



United States
Department of
Agriculture

Risk
Management
Agency

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INFORMATIONAL MEMORANDUM

TO: All Risk Management Agency Regional Office Directors

FROM: Clifton R. Parker /s/ *Clifton R. Parker*
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SUBJECT: Similar Crop Regional Office Underwriting Guidelines

BACKGROUND:

The Written Agreement, Similar Crop Provisions – Amendatory Endorsement allows data from agronomically similar crops to be considered in providing coverage for non-insured crops by written agreement in a county.

The Written Agreement, Similar Crop Provisions – Amendatory Endorsement modifies the Common Crop Insurance Policy (Basic Provisions) for the 2006 and succeeding crop years for all crops with a contract change date on or after November 30, 2005. The amendatory endorsement states that for a crop to be considered a similar crop, “such crop must: Be included in the same category of crops, e.g., row crops..., vegetable crops grown in rows, tree crops, vine crops, bush crops, etc., as defined by FCIC;” Similar crop procedures were added to Section 3 B (2) (b) 3 of the 2006 FCIC 24040 Written Agreement Handbook. Representatives from each Risk Management Agency (RMA) Regional Office (RO) have developed these underwriting guidelines to define similar crop categories to ensure uniform determinations and to promote consistent delivery throughout the ROs.

ACTION:

1. **Attachment 1** provides a listing which identifies crops that are considered similar to the crop for which a written agreement is being requested. When no similar crop is identified, the RO will consider these crops on a case-by-case basis. In determining which crop to use as a similar crop the RO must consult with:
 - a. The Director of the Risk Management Services Division; and
 - b. Other ROs in the same area and areas where the crop is already insured.
2. **Attachment 2** provides additional guidelines to be used in administering Section 3 B (2) (b) 3 of the 2006 FCIC 24040 Written Agreement Handbook.
3. Written Agreements are allowed using similar crop procedure for Crop Revenue Coverage (CRC) Policies if a written agreement would otherwise be allowed in accordance with procedures.



4. Questions have arisen as to whether a producer may submit multiple similar crops in order to qualify for a written agreement under the similar crop amendatory endorsement. The Act requires the producer to have actuarially sound data relating to the production of the crop or similar crops; therefore, no exception will be authorized to allow multiple similar crops to qualify the requested crop. If a producer has not grown a similar crop or a combination of the requested crop and a similar crop for at least 3 years in the county, then the request lacks the actuarial sufficiency necessary to approve the written agreement.
5. When using an approved similar crop, the request must still meet all other Written Agreement Handbook requirements to determine if the written agreement can be approved.
6. Regional Offices must conduct a review of the hard copy production records, (with the exception provided in Item 8), received for the similar crop and/or requested crop to ensure the production records meet the requirements for acceptable records contained in the FCIC 18010 Crop Insurance Handbook. Additionally, the production records submitted should be consistent with the actual production history (APH) yield certified on the APH form submitted with the request.
7. Policy requirements for insurability must be met when considering a request. Example: The entity requesting a written agreement for Fresh Market Sweet Corn must have grown sweet corn in at least one of the three previous years for commercial sale or participated in managing a sweet corn farming operation.
8. Production Record Requirements for Similar Crop: In accordance with the amendatory endorsement which modifies section 18(f)(2)(i) and (ii) of the Basic Provisions, and provides in section (ii) that acceptable production records for at least the most recent three crop years in which the crop or a similar crop was planted. With respect to Section 3B(2)(b)2 of the FCIC 24040 Written Agreement Handbook:
 - a. If the similar crop is insured, a completed APH form based on verifiable records of actual yields, signed and dated by the producer in the county in which the written agreement is being requested for at least the most recent three crop years or the number of years necessary to complete the three year requirement for the requested crop and the similar crop.
 - b. If the similar crop is not insured, acceptable production records of actual yields, in addition to a completed APH form as specified in 3B(2)(b)1, must be provided as specified in Section 3B(2)(b)2 of the FCIC 24040 Written Agreement Handbook.

| CATEGORY | REQUESTED CROP | SIMILAR CROP | OTHER SIMILAR | OTHER SIMILAR | OTHER SIMILAR | OTHER SIMILAR |
|----------------|---------------------------|-----------------|----------------------------|---------------|---------------|---------------|
| 1 | FLAX | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | DRY PEAS | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | MILLET | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | MUSTARD | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | RAPESEED | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | SPRING BARLEY | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | SPRING CANOLA | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | SPRING OATS | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | SPRING RYE | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | SPRING WHEAT | ALL CAT 1 CROPS | ALL CAT 2 CROPS | | | |
| 1 | GREEN PEAS ² | DRY PEAS | | | | |
| 1 | SAFFLOWER ^{2 1a} | SPRING WHEAT | SPRING BARLEY | SPRING OATS | W WHEAT | |
| 2 | WINTER RYE | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 2 | WINTER BARLEY | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 2 | WINTER CANOLA | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 2 | WINTER OATS | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 2 | WINTER RAPESEED | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 2 | WINTER WHEAT | ALL CAT 2 CROPS | ALL CAT 1 CROPS | | | |
| 3 | ONIONS | ALL CAT 3 CROPS | SWEET POTATO ¹ | | | |
| 3 | POTATOES | ALL CAT 3 CROPS | SWEET POTATO ¹ | | | |
| 3 | SUGARBEETS | ALL CAT 3 CROPS | SWEET POTATO ¹ | | | |
| 4 | CORN | ALL CAT 4 CROPS | | | | |
| 4 | COTTON (Including ELS) | ALL CAT 4 CROPS | | | | |
| 4 | DRY BEANS ^{2a} | ALL CAT 4 CROPS | | | | |
| 4 | GRAIN SORGHUM | ALL CAT 4 CROPS | | | | |
| 4 | HYBRID SEED CORN | ALL CAT 4 CROPS | | | | |
| 4 | HYBRID SORGHUM SEED | ALL CAT 4 CROPS | | | | |
| 4 | PEANUTS | ALL CAT 4 CROPS | | | | |
| 4 | POPCORN | ALL CAT 4 CROPS | | | | |
| 4 | SOYBEANS | ALL CAT 4 CROPS | | | | |
| 4 | SUNFLOWER | ALL CAT 4 CROPS | | | | |
| 5 | FRESH MARKET TOMATOES | PEPPERS | CHILE PEPPERS ¹ | TOMATOES | | |
| 5 | FRESH MARKET SWEETCORN | PEPPERS | CHILE PEPPERS ¹ | FM TOMATOES | | |
| 5 | PEPPERS | TOMATOES | CHILE PEPPERS ¹ | FM TOMATOES | | |
| 5 | PROCESSING BEANS | TOMATOES | SNAP BEANS | PEPPERS | | |
| 5 | PROCESSING SWEETCORN | FM SWEETCORN | PEPPERS | TOMATOES | | |
| 5 | PROCESSING TOMATOES | FM TOMATOES | FM SWEETCORN | PEPPERS | | |
| 6 | APPLES | ALL CAT 6 CROPS | CHERRIES ¹ | PECANS | | |
| 6 | PEACHES | ALL CAT 6 CROPS | CHERRIES ¹ | PECANS | | |
| 6 | PEARS | ALL CAT 6 CROPS | CHERRIES ¹ | PECANS | | |
| 6 | PLUMS | ALL CAT 6 CROPS | CHERRIES ¹ | | | |
| 6 | PRUNES | ALL CAT 6 CROPS | CHERRIES ¹ | | | |
| 6 ^d | STONE FRUIT | ALL CAT 6 CROPS | CHERRIES ¹ | | | |

| CATEGORY | REQUESTED CROP | SIMILAR CROP | OTHER SIMILAR | OTHER SIMILAR | OTHER SIMILAR | OTHER SIMILAR |
|---|-------------------|------------------------|---------------|---------------|---------------|---------------|
| | ALMONDS | WALNUTS | | | | |
| | BLUEBERRIES | STONEFRUIT | PEACHES | PLUMS | BRAMBLES | CRANBERRIES |
| | CITRUS FRUIT | ALL CITRUS | | | | |
| | CRANBERRIES | BLUEBERRIES | | | | |
| | FIGS | Contact RO | | | | |
| | FORAGE PRODUCTION | Contact RO | | | | |
| | GRAPES | RAISINS | | | | |
| | MACADAMIA NUTS | Contact RO | | | | |
| | RICE | CULT WILD RICE | Contact RO | | | |
| | SUGARCANE | Contact RO | | | | |
| | TOBACCO | ALL TOBACCO CROP CODES | | | | |
| | WALNUTS | ALMONDS | | | | |
| ¹ Pilot crops are not eligible for XC written agreements, but can qualify as a similar crop for other crops as shown | | | | | | |
| ² These crops will qualify any other crop without this footnote in the same category | | | | | | |
| ³ Applicable only for Arizona and California. | | | | | | |
| ^{1a} For non-irrigated safflower only | | | | | | |
| ^{2a} Garbanzo Beans are qualified by Category 1crops | | | | | | |
| ⁴ Category 6 Includes fresh and processing nectarines, apricots, and peaches | | | | | | |
| | | | | | | |
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Written Agreement, Similar Crop – Amendatory Endorsement to the Basic Provisions, Section (i)(B)(1): provides **“To be considered a similar crop to the crop for which a written agreement is being requested, such crop must:”**

(i) Be included in the same category of crops, e.g. row crops ...

Attachment 1 groups crops that exhibit similar husbandry and handling requirements due to their inherent physiological attributes of growth and storage / shelf-life

Other crops were additionally grouped by specialty crop (i.e. vegetables, fruits, and other plants grown for human consumption). Generally these crops require either a contract to insure or are marketed through limited markets.

(ii) Have substantially the same growing season ...

Have substantially the same growing season (i.e., normally planted around the same dates and harvested around the same dates.). A fall planted crop may be considered similar to a spring planted crop or vice versa. Although they are not planted at the same time, they are grown during a similar time period, require comparable agronomic conditions and are subject to substantially the same risks. If within “spring planted” or “fall planted”, a similar crop is grown early enough or late enough to routinely hit or miss significant perils; the crop may not be similar.

(iii) Require comparable agronomic conditions...

The similar crop should have comparable agronomic conditions (e.g. comparable water requirements/soil attributes, tolerance to heat/cold/frost, fertilizer, pesticides, tillage, special equipment, management expertise, harvesting and handling requirements etc.), so that management and machinery would be familiar to the requesting producer. Extension Service recommendations and expected yield data from soil surveys should be reviewed when evaluating this criteria. If both crops can be grown successfully when normal weather is received for the area, then the crops can be considered to have comparable agronomic conditions. The fact that one crop is somewhat more tolerant to drought conditions than another (i.e. corn vs. sunflowers) should not mean that they are not similar crops because a period of extended drought will result in lowered yields for both crops when grown without irrigation.

(iv) Be subject to substantially the same risks...

Section (B)(1)(iv) of the amendatory endorsement states that the similar crop must be subject to substantially the same risks (frequency and severity of loss would be expected to be comparable from the same cause of loss). The Regional Office should determine whether the similar crop’s loss would be substantially comparable to the requested crop. For example, although sunflowers may fair better than corn in drought, would the severity of loss be comparable in both crops? The RO should evaluate Extension and loss data to adjust the rates and coverage level accordingly for the requested crop.

If the crops within a category have similar planting and harvesting dates, they are expected to be subject to the same risks (e.g., exposure to weather events would be the same).

Crops in the other categories should be evaluated based on the timing of different stages critical to crop production. For example, some vegetable row crops are planted only in the spring in an area while multiple planting periods may be utilized in other areas.

Other criteria such as a viable market for the crop, having the ability to irrigate crops that will be insured under irrigated practice, and the ability to determine actuarially sound premium rates and yields, etc. must also be considered. Rates for crops that are similar in category, growing season, agronomic requirements, and exposure to risk may vary greatly, even within the same county.