



**United States
Department of
Agriculture**

Federal Crop
Insurance
Corporation

1400 Independence
Ave, SW
Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Phyllis W. Honor /s/ *Phyllis W. Honor*, 02/06/02
Acting Manager

SUBJECT: Board Memorandum No. 644
Docket No. CI-BL-02-1
Conversion of the Pilot Blueberry Crop Insurance Program to a Permanent Insurance Program Effective for the 2004 and Succeeding Crop Years and Continuation of the Pilot Program for the 2001-2003 Crop Years

There is submitted for your consideration the subject docket authorizing or not authorizing the Federal Crop Insurance Corporation (FCIC) to convert the pilot Blueberry Crop Insurance Program to a permanent program effective for the 2004 and succeeding crop years in all areas where the crop is produced and to continue the pilot program for the 2001-2003 crop years.

Approval of this docket will expand the coverage available to blueberry producers who have not had coverage available during the pilot insurance period.

In order for FCIC to convert the pilot program to a permanent program and continue the existing pilot until the process to make the program permanent is complete, it is necessary for the Board of Directors to approve Docket No. CI-BL-02-1.

RESOLVED, That Docket No. CI-BL-02-1, Exhibit No. 2088, authorizing the Federal Crop Insurance Corporation to convert the pilot Blueberry Crop Insurance Program to a permanent crop insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced, and in the interim continue the pilot Blueberry Crop Insurance Program for the 2001-2003 crop years, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final policy terms and procedural requirements.

OR

RESOLVED, That Docket No. CI-BL-02-1, Exhibit No. 2088, is hereby disapproved.

"For Official Use Only" and "Secure Storage Required" Provisions Expired on: February 7, 2002

FCIC Docket No. CI-BL-02-1

Conversion of the
Pilot Blueberry Crop
Insurance Program to
a Permanent
Insurance Program –
Effective for the 2004
and Succeeding Crop
Years and
Continuation of the
Pilot Blueberry Crop
Insurance Program for
the 2001-2003 Crop
Years

Voted on by the Board of Directors on: February 7, 2002

Conversion of the Pilot Blueberry Crop Insurance Program to a Permanent Insurance Program
Effective for the 2004 and Succeeding Crop Years and Continuation of the Pilot Blueberry Crop
Insurance Program for the 2001-2003 Crop Years

Docket No. CI-BL-02-1

SUMMARY

If approved by the Board, this docket will authorize the Federal Crop Insurance Corporation to convert the pilot Blueberry Crop Insurance Program to a permanent insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced and continue the pilot Blueberry Crop Insurance Program for the 2001-2003 crop years until such time as the process for making the program permanent can be completed.

FOR FURTHER INFORMATION CONTACT:
Diana Moslak, (202) 720-2832

Conversion of the Pilot Blueberry Crop Insurance Program to a
Permanent Insurance Program Effective for the 2004 and Succeeding Crop Years and
Continuation of the Pilot Blueberry Crop Insurance Program for the 2001-2003 Crop Years

Docket No. CI-BL-02-1

A - INTRODUCTION

I. Purpose

If approved by the Board, this docket will provide the authority for the Federal Crop Insurance Corporation (FCIC) to convert the pilot Blueberry Crop Insurance Program to a permanent insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced, and in the interim continue the pilot Blueberry Crop Insurance Program for the 2001-2003 crop years to allow the program to continue until the process to convert the program is completed.

II. Justification

The authority contained in this docket is needed for FCIC to convert the pilot Blueberry Crop Insurance Program to a permanent insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced, and in the interim continue the pilot Blueberry Crop Insurance Program for the 2001-2003 crop years. Historically the regulatory process to convert a pilot program to a permanent program has been approximately 18 months, thus the reason that permanent conversion is requested for crop year 2004. The sales closing date for blueberries is November 20 and the contract change date is August 31. Requests for conversion of the program have come from producers in non-pilot program areas. Experience has been favorable since the pilot program was initiated in 1995. The loss ratio through the 2000 crop year has been .38. The Blueberry Crop Insurance Program will proceed through the regulatory process and is expected to become a permanent program effective for the 2004 and succeeding crop years.

On July 28, 1999, the Board authorized the blueberry insurance program through the 2000 crop year, with conversion to a permanent program for crop year 2001. However, due to passage of the Agricultural Risk Protection Act of 2000 (ARPA) and other competing priorities this did not happen. Due to the length of time needed to implement a permanent program through the rulemaking process new authority is needed to continue the pilot program through the 2001-2003 crop years. If approved by the Board, the blueberry insurance program can be made a permanent program for the 2004 crop year.

III. Background Data on the Pilot Blueberry Crop Insurance Program

The pilot Blueberry Crop Insurance Program began in 1995 in selected counties in Michigan, Mississippi, New Jersey, and North Carolina. Two Maine counties were added to the pilot program in 1997. In 1999, five North Carolina counties were added. Selected counties in Alabama, Florida, Georgia, and South Carolina, and five additional counties in Maine were added to the pilot program beginning with the 2000 crop year. The program is available for the 2002 crop year in selected counties in Alabama, Florida, Georgia, Maine, Michigan, Mississippi, New Jersey, North Carolina, and South Carolina.

The blueberry program is an actual production history (APH) program. Insurance is provided against the standard causes of loss, insufficient chilling hours to effectively break dormancy, and loss of quality. Unit division is limited to basic units, unless otherwise specified in the Special Provisions. For example, optional units are allowed by type for the rabbiteye and highbush types in Alabama, Florida, Georgia, North Carolina, and South Carolina.

The percentage of acreage insured, as determined by dividing net insured blueberry acreage by total blueberry acreage in the pilot program counties in all States except New Jersey, could be determined only for the 1997 crop year because acreage statistics are available from the Census of Agriculture for that year only. Acreage statistics for New Jersey were available from the New Jersey Agricultural Statistics Service for the 1995 through 2000 crop years. The participation rates for 1997 for the pilot program States were: Maine, 59 percent; Michigan, 64 percent; Mississippi (excluding Simpson County due to lack of available data), 58 percent; New Jersey, 51 percent; and North Carolina, 92 percent. The overall participation rate was 56 percent. The number of policies earning premium increased 74 percent from 1995 to 2000.

Experience has been favorable for the blueberry program as a whole. The loss ratio for the 1995 through 2000 crop years is .38. The highest loss ratio for the pilot program was in 1996, at .84. Loss ratios for the other years of the pilot program were significantly lower, at .53 and below. The major causes of loss (accounting for approximately 76 percent of indemnities paid) from 1995 through 2000 were hail, freeze, frost, drought, and insufficient chilling hours.

B - AUTHORIZATION

I. General

Authority to convert the pilot Blueberry Crop Insurance Program to a permanent program effective for the 2004 and succeeding crop years is contained in section 505(e) of the Act and the authority to continue the pilot Blueberry Crop Insurance Program for the 2001-2003 crop years is contained in section 523 of the Act.

II. Program Description

The authority provided by this docket will enable FCIC to convert the pilot Blueberry Crop Insurance Program to a permanent insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced, and in the interim continue the pilot program for the 2001-2003 crop years. The requested conversion will allow expanded coverage to additional areas and to a greater number of blueberry producers.

III. Operating Provisions

Detailed operating provisions for implementing this program will be issued by Risk Management Agency (RMA) authorized personnel.

IV. Administration

If approved by the Board, the implementation of this program will be carried out by RMA in accordance with the provisions of the Act. The program will be reinsured and subsidized under the terms of the Standard Reinsurance Agreement with risk sharing to be designated in the non-revenue funds.

V. Effective Date

This docket will become effective upon signature by the Chairman of the Board.

VI. Classification

This program docket is for official use only.

VII. Availability of Funds

The availability of funds is discussed in the attached memorandum from the Chief Financial Officer of RMA.

VIII. For Official Use Only Designation

The "For Official Use Only" designation of this docket will terminate upon approval of this docket by the Board.

FINAL RESOLUTION

RESOLVED, That Docket No. CI-BL-02-1, Exhibit No. 2088, authorizing the Federal Crop Insurance Corporation to convert the pilot Blueberry Crop Insurance Program to a permanent crop insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced, and in the interim continue the pilot Blueberry Crop Insurance Program through the 2003 crop year, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final policy terms and procedural requirements.

Adopted by the Board of Directors on: February 7, 2002

/s/ Diana Moslak
Diana Moslak, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

/s/ Keith Collins
Keith Collins
Acting Chairman of the Board

02/07/02
Date