



United States Department of Agriculture

Farm and Foreign Agricultural Services  
Risk Management Agency

September 6, 2005

**INFORMATIONAL MEMORANDUM**

TO: Reinsured Companies servicing Alabama, Florida, Georgia & South Carolina

FROM: Michael Moore *Michael R. Moore*  
Director

SUBJECT: Revised 2006 Regional Approved Insurance Provider (AIP) Underwriting Guidelines for Category C Perennial Crops - Apples, Blueberries & Peaches

**ISSUE:**

R&D-05-039 required revision and re-filing of previously issued Regional Perennial Guidelines dated August 2, 2005. R&D-05-039 further defines parameters for yield review and adjustment. The 2006 Crop Insurance Handbook (FCIC 18010) Sections 7D(1) authorizes the Risk Management Agency Regional Offices to issue Perennial Crop Underwriting Guidelines and provide authorization to AIPs for calculating approved Actual Production History (APH) yields. Section 7F(2)(b), provides procedure and formulas designed to identify and adjust high variability perennial crop yields that indicate patterns of alternate bearing years or downward trends in productivity. Section 7F(2)(b)4, provides procedure for RMA RO Determined Yield request(s). While Sec. 7F(2)(a) and (c) thru (f) outline instances when RMA RO approved yields are required

**ACTION:**

Pursuant to issuance of R&D-05-039, the 2006 Valdosta Regional Approved AIP Underwriting for Category C Perennial Crops dated August 2, 2005, is superseded by this issuance. The following 2006 crop year AIP Underwriting Guidelines are in effect for Category C Perennial Crops policies serviced in the Risk Management Agency (RMA) Valdosta Regional Office (RO).

**1 Peaches: Georgia; South Carolina**

Additional AIP Underwriting Guidelines are applicable, in consideration of a continuous rating actuarial structure utilized for peaches in Georgia and South Carolina:



Valdosta Regional Office • 106 South Patterson Street Suite 250 • Valdosta, GA 31601-5609

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For blocks or units meeting high variability of actual yields procedure, definition of downward trend contained in Section 7F(2)(b)2 of the CIH, the AIP may approve APH Yields without the formula and should report with yield indicator “D”. In addition, the following provisions will apply.

- A Units with more than a 10% change in acreage due to changes in tree age, tree population (density), tree variety and/or tree vigor, require an updated inspection regardless of the last inspection date.
- B Any block of trees within an orchard that is 15 years of age or older and/or exhibits a significant downward yield trend, requires an **annual inspection** for insurability.

## 2 WAIVER

- A Insurance providers are authorized to approve yields for situations outlined under CIH Section 7F(2), this AIP Underwriting Guideline and R&D-05-039.
- B The waiver is not applicable to policy units when answering either ‘**YES**’ to question 22, 23 or ‘**NO**’ to question 24 of the Producer Pre-Acceptance Worksheet or marking the RMA RO Coverage Review on question 37 of the Pre-Acceptance Perennial Crop Inspection Report.

Any policy forwarded to the RMA Valdosta RO must include supporting documentation as outlined in 2006 CIH Section 7F(6), and a current perennial crop inspection (five years old or less) as outlined in Section 7F(1). A new inspection when the insured answers “**YES**” to question 22, 23, or “**NO**” to 24 contained on the Producer’s Pre-Acceptance Worksheet. The purpose of the perennial crop inspection review is to assess yield potential of the unit. High yield variability, downward trending yields or both, could also be contributing factors to a lower yield potential for the unit and should be noted as such on a new inspection report when completed.

Emphasis should be placed on items 27, 28, 29 and 36 A&B of the inspection report (Section 7, page 168 of the 2006 CIH):

When completing any field activities (i.e., field appraisals, loss adjustment, etc.) if there have been any significant changes to the orchard, vineyard, plantation or bog, since the last inspection, an updated inspection should be performed, regardless of the date of the last inspection. It is critical that company inspectors accurately assess the **current** condition of the orchard, vineyard, bog, or plantation, and evaluate the level of management for the insured unit.

If you have any questions or if we can be of any assistance, please do not hesitate to contact our office.