volcanic eruption.

**B. Insurable Causes of Loss (Continued)**

- (6) Insects and plant disease if either of the following apply:
- (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 plant disease are registered with the Environmental Protection Agency or through the Cooperative Extension System or the agricultural departments of Universities and labeled for use on tart cherries.

**Note:** 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 trees 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 tart cherries or if a pesticide is registered but cannot be applied because of withdrawal periods prior to harvest date. Insureds must exercise normal and routine care of the orchard 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.

- (7) Failure of irrigation water supply if caused by a cause of loss specified in this subparagraph (1-6) that occurs during the insurance period.
- (8) In addition to the causes of loss due to physical damage, loss of revenue due to an inadequate market price is a covered cause of loss for tart cherries which are delivered and sold or are valued using the annual price procedure.

**Note:** Unsold tart cherries must be appraised to determine the pounds of marketable fruit and must be valued as revenue to count using the annual price procedure in accordance with the Crop Provisions.

**C. Uninsurable Causes of Loss**

In addition to the uninsurable causes of loss listed in the Basic Provisions, the following are not insurable causes of loss under the ARH Tart Cherry for Processing Pilot Program:

- (1) Failure to harvest in a timely manner for any reason, including the inability to obtain harvest labor or absence of appropriate machine harvesting equipment, unless the failure to harvest is due to a physical peril(s) insurable cause of loss according to [Subpara. B.](#)

**Note:** AIPs must exercise caution with claims filed late because the insured was attempting to find a market for the tart cherries. If the appraisal is made after the fruit loses quality or is damaged by other causes it will not accurately reflect the condition of the fruit as it was at first maturity. Timely notice and timely loss adjustment are extremely important for tart cherries because they are highly perishable.

- (2) Mechanical damage that occurs during the insurance period.
- (3) Inability to market the tart cherries for any reason other than actual physical damage from an insurable cause.

**Example:** An insured's inability to market production due to quarantine, boycott, or refusal of any person to accept production is not an insurable cause of loss.

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**25 Reports**

Revenue reports must contain insurable acreage amounts, total production, appraised production, diverted tart cherry production, and revenue from sales of tart cherries for processing. These must be separated in the appropriate manner to support the insurance guarantee. All information contained in the revenue report must be substantiated by verifiable records, such as AIP loss records, settlement sheets, appraisals, or CIAB diversion certificates.

AIP appraisal of unharvested marketable production may be used in the annual revenue determination. If the insured does not have an annual price from actual sales to use for the valuation of the unharvested marketable production, the annual price procedure or the annual price for diverted acres will be used to determine the price.

The marketable production from diverted acres is certified by CIAB diversion certificates and the price will be as identified in the Crop Provisions section 2 for "Annual price for diverted production."

If a loss claim record was filed for a crop year, the revenue to count from the loss record must be used for the revenue report even if the loss was settled using the annual price procedure and the production was later sold. If there was no loss claim but the revenue report was submitted using an annual price, the revenue report must be updated in subsequent years. See [Para. 32](#) reference to CIH Para. **1857**.

## **25 Reports (Continued)**

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If harvested marketable production is rejected by the processor as unsuitable for any processing utilization, such production can be used in the annual revenue determination provided acceptable supporting records are provided. The acceptable supporting records must include gross production, percent of damaged fruit, grade, and document the condition of the damaged fruit, such as rots, wind whip, presence of stems, etc. The harvested marketable production which was rejected by the processor is valued using the annual price procedure.

Acceptable supporting records for delivered and sold tart cherries include the settlement sheets provided by the processor only if the settlement sheet records provide, at a minimum, all the following information:

- (1) gross production;
- (2) production net of leaves, loose stems, and foreign material;
- (3) any quality grade information; and
- (4) revenue net of all post-production costs, such as sorting, culling, cooling, etc.

## **26 Alternative Protection**

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Alternative protection as referenced in the ARH Endorsement is not available for tart cherries.

## **27 Adjustments to Historic Revenue**

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The adjustments to historic revenues as described in sections 5(a)(1) and (2) of the ARH Endorsement do not apply to tart cherries for processing.

## **28-30 (Reserved)**

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## PART 3: APPLICABILITY OF HANDBOOKS

### 31 General Overview

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This Part identifies information specific to the applicability of the CIH, DSSH, GSH, LAM, and any other issuance that may require supplemental information about tart cherries for processing or to the ARH plan of insurance. Unless specifically amended, supplemented, or deleted by information in this handbook, all policy and procedure issuances apply to tart cherries for processing and to the ARH plan of insurance.

### 32 Specific Information Regarding the Crop Insurance Handbook

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The general rules of crop insurance, as provided in CIH, apply to the ARH Tart Cherry for Processing Pilot Program with the exception that revenue reported by the insured must include only their revenue. The reported revenue will be stated as 100 percent share equivalent revenue for record keeping purposes. This change is needed because two or more persons sharing in the same acreage may not sell at the same time or to the same buyer and may realize different amounts of revenue.

All references to the term “yield” are replaced by the term “yield and revenue” and the term “APH” are replaced by the term “ARH,” as appropriate in procedures.

The following **subparagraphs** provide general information, changes, additions, deletions, and modifications, termed supplemental instructions, regarding the CIH applicability to ARH Tart Cherry for Processing Pilot Program.

#### A. CIH Part 13 and Part 15

Insureds who purchase ARH Tart Cherry for Processing Pilot Program insurance coverage must follow the procedures **below**. The instructions provided pertain to both yield and revenue.

- (1) AIPs are responsible for recording the appropriate acreage, yield, and revenue data using any form that meets all requirements. AIPs may elect to use two standard APH forms with the appropriate form labeled as “Revenue” or may elect to use a combined form of its design that meets the requirements stated below. An example form is provided in [Exh. 4](#).
- (2) Insureds are required to certify only their share of the revenue from the unit. For record keeping purposes, the certified revenue is to be recorded on a 100 percent share equivalent basis to provide continuity in the event the share may change from year to year.
- (3) **In addition to elements required to complete the production report and APH, the following elements are required to complete the revenue report and/or ARH. See [Exh. 3A](#) for the required fields on the revenue report and [Exh. 3B](#) for the required fields on the ARH report.**

A. CIH Part 13 and Part 15 (Continued)

- (a) Insured’s Net Revenue – Enter the insured’s share of the revenue from the block/unit net of all non-allowable costs, such as cooling, culling, packing, etc. If non-allowable costs are not identified by unit, such as assessed on the entire quantity sold, allocate those costs pro-rata to the revenue derived from each unit.
  - (b) Average Revenue – Divide Insured’s Net Revenue by acres.
  - (c) Insured’s Share – Enter the insured’s percent share of the production (lbs.).
  - (d) 100% Share Equivalent Revenue – Divide Average Revenue by Share.
  - (e) Total – Enter the total of the entries.
  - (f) Preliminary Yield – Enter the result of dividing the total of the “Average Yield” column by the number of crop years in the database.
  - (g) Approved Yield – Completed by the verifier. Enter the approved ARH yield after all entries are verified or any applicable adjustments/reductions.
  - (h) Preliminary Revenue – Enter the result of dividing the total of the “Average Yield” column by the number of crop years in the database.
  - (i) Approved Revenue – Completed by verifier. Enter the approved ARH revenue after all entries are verified or any applicable adjustments/reductions.
  - (j) Prior Revenue – Enter the prior approved ARH revenue, if applicable. Enter N/A if it is not applicable.
- (4) To qualify for optional units, acceptable production reports must be filed for each optional unit for the most recent crop year. The following are acceptable evidence of production:
- (a) Cooperative pool statements, pool summary statements, receipts from packing houses, processors, or other buyers showing quantities delivered and sold, and the amount paid to the insured.
  - (b) The diversion certificates (or authenticated copies) for tart cherries diverted as part of the Tart Cherry Federal Marketing Order (an example is in Exh. 8 of the ARH Tart Cherry for Processing Loss Adjustment Standards handbook).
 

**Note:** See CIH Para. 1417 for acceptable Pick Records.
  - (c) Acceptable supporting records such as field harvest records may be used to prorate prior and the most recent year’s production and revenue for the initial year of insurance.



**B. CIH Part 14**

If a new ARH insured requests optional units and is unable to provide acceptable production reports or records of planted acreage of the crop for the prior crop year, it is not acceptable to prorate production for other crop years in the insured's ARH.

However, if the insured can provide acceptable production reports for the prior year, and acceptable records of acreage by unit, production for optional units within a basic unit may be determined on a prorated basis.

For subsequent crop years, if optional units are requested, acceptable revenue reports must be filed for each optional unit. The following evidence is acceptable:

- (1) Cooperative pool statements, pool summary statements, receipts from packing houses, processors, or other buyers showing quantities of tart cherries delivered and sold and the amount paid to the insured for each optional unit.
- (2) The diversion certificates (or authenticated copies) for tart cherries diverted as part of the Tart Cherry Federal Marketing Order.
- (3) Pick records are acceptable supporting documentation only when used to qualify optional units for the first year the insured is insured under the ARH program.

The supporting records must indicate production and revenue received for each optional unit and the total production and revenue from all optional units must account for the total production and revenue from the planted acreage on all units of tart cherries for processing.

**C. CIH Part 15, Para. 1503**

In addition to Para. 1503A(3)(c), apply the procedures in this section with the following supplemental instructions when an annual price was used to calculate the insured's individual year annual revenue for unsold or partially sold harvested production and the revenue amount was not used for an indemnity claim:

The temporary yield descriptors "J" or "JJ" are used and valid up to two crop years. The temporary yield descriptor "J" is used for the preceding crop year and "JJ" is used for the second previous crop year. The temporary revenue is based on the previous year's approved revenue. A revenue report indicating the actual price received for that year must be filed by the PRD following the date the final price is received or assigned yield provisions will apply.

**C. CIH Part 15, Para. 1503 (Continued)**

**Note:** The temporary revenue counts as a year of records for determining percent of T-Yield, or T-Revenue, if applicable. However, the temporary revenue is not eligible for revenue substitution (RS option code).

**Example:** A unit uses an annual price for CY 2021 because the marketing records are not available by the PRD (i.e., January 2022). The temporary revenue must be updated by PRD following the date the insured receives a final settlement price or assigned yield provisions will apply to the 2021 revenue. The temporary revenue may be used in the ARH database up to the second following year. See an example of the ARH database in [Exh. 4G](#).

**D. CIH Part 15, Section 3**

Apply the procedures to the revenues reported by the insured if the insured requests revenue substitution. The terms “yield” and “T-Yield” are supplemented by the terms “revenue” and “T-Revenue,” respectively.

**E. CIH Part 16, Section 1**

Apply the yield adjustment only if the revenue substitution is elected and applied and the individual year actual yield is less than 60 percent of the T-Yield. In the case of beginning farmers or ranchers, replace each excluded yield with a yield equal to 80 percent of the applicable transitional yield.

**F. CIH Part 16, Section 2**

Revenue or yield exclusions are not available.

**G. CIH Part 16, Section 4**

Revenue or yield cups are not available.

**H. CIH Part 18**

Tart cherries are an eligible Category C crop. Category C APH crop procedures apply to both yield and revenue for tart cherries for processing with included modifications.

**I. CIH Part 18, Section 2**

Procedures in this section apply to the ARH Tart Cherry for Processing Pilot Program. Blocks consisting of 100 percent tart cherry for processing trees or a mixture of producing, young, dead, or missing tart cherry trees shall be measured according to this procedure.

For blocks that contain greater than 90 percent of tart cherry trees no adjustment is needed; however, if other tree crops (i.e., apple, pear, peach, etc.) in the block are 10 percent or greater, use net acres.

**J. CIH Part 18, Para. 1832**

Apply the procedures in this section with the following supplemental instructions:

- (1) 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.

**Example:** Blocks 1-3 are similar and were planted in 2009, accordingly these may be recorded on one line or on multiple lines. Block 4 is similar type, variety, and rootstock to Blocks 1-3, but entered on separate line since it was planted in 2012. Blocks 5 and 6 are similar type, variety, and rootstock, planted in 2015, and may be recorded on one line or on multiple lines.

- (2) Variety – Enter both the variety and rootstock.

**K. CIH Part 18, Para. 1846**

Apply the procedures in this section with the following supplemental instructions:

- (1) Vigor – Use the approved yield from the APH when determining vigor. If the approved yield is not a reasonable expected yield for the age and management of the orchard, further explanation must be provided.
- (2) Apply the procedures to complete the PAIR.

**L. CIH Part 18, Para. 1852**

Does not apply to ARH Tart Cherry for Processing Pilot Program.

**M. CIH Part 18, Para. 1857**

Apply the procedures to both yield and revenue, as appropriate, and with the following exceptions or clarifications:

Revenue pertains only to that paid to the insured from the sale of tart cherries and diversion certificates and will include revenue from diversion certificates when the handlers/processors initiate the diversion.

Include the production and value of unharvested marketable production other than marketable production from diverted acres in the yield and revenue calculation for a unit if an appraisal of unharvested marketable production was completed, regardless of whether an indemnity was paid.

**L. CIH Part 18, Para. 1857 (Continued)**

Include the marketable production and value from the acres diverted under the rules governing the Tart Cherry Federal Marketing Order. This production will be valued using the annual price procedure for diverted tart cherries in accordance with the Crop Provisions. Do not include any value for the sale of CIAB diversion certificates where that sale is not part of a commitment to supply tart cherries to handlers/processors.

When a tart cherry price pool remains open on the revenue reporting date, it is possible for an insured to have no completely sold tart cherries by which to calculate a price for the revenue report. In this case, the AIP must collect all other information required of the insured to complete the revenue report and finalize the revenue report using the temporary revenue based on the previous year's approved revenue.

When an annual price was used to calculate an insured's individual year annual revenue for unsold or partially sold harvested and the revenue amount was not used for an indemnity claim, the insured's individual year annual revenue must be updated in subsequent year's revenue report using the insured's actual price received provided the production was later sold.

**N. CIH Part 18, Para. 1859**

T-Revenues and T-Yields are applied on a unit basis instead of on a county crop basis.

T-Revenues will be available and will be used in the same manner as T-Yields are offered under the APH program, according to CIH. This includes adjusted transitional revenues in the same circumstances as an adjusted transitional yield would apply under the APH program.

T-Yields will be applicable in the same manner as they are offered in the APH program.

**O. CIH Part 18, Para. 1863**

Does not apply to ARH Tart Cherry for Processing Pilot Program.

**P. CIH Part 19, Para. 1941**

(1) The following supporting evidence may be used when verifying if acreage meets the minimum production requirements for insurability and when determining the approved yield and revenue:

- (a) Cooperative pool statements, pool summary statements, receipts from packing houses, processors, or other buyers showing quantities delivered and sold and the amount paid to the insured.
- (b) According to CIH, pick records are acceptable "field harvest" records to substantiate qualifying for optional units the first year the insured is insured under the ARH program.

**P. CIH Part 19, Para. 1941 (Continued)**

- (c) AIP or FSA appraisals of pounds of marketable production/acre on an approved form.
  - (d) The diversion certificates (or authenticated copies) for tart cherries diverted as part of the Tart Cherry Federal Marketing Order.
  - (e) Acceptable hard copy records of another producer’s acreage, revenue, and production history may be used to establish insurability, revenue, and production whether or not that producer continues to share in the crop.
- (2) A minimum production amount is a condition of insurability. When there are adjacent blocks of tart cherries of differing age that otherwise qualify to be in the same unit, the insured may have a choice as to when the block of young trees becomes insurable.
- (a) The insured may combine acreage from a mature producing block with a block of young trees and comingle the entire production within the unit. As provided in the CIH, the entire combined acreage must meet the production minimum requirements for insurability. Therefore, if the total insured acreage within the unit meets the pounds/acre insurability requirement all acreage may be insured.

**Example:** Block 1 consists of 20 acres, is in the mature production phase and produced 6,000 lbs./acre last year. Block 2 also consists of 20 acres and was planted only six years ago. Last year Block 2 produced 2,500 lbs./acre. The minimum production requirement is 4,000 lbs./acre. The comingled yield for all 40 acres was 4,250 lbs./acre last year. Accordingly, these blocks may be combined into one 40-acre unit since the minimum production requirement has been met.

- (b) The insured may separate, by line item within the unit, any acreage not meeting insurability because the trees are young and keep the acreage separate until such a time as the acreage meets insurability. Both insured and uninsured acreage must be reported.

**Example:** Same scenario as above. The insured may choose to insure only Block 1 until such time as Block 2 has met the minimum production requirement. In this case the acreage from Block 2 must be reported as uninsurable.

- (c) The insured must provide, and certify on the ARH form, records showing the acreage in the unit has met insurability and maintain continuity from that point forward. Once acreage of young trees has met production minimums the subsequent year’s ARH is reconstructed to include any year with harvested and sold production.

## 32 Specific Information Regarding the Crop Insurance Handbook (Continued)

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### Q. CIH Part 22

Relevant underwriting and APH responsibilities provided in CIH Part 18 apply to revenue. The term “yield” as used therein is replaced by the term “yield and revenue” when appropriate, and the term “APH form” is replaced by the term “ARH form.” \*\*\*

## 33 General Standards Handbook

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Part 6 of the GSH applies to this pilot.

The definition of temporary yield applies with the following amendments:

The temporary revenue is valid for up to two years and a revenue report indicating the actual revenue received for that year must be filed by the PRD following the date the final price is received or assigned yield provisions will apply.

## 34 Written Agreements Handbook

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The Written Agreement Handbook applies to this pilot. \*\*\*

## 35-40 (Reserved)

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## PART 4: OTHER INFORMATION

### 41 Determining Annual Price

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The annual price is used to value marketable production of tart cherries for processing that is appraised, unsold, partially sold, or sold at a price that is determined not reasonable.

The annual price may first be calculated on a unit basis as the average value per pound of any production sold from the unit if that price is determined to be reasonable. This is done because a particular unit may have a specific harvesting window. If there are no sales from the unit or the price is determined not reasonable, sales from a representative unit of the same type and on the same policy may be used. If there are no sales from a unit of the same type that are determined to be reasonable, the annual price may be calculated on a whole farm basis as the average value per pound of any tart cherry production of the same type sold across units by the insured if that price is determined to be reasonable.

If there are no tart cherry sales on the insured's policy or all the insured's tart cherry sales are determined not reasonable, the annual price procedure will be used to determine the price.

The AIP must use appropriate discretion in determining if the tart cherries are valued at a reasonable price.

It is the insured's choice whether to harvest and sell tart cherries; however, in certain situations it may be reasonable to expect the insured to cease harvest of the tart cherries. In such cases the remaining unharvested marketable tart cherries will be appraised and valued with the annual price procedure.

**Note:** If the annual price is determined using actual insured sales, the AIP must ensure the production sold is from a legitimate run of tart cherries, complete with the settlement sheets. A small volume of tart cherries brought to the processor warehouse with the sole intent of establishing an annual price does not qualify unless it comprises at least 2 standard tart cherry tanks (1,998 pounds) and is confirmed as picked from representative trees by an adjuster.

See the ARH Tart Cherry for Processing Pilot Loss Adjustment Standards Handbook for Annual Price calculations and an example of the sample loss worksheets.

### 42 Unharvested Production Adjustment

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No unharvested production adjustment applies for tart cherries for processing.

The payment factor is substantially the same as the price election percentage available for other crop insurance coverage plans. However, it must be handled differently than the price election factor.

In the APH insurance plan, for example, the amount of any indemnity is a two-step process: first, the amount of the production loss is calculated and second, the production loss is multiplied by the price election. The price election percentage simply reduces the effective price election, which also reduces the liability and the premium. It does not affect the guarantee, which is a production amount. Therefore, the loss inception point remains the same regardless of the level of the price election factor.

To properly calculate an indemnity in ARH, the calculations first must determine the indemnity as though the payment factor were 100 percent (100%). The 100 percent (100%) indemnity then is reduced to reflect the payment factor chosen by the insured. The default value is 1.00.



## EXHIBITS

### Exhibit 1 Acronyms and Abbreviations

Approved Acronyms and Abbreviations	Term
AIP	Approved Insurance Provider
APH	Actual Production History
ARH	Actual Revenue History
CAT	Catastrophic Risk Protection
CIH	<a href="#">FCIC 18010</a> Crop Insurance Handbook
CIAB	Cherry Industry Administrative Board
DSSH	<a href="#">FCIC 24040</a> Document and Supplemental Standards Handbook
ERF	Expected Revenue Factor
FCIC	Federal Crop Insurance Corporation
FSA	Farm Service Agency
GSH	<a href="#">FCIC 18090</a> General Standards Handbook
LAM	<a href="#">FCIC 25010</a> Loss Adjustment Manual
<a href="#">PAIR</a>	<a href="#">Perennial Crop Pre-Acceptance Inspection Report</a>
PASD	Production Administration and Standards Division
PASS	Policy Acceptance and Storage System
PAW	Producer's Pre-Acceptance Worksheet
PRD	Production Reporting Date
RMA	Risk Management Agency
SP	Special Provisions

**Adapted variety:** A variety of tart cherries recognized by agricultural experts as compatible with agronomic and weather conditions in the county.

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

- (a) After the final settlement price is received, the total revenue received from the unit, including revenue from the sale of tart cherries and diversion certificates when the handlers/processors initiate, divided by the total pounds sold from that unit; or
- (b) If there was no sold production from that unit or the insured did not receive a reasonable price per pound, the amount determined in (a) for a similar unit of the same processing type from which the insured did have sold production; or
- (c) If there is no unit of the same processing type that is determined to be reasonable, 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 if the AIP determine the insured did not receive a reasonable price per pound, the price published and determined by RMA shall be used.

**Annual price for diverted production:** The marketable production from the diverted acres will be valued at a price determined by RMA for each crop year.

**ARH Endorsement:** The Actual Revenue History Pilot Endorsement.

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

**Continuity of coverage:** When the insured insures a tart cherry crop in a county for consecutive crop years, i.e., insured does not cancel the insurance coverage, the AIP does 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 the insured cancels the policy before the cancellation date for a crop year and transfers 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.

**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.

**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.

## Exhibit 2 Definitions (Continued)

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**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 SP 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.

**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 SP.

**Unsold production:** Any tart cherries for processing (other than in-orchard diverted production) that the insured have harvested but for which they 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.

**Value per acre:** The approved revenue per acre multiplied by the expected revenue factor, the coverage level percent, and the insured's share.

## Exhibit 3A Revenue Report

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In addition to the required elements on the production report, the revenue report requires the following additional elements. See the DSSH for additional production report requirements that are applicable to the revenue report. All items in quotation marks are substantive unless otherwise noted.

### Crop Information

- (1) "Insured's Net Revenue"
- (2) "Average Revenue"
- (3) "Insured's Share"
- (4) "100% Share Equivalent Revenue"
- (5) "Production"
- (6) "Quality Grade"

**Note:** This item is non-substantive.

The revenue and production reports are used to establish the ARH databases. In addition to the APH requirements, the ARH requires the following additional elements. See the DSSH for additional APH requirements that are applicable to the ARH. All items in quotation marks are substantive unless otherwise noted.

**Crop Information**

- (1) "Insured's Net Revenue"
- (2) "Average Revenue"
- (3) "Insured's Share"
- (4) "100% Share Equivalent Revenue"
- (5) "Production"
- (6) "Preliminary Yield"
- (7) "Approved Yield"
- (8) "Preliminary Revenue"
- (9) "Approved Revenue"
- (10) "Prior Revenue"

**A. ARH Report Examples**

- (1) The example ARH forms below are based on a county where the county T-Revenue and T-Yields are:
  - (a) Crop Year 2019  
T-Revenue is \$9,050  
T-Yield \$9,250
  - (b) Crop Year 2017  
T-Revenue is \$9,500  
T-Yield \$9,350
- (2) The revenue substitution (RS option code) example has an 80% share for the 2017 crop year:
  - (a) The 100% share equivalent.  $\$9,500.00 \times 0.60 = \$5,700.00$ .
  - (b) The insured has an 80% share.  $\$5,700.00 \times 0.80 = \$4,560.00$ .
- (3) As revenue substitution (RS option code) was applied, yield adjustment (YA option code) may now be applied to the yield:
  - (a) The 100% share equivalent.  $9,350 \text{ lbs.} \times 0.60 = 5,610 \text{ lbs.}$
  - (b) The insured has an 80% share.  $5,610 \text{ lbs.} \times 0.80 = 4,488 \text{ lbs.}$

**Exhibit 4 Examples (Continued)**

**A. ARH Report Examples (Continued)**

The following is an example of an ARH form. See [Para. 32](#) for related procedure.

Production, Revenue, and Yield Report (ARH Form)			ILLUSTRATION PURPOSES ONLY				Crop Year: <b>2023</b>			
Insured's Name and Address Donny Bravo 1776 Liberty Lane Phone No:           SSN Tax No:		Required Field Review Required State: WA County: 056 Policy No.	Agent Name and Address: Ima Agent 124 Some Street Agent Code:                   912-3456-7891ABC		Phone No:   123-456-7891		Company Name and Address: Insurance Company 321 Big Street			
Crop: 0057 Practice: 002 Type: 416 Unit No: 0001-0001BU	Section: 01 Township T96N Range: R30W	Land Other County <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Crop Year	Acres	Production	Average Yield	Insured's Net Revenue	Average Revenue	Insured's Share	100% Share Equivalent Revenue
			2017	15	60,000	4,000	\$ 54,900	\$ 3,660	80%	\$ 4,575
			2018	15	165,000	11,000	\$ 151,995	\$ 10,133	100%	\$ 10,133
			2019	22	61,996	2,818	\$ 74,998	\$ 3,409	100%	\$ 3,409
Other Entity(ies)		FSA Farm No.	2020	22	176,000	8,000	\$ 145,002	\$ 6,591	100%	\$ 6,591
		Cropland Acres: 23	2021	22	202,004	9,182	\$ 190,014	\$ 8,637	100%	\$ 8,637
			2022	22	220,000	10,000	\$ 169,994	\$ 7,727	100%	\$ 7,727
					Not reported on P15A	"Average acreage production" on P15A	"Annual production" on P15A			"Annual Yield" on P15A
Record Type	Crop Year	Area Classification			Total					
<input checked="" type="checkbox"/> Production Sold					45,000	\$ 786,903	\$ 40,157			\$ 41,072
<input type="checkbox"/> On Farm Storage	<input type="checkbox"/> Appraisal	Transitional Yield: N/A	Preliminary Revenue \$6,845		Approved Revenue \$6,845		Coverage Level 75%			
<input type="checkbox"/> Livestock Feeding Records	<input type="checkbox"/> Other	Transitional Revenue: N/A	Prior Revenue N/A							
<input type="checkbox"/> FSA Loan Record			Preliminary Yield		Approved Yield 7,500					
Processor Number 1256	Other: N/A		Prior Yield							

**Exhibit 4 Examples (Continued)**

**A. ARH Report Examples (Continued)**

The following is an example of an ARH form with Revenue Substitution. See [Para. 32](#) for related procedure.

Production, Revenue, and Yield Report (ARH Form)				ILLUSTRATION PURPOSES ONLY				Crop Year: 2023						
Insured's Name and Address Donny Bravo 1776 Liberty Lane Phone No:           SSN Tax No:		Required Field Review Required State: WA County: 056 Policy No.		Agent Name and Address: Ima Agent 124 Some Street Agent Code:               912-3456-7891ABC		Phone No: 123-456-7891		Company Name and Address: Insurance Company 321 Big Street						
Crop: 0057 Practice: 002 Type: 416 Unit No: 0001-0001BU		Section: 01 Township T96N Range: R30W  Land Other County <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Crop Year	Acres	Production	Average Yield	Insured's Net Revenue	Average Revenue	Insured's Share	100% Share Equivalent Revenue			
				2017	15	60,000	5,610 YA	\$ 54,900	\$ 5,700 RS	80%	\$ 7,125			
				2018	15	165,000	11,000	\$ 151,995	\$ 10,133	100%	\$ 10,133			
				2019	22	61,996	5,550 YA	\$ 74,998	\$ 5,430 RS	100%	\$ 5,430			
Other Entity(ies)		FSA Farm No.		2020	22	176,000	8,000	\$ 145,002	\$ 6,591	100%	\$ 6,591			
		Cropland Acres: 23		2021	22	202,004	9,182	\$ 190,014	\$ 8,637	100%	\$ 8,637			
				2022	22	220,000	10,000	\$ 169,994	\$ 7,727	100%	\$ 7,727			
						Not reported on P15A	"Average acreage production" on P15A	"Annual production" on P15A				"Annual Yield" on P15A		
Record Type	Crop Year	Area Classification				Total		49,342	\$ 786,903	\$ 44,218		\$ 45,643		
X Production Sold <input type="checkbox"/> On Farm Storage <input type="checkbox"/> Livestock Feeding Records <input type="checkbox"/> FSA Loan Record		<input type="checkbox"/> Appraisal <input type="checkbox"/> Other		Transitional Yield: N/A		Preliminary Revenue \$7,607		Approved Revenue \$7,607		Coverage Level 75%				
		Transitional Revenue: N/A		Preliminary Yield N/A		Approved Yield 8,224								
Processor Number 1256		Other: N/A		Preliminary Yield		Approved Yield								
				Prior Yield										



**B. Examples of Calculating the Revenue Guarantee**

This example is provided to illustrate the difference between the amount of insurance and the value per acre. The value per acre calculation is prior to application of the payment factor and therefore reflects the true loss inception point.

(1) The following information applies to this example:

(a) Insured reports the following eight years of revenue history:

- (i) Crop Year 2015  
Insured's Net Revenue \$1,500
- (ii) Crop Year 2016  
Insured's Net Revenue \$2,720
- (iii) Crop Year 2017  
Insured's Net Revenue \$1,250
- (iv) Crop Year 2018  
Insured's Net Revenue \$1,330
- (v) Crop Year 2019  
Insured's Net Revenue \$1,700
- (vi) Crop Year 2020  
Insured's Net Revenue \$1,800
- (vii) Crop Year 2021  
Insured's Net Revenue \$2,170
- (viii) Crop Year 2022  
Insured's Net Revenue \$330
- (ix) Total  
Insured's Net Revenue \$12,800

(b) Insured has an approved revenue of \$1,600/acre.

(c) Insured has an approved yield of 4,750 lbs./acre.

**B. Examples of Calculating the Revenue Guarantee (Continued)**

- (d) Insured has 10 acres of tart cherries for processing.
- (e) RMA published ERF equals 1.00.
- (f) Coverage level equals 0.75.
- (g) Insured share equals 0.50.
- (h) Payment factor equals 0.90.

(2) The amount of insurance per acre (guarantee) is calculated as follows:

**Step 1** Multiply the approved revenue per acre times the ERF:  $\$1,600 \times 1.00 = \$1,600$ .

**Step 2** Multiply the result of step 1 times the coverage level:  $\$1,600 \times 0.75 = \$1,200$ .

**Step 3** Multiply the result of step 2 times the payment factor:  $\$1,200 \times 0.90 = \$1,080$ .

**Step 4** Multiply the result of step 3 times insured's share:  $\$1,080 \times 0.50 = \$540$ .

**Step 5** Multiply the result of step 4 times the number of acres:  $\$540 \times 10 = \$5,400$ .

(3) The value per acre is calculated as follows. This amount is used in determining losses.

**Step 1** Multiply the approved revenue per acre times the ERF:  $\$1,600 \times 1.00 = \$1,600$ .

**Step 2** Multiply the result of step 1 times the coverage level:  $\$1,600 \times 0.75 = \$1,200$ .

**Step 3** Multiply the result of step 2 times the insured's share:  $\$1,200 \times 0.50 = \$600$ .

**Step 4** Multiply the result of step 3 times the number of acres:  $\$600 \times 10 = \$6,000$ .

**C. Example for Calculating an Indemnity Based on Inadequate Market Price**

An indemnity is owed if the insured's revenue for the insurance year is less than the guarantee. The standard calculation sequence used for crop insurance must be modified for the ARH Tart Cherry for Processing Pilot Program because only the revenue obtained by the insured person can be included in the revenue to count. Therefore, the insured's share must be introduced at an earlier step in the standard calculation.

(1) This example continues using the information listed in [Subpara. B.](#)

C. Example of Calculating an Indemnity Based on Inadequate Market Price (Continued)

- (2) The insured harvest tart cherries for processing that exceeds the approved yield of 4,750 pounds/acre. However, the market price results in revenue to count of only \$5,250 for the insured. The indemnity is calculated as follows:

**Step 1** Calculate the value per acre for 10 acres, as provided in [Subpara. B](#):  $\$600 \times 10$  acres = \$6,000.

**Step 2** Subtract the revenue to count from the result of step 1:  $\$6,000 - \$5,250 = \$750$ .

**Step 3** Multiply the result of step 2 times the payment factor:  $\$750 \times 0.90 = \$675$  indemnity payment.

- (3) The payment factor is not applied to the revenue to count, but instead is applied to the preliminary indemnity amount. In this example, the insured would have received an indemnity of \$750 if the insured had elected to use the default payment factor of 1.00. Any payment factor other than 1.00 will reduce the overall guarantee and premium amount without altering the loss inception point.

D. Example of Calculating an Indemnity Based on Crop Damage Resulting in Unmarketable Production

- (1) The following information applies to this example:

(a) Insured's share of the total harvested production was 10,000 pounds.

(b) Harvested production sold for \$2,600.

(c) Insured's share of unharvested marketable production of 1,000 pounds was appraised and valued with the annual price of \$0.26 per pound.

- (2) Herbicide drift, an uninsurable cause of loss, damaged 2 acres of tart cherries, making the tart cherries unmarketable.

**Step 1** Multiply the value per acre times the number of acres damaged by uninsured causes:  $\$600 \times 2 = \$1,200$  appraisal for uninsured causes.

**Step 2** Multiply the pounds of unharvested marketable production times the annual price:  $1,000 \times \$0.26 = \$260$  appraisal for unharvested marketable production.

**Step 3** Sum results of steps 1 and 2 plus the dollar amount received for harvested/sold production:  $\$1,200 + \$260 + \$2,600 = \$4,060$  total revenue to count.

**Step 4** Subtract result of step 3 from amount of insurance:  $\$6,000 - \$4,060 = \$1,940$  preliminary indemnity.

**Step 5** Multiply result of step 4 times payment factor:  $\$1,940 \times 0.90 = \$1,746$  total indemnity.

E. Example of Calculating an indemnity after crop diversion under the Tart Cherry Federal Marketing Order

(1) The following information applies to this example:

- (a) 2 acres are diverted
- (b) The appraised production from diverted area (after appraisal) is 4,000 lbs.
- (c) The annual price (in this case, as no final price before January 15, it is the RMA determined price for all tart cherries for processing in the state) – \$0.25/lb.
- (d) Assigned price for diverted tart cherries for processing \$0.20/lb.
- (e) Damage due to uninsured causes = 0 lbs.
- (f) Tart cherries harvested = 16,000 lbs.
- (g) Acres on unit = 10
- (h) Approved revenue/acre = \$1,600
- (i) Approved yield/acre = 4,750 lbs.
- (j) ERF = 1.0
- (k) Coverage = 0.75
- (l) Share = 0.50
- (m) Payment factor = 0.9
- (n) Amount of insurance per acre = \$540

(2) For diversion, 2 acres of tart cherries for processing are identified. The cherries suffered wind whip; therefore, the AIP is notified of a claim and a CIAB appraisal is completed. The appraisal assesses 4,000 lbs. to be marketable. There is no damage due to uninsurable causes. The insured harvests the rest of the unit and sells 16,000 lbs.

No final price is available so, following the tart cherry for processing provisions, the price used is the RMA determined price.

**Step 1** Calculate the value of the guarantee (approved revenue times coverage level times ERF times share times acres):  $\$1,600 \times 0.75 \times 1.0 \times 0.50 \times 10 = \$6,000$ .

**Step 2** Calculate the revenue to count from sold tart cherries for processing:  $16,000 \text{ pounds} \times \$0.25 = \$4,000$ .

**E. Example of Calculating an indemnity after crop diversion under the Tart Cherry Federal Marketing Order (Continued)**

**Step 3** Calculate the revenue to count from diverted tart cherries for processing: 4,000 pounds × (\$0.20) = \$800.

**Step 4** Sum steps 2 and 3 times share to calculate revenue to count: \$4,000 + \$800 = \$4,800 × 0.50 = \$2,400 revenue to count.

**Step 5** Subtract result of step 4 from amount of insurance: \$6,000 - \$2,400 = \$3,600 preliminary indemnity.

**Step 6** Multiply the result of step 5 by the payment factor to establish if indemnity due: \$3,600 × 0.90 = \$3,240.

**F. Example of the Insured’s with less than 100 Percent Share**

(1) The following information applies to this example:

- (a) Insured has 10 acres of tart cherries (processing).
- (b) RMA published ERF equals 1.00.
- (c) Coverage level equals 0.75.
- (d) Insured share equals 0.50.
- (e) Payment factor equals 1.00.
- (f) The ARH Database.

Crop Year	Total Production	Acres	Average Yield	Insured’s Net Revenue	Average Revenue	Insured’s Share	100% Share Equivalent Revenue
2019	91,120.0	10.0	9,112.0	22,780.00	2,278.00	0.50	4,556.00
2020	96,410.0	10.0	9,641.0	9,641.00	964.10	0.50	1,928.20
2021	103,360.0	10.0	10,336.0	20,672.00	2,067.20	0.50	4,134.40
2022	109,110.0	10.0	10,911.0	21,822.00	2,182.20	0.50	4,364.40
		Total	40,000.0			Total	4,983.00

(g) Approved yield equals 10,000.0 and approved revenue equals \$3,746.

(h) Amount of insurance equals \$3,746 (approved revenue) × 0.75 (coverage level) × 0.50 (share) × 10 (acres) = \$14,048.

F. Example of Insured's with less than 100 Percent Share (Continued)

(2) For the current claim:

- (a) Total harvested pounds equal 20,000.
- (b) Insured's share of total harvested pounds equals 10,000 (divided by 10 acres = 1,000 lbs./acre).
- (c) Insured's revenue from harvested pounds equals \$3,000.

(d) There were no appraised pounds or pounds damaged due solely to uninsured causes **claim calculation:**

**Step 1** Insured's revenue to count is \$3,000 (revenue received from harvested production)

**Step 2** Subtract amount in step 1 from amount of insurance: \$14,048 amount of insurance - \$3,000 revenue to count equals \$11,048 indemnity

(3) Data to be rolled to the next year's ARH:

- (a) 20,000 lbs. total production multiplied by 0.50 (insured's percent of share) = 10,000 lbs. (insured's share of production).
- (b) \$3,000 revenue to count = \$3,000 actual revenue.

G. Example of Temporary Revenue in the ARH database

The insured has not sold all the production for the last 2 years but has acceptable production records for the yield by the PRD. The insured did not have a loss on the tart cherries. Below is an example of how the ARH would apply a temporary revenue amount and yield descriptor.

The following information applies to this example:

- (1) Insured has a CY 2020 previous approved revenue of \$3,746 per acre.
- (2) Insured has 10 acres of tart cherries (processing).
- (3) The ARH Database.

Crop Year	Total Production	Acres	Average Yield	Yield Descriptor	Insured's Net Revenue	Average Revenue
2017	91,120	10	9,112	A	45,560	4,556
2018	96,410	10	9,641	A	19,282	1,928
2019	103,360	10	10,336	A	41,344	4,134
2020	109,110	10	10,911	A	43,644	4,364
2021	106,500	10	10,650	JJ	37,458	3,746
2022	98,750	10	9,875	J	37,458	3,746

- (4) Total of the average yield equals 60,525 and total of the average revenue equals \$22,475.
- (5) Approved yield equals 10,088 and approved revenue equals \$3,746.