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Risk  
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FCIC 24190-1  
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# **ACTUAL REVENUE HISTORY (ARH)**

# **SWEET CHERRY PILOT**

# **INSURANCE STANDARDS HANDBOOK**

**2020 and Succeeding Crop Years**



**UNITED STATES DEPARTMENT OF AGRICULTURE  
RISK MANAGEMENT AGENCY  
KANSAS CITY, MO 64133**

<b>TITLE: ARH SWEET CHERRY PILOT INSURANCE STANDARDS HANDBOOK</b>	<b>NUMBER: 24190-1</b>
<b>EFFECTIVE DATE: 2020 and succeeding crop years</b>	<b>ISSUE DATE: 10-28-2019</b>
<b>SUBJECT:</b>  <b>Provides the Insurance Standards and instructions for the Pilot ARH Sweet Cherry crop insurance program.</b>	<b>OPI: Product Administration &amp; Standards Division</b>
	<b>APPROVED:</b>  <i>/s/ Richard Flournoy</i> <b>Deputy Administrator for Product Management</b>

This handbook provides the official FCIC-approved 2020 and succeeding crop years' underwriting and administration standards for the ARH Sweet Cherry Pilot Program. All approved insurance providers electing to offer the ARH Sweet Cherry Pilot Program must utilize these standards.

**Note: The following summary of changes include technical corrections incorporating 2018 procedure back into the 2020 handbook. All changes listed are highlighted in yellow.**

- Page 14:** Para.1837 updated PAIR references.
- Page 16-17:** Para.1503 added language related to yield descriptors and production reporting.
- Page 17:** Added language about temporary yield to the General Standard Handbook instructions.

**CONTROL CHART**

Sweet Cherry Pilot Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Remove	1-2		13-18			08-2019	FCIC-24190
Insert	1-2		13-18			10-2019	FCIC-24190-1
Current Index	1-2	1-2	1-12 13-18 19-21	1-5	22-34	10-2019 08-2019 10-2019 08-2019	FCIC-24190-1 FCIC-24190 FCIC-24190-1 FCIC-24190

CIH Section Reference	Supplemental Instructions
	<ul style="list-style-type: none"> <li>• cooperative pool statements, pool summary statements, receipts from packing houses, processors, or other buyers showing quantities of sweet cherries delivered and sold and the amount paid to the producer for each optional unit</li> <li>• pick records are acceptable supporting documentation only when direct market sales are applicable</li> <li>• for direct sales to consumers, a complete daily accounting of harvested production and sales is acceptable to verify the amount of production and revenue.</li> </ul> <p>The supporting records must indicate production and revenue received for each optional unit and must account for total production and revenue from the planted acreage. See Exhibit 4, example 5, for an example.</p>
Part 17	Does not apply to ARH Sweet Cherry Pilot Program.
Part 18	Sweet cherries are an eligible Category C crop. Category C APH crop procedures apply to both yield and revenue for sweet cherries with included modifications.
Para. 1807	<p>Procedures in this section apply to the pilot program. Blocks consisting of 100 percent Sweet Cherry trees or a mixture of producing, young, dead, or missing Sweet Cherry trees shall be measured according to this procedure. Blocks of Sweet Cherry trees primarily, with other significant amounts of apple, pear, or peach trees, etc.; use net acres for measurement of the block if the other tree crop acreage is 10 percent or greater.</p> <p>Sweet cherries have a base period of ten consecutive crop years preceding the current crop year.</p>
Para. 1820	<p>Apply the procedures in this section with the following supplemental instructions:</p> <p><b>Block Number</b> - 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.</p> <p><b>Example:</b> Blocks 1-3 are similar and were planted in 1994, 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 2000. Blocks 5 and 6 are similar type, variety, and rootstock, planted in 2005, and may be recorded on one line or on multiple lines.</p> <p><b>Variety</b> - Enter both the variety and rootstock.</p>

CIH Section Reference	Supplemental Instructions
Para. 1837	<p>Apply the procedures in this section with the following supplemental instructions:</p> <p><b>Vigor</b> - 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.</p> <p>Apply the procedures in <b>Para. 1842 &amp; Para. 2154</b> of the CIH to complete the <b>PAIR</b>.</p>
Para. 1851	Does not apply to ARH Sweet Cherry Pilot Program.
Para. 1856	<p>Apply the procedures to both yield and revenue, as appropriate, and with the following exceptions or clarifications:</p> <ul style="list-style-type: none"> <li>• Revenue pertains only to that paid to the insured.</li> <li>• Include the production and value of unharvested marketable production in the yield and revenue calculation for a unit if an appraisal of unharvested marketable production was completed, regardless whether an indemnity was paid. See Exhibit 4, example 4, for an example using the unharvested production adjustment when completing the revenue report for next year.</li> <li>• When a sweet cherry price pool remains open on the revenue reporting date, it is possible for an insured to have no completely sold sweet cherries by which to calculate a price for the revenue report. In this case, the AIP must collect all other information required of the producer to complete the revenue report and finalize the revenue report using the annual price, when published, according to the annual price procedure.</li> <li>• When an annual price was used to calculate a producer’s individual year annual revenue for unsold or partially sold harvested production and the revenue amount was not used for an indemnity claim, the producer’s individual year annual revenue must be updated in subsequent year’s revenue report using the producer’s actual price received provided the production was later sold.</li> </ul>
Para. 1858	<p>T-Revenues and T-Yields are applied on a unit basis instead of on a county crop basis.</p> <p>“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</p>

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

CIH Section Reference	Supplemental Instructions
	<p>the APH program.</p> <p>“T-Yields” will be applicable in the same manner as they are offered in the APH program. Approved yields, which may include T-yields and applicable yield adjustments, are used in the determination of unharvested production adjustments and for statistical analysis.</p>
Para. 1860,1861, 1862, &1864	Does not apply to ARH Sweet Cherry Pilot Program.
Para. 1941	<p><b>Sweet cherries.</b> 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:</p> <ul style="list-style-type: none"> <li>• 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 producer.</li> <li>• For direct sales to consumers, a complete daily accounting of harvested production, including pick records, according to CIH, is acceptable to verify the amount of production and revenue.</li> <li>• Pick records according to CIH, are acceptable “field harvest” records to substantiate qualifying for optional units, according to CIH, the first year a producer is insured under the ARH program. See Exhibit 5, example 5.</li> <li>• AIP or FSA appraisals of pounds of marketable production/acre on an approved form.</li> <li>• 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.</li> </ul> <p>A minimum production amount is a condition of insurability. When there are adjacent blocks of sweet 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.</p> <ul style="list-style-type: none"> <li>• 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 CIH, the entire combined acreage must meet the production minimum requirements for insurability. Therefore, if the total insured acreage within the unit meets the</li> </ul>

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

CIH Section Reference	Supplemental Instructions
	<p>pounds/acre insurability requirement all acreage may be insured.</p> <p><b>Example:</b> Blocks 1 consists of 20 acres, is in the mature production phase and produced 5,000 lbs/acre last year. Block 2 also consists of 20 acres and was planted only four years ago. Last year block 2 produced 1,000 lbs/acre. The minimum production requirement is 3,000 lbs/acre. The comingled yield for all 40 acres was 3,000 lbs/acre last year. Accordingly these blocks may be combined into one 40 acre unit since the minimum production requirement has been met.</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p><b>Example:</b> 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 by its own accord. In this case the acreage from Block 2 must be reported as uninsurable.</p> <p>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 years ARH is reconstructed to include any year with harvested and sold production.</p>
Para. 1541	<p>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.</p> <p>Apply the yield substitution 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.</p>
Part 15 Sec. 6	Applies to ARH Sweet Cherry Pilot Program.
<b>Part 20</b>	Does not apply to ARH Sweet Cherry Pilot Program.
<b>Para.1503</b>	<p>Apply the procedures in this section with the following supplemental instructions:</p> <p>When an annual price was used to calculate a producer’s individual year annual revenue for unsold or partially sold harvested production and the revenue amount was not used for an indemnity claim:</p> <p>In addition to A(3)(c): The temporary yield descriptor J is used and valid up to two crop years for processing types and one crop year for fresh types. 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.</p>



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

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Para.1503 (continued)	<p><b>Note:</b> The temporary yield counts as a year of records for determining percent of T-Yield, T-Revenue, or Yield Floor, if applicable. However, the temporary yield is not eligible for revenue substitution (RS).</p> <p><b>Example:</b> A processing unit uses an annual price for CY 2017 because the marketing records are not available by the PRD (January 2018). The temporary yield must be updated by PRD following the date the insured receives a final settlement price or assigned yield provisions will apply to the 2017 revenue. The temporary yield may be used in the ARH database up to the second following year (January 2020).</p>
Exhibit 15	<p>V. Yield Indicators</p> <p>(2) Special case indicators are provided for specified situations that trigger: 1) RO Determined Yield Requests, 2) adjustments by the AIP by formulas and/or 3) procedures provided in RO UG or the CIH. YA or CUP will apply only when authorized by the RO.</p> <p>Special Case Yield Indicators: AP - Annual Price used on ARH Plan crops. RS/YA Not applicable.</p>

### **33 Prevented Planting Loss Adjustment Standards Handbook**

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The Prevented Planting Loss Adjustment Standards Handbook is not applicable to the ARH Sweet Cherry Pilot Program. Prevented planting coverage is not available for sweet cherries.

### **34 Loss Adjustment Manual**

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The procedures identified in the LAM are adopted for the ARH Sweet Cherry Pilot Program.

### **35 Sweet Cherry Loss Adjustment Standards Handbook**

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The ARH Sweet Cherry Pilot Program Loss Adjustment Standard Handbook applies to this pilot.

### **36 General Standards Handbook**

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Part 6 of the General Standards Handbook applies to this pilot. The definition of temporary yield applies with the following amendments: The temporary yield is valid up to two years for processing types and one year for fresh types 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.

### **37 Written Agreement Handbook**

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Written Agreement Handbook applies to this pilot.

### **38-40 (Reserved)**

## PART 4 OTHER INFORMATION

### 41 Determining Annual Price

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The annual price is used to value marketable production that is appraised, unsold, partially sold, or sold at a price that is determined not reasonable. The annual price is determined by type.

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 unique variety or 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 Sweet Cherry production of the same type sold across units by the producer if that price is determined to be reasonable.

If there are no Sweet Cherry sales on the insured's policy or all of the insured's sweet cherry sales are determined not reasonable, the RMA determined price will be used.

The annual price procedure is not calculated on a variety basis but rather on a type basis, fresh or processed, and, if appropriate, on a unit basis. If different varieties are planted in different insurable units, procedure allows AIPs to determine the most appropriate price. The AIP must use appropriate discretion in determining if the sweet cherries are valued at a reasonable price.

**Example:** An insured has two 40-acre units of sweet cherries. Unit 1 consists of Rainier sweet cherries which are picked and sold for \$2.00/lb. Unit 2 consists of Bing sweet cherries. The market for Bing sweet cherries is saturated thus the local market price is \$0.50/lb. The insured chooses not to harvest the Bing sweet cherries. These sweet cherries must be appraised to determine the pounds of marketable sweet cherries and also must be valued with the annual price procedure. The AIP must exercise appropriate discretion in this scenario. The Bing sweet cherries should not be valued at \$2.00/lb. because that price is not reasonable. In this scenario the insured has no other production of sold sweet cherries and the RMA determined price would be used if determined more reasonable.

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