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USDA

**Risk
Management
Agency**

**Product
Development
Division**

**FCIC 24160 (12/04)
FCIC 24160-01 (02/05)**

**2005
SWEETPOTATO
NEW PILOT
PROGRAM
INSURANCE
UNDERWRITING
GUIDE**

Underwriting and Actual Production History
(APH) Standards for Catastrophic (CAT), and
Additional Coverage Multiple Peril Crop
Insurance (MPCI) Contracts

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RESERVED

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

FEDERAL CROP INSURANCE CORPORATION DIRECTIVE		NUMBER: 24160-01 (02-05) 24160 (12-04)
SUBJECT: AMENDMENTS TO THE 2005 AND SUCCEEDING CROP YEAR FCIC 24160 SWEETPOTATO NEW PILOT PROGRAM UNDERWRITING GUIDE	DATE: February 2005	
	OPI: Product Development Division	
	APPROVED: <i>Signed 02/17/2005</i>	

This underwriting guide contains the official FCIC approved underwriting instructions under policy 05-085 for 2005 and succeeding crop years. The instructions in this guide are effective upon issuance and are not retroactive to any previous crop year determinations completed prior to the approval date of this guide. All reinsured companies will utilize these standards for both underwriting and training unless a reinsured company has developed and FCIC has approved procedures applicable for that company.

1. PURPOSE

To transmit clarifications regarding the computation of *T*-yields in accordance with the Sweetpotato New Pilot Program Crop Provisions (05-085), and as a supplement to the Crop Insurance Handbook (FCIC 18010), the Loss Adjustment Manual (FCIC 25010), the Sweetpotato New Pilot Program Loss Adjustment Standards Handbook (FCIC 25620), and any other issuance that may be referenced herein.

2. STANDARDS AND INSTRUCTIONS

A. OPERATIONAL REFERENCES

In general, the FCIC 18010 Crop Insurance Handbook (CIH), FCIC 25010 Loss Adjustment Manual (LAM) Standards Handbook, and FCIC 25620 Sweetpotato New Pilot Program Loss Adjustment Standards Handbook, apply to the Sweetpotato New Pilot Program insurance program. Exceptions, changes, and additions are referenced in this guide.

All procedures, rules, and requirements for Category B APH crops apply to sweetpotatoes, unless supplemented with additional instructions in this underwriting guide.

NOTE: IF A CONFLICT EXISTS BETWEEN THE LANGUAGE OF THIS GUIDE AND THE CROP INSURANCE HANDBOOK (CIH), LOSS ADJUSTMENT MANUAL (LAM), OR THE SWEETPOTATO NEW PILOT PROGRAM LOSS ADJUSTMENT STANDARDS HANDBOOK (LASH), THE LANGUAGE OF THIS GUIDE WILL CONTROL.

B. OVERVIEW OF CHANGES

Listed below is a brief overview of the changes that have the most significant impact. Not all changes, including typographical errors and minor corrections are listed.

Page(s):

- i, ii Table of contents updated.
- 2.1 Sec. 3A. Replaced the language in the definitions.
- 2.1-2.2 Sec. 3C(1)(b). Clarified and provided an example of the procedures for calculating *T*-yields.
- 4 Sec. 3K. Clarified the language indicating the appropriate *T*-yield to use for yield adjustment (substitution) purposes.

C. FILING INSTRUCTIONS

	<u>Remove Pages</u>		<u>Insert Pages</u>
i, ii	dated DECEMBER 2004	i, ii	dated FEBRUARY 2005
1,2	dated DECEMBER 2004	1-2.2	dated FEBRUARY 2005
4	dated DECEMBER 2004	4	dated FEBRUARY 2005

Effective Date. Upon approval.

Series Replaced. None.

Issuance Rescinded. None.

DISTRIBUTION: RMA Deputy Administrators, Directors, Branch Chiefs, Washington, D.C., and Kansas City; RMA Regional and Risk Compliance Offices; National Appeals Division (NAD); Reinsured Companies, and National Crop Insurance Services (NCIS).

3. CROP INSURANCE HANDBOOK

Changes and additions to the FCIC 18010 Crop Insurance Handbook (CIH) for Sweetpotato New Pilot Program are described in this section.

A. Definitions. – CIH Section 3

Transitional yield has been defined in the sweetpotato crop provisions as:

- (1) Transitional yield (T-yield). In lieu of the definition contained in 7 C.F.R. part 400, subpart G (7 CFR 400.52), a yield determined as the simple average of the three most recent years of actual yields that you certified on the production report to be used in the APH yield calculation process when fewer than four consecutive crop years of actual or assigned yields are available, or the average of all actual yields certified on the production report for the purposes of yield substitutions.

B. General Rules. – CIH Section 4

The general rules for crop insurance, as outlined in Section 4 of the CIH, shall apply to the Sweetpotato New Pilot Program.

C. Underwriting and APH Responsibilities (Category B & C APH Crops). – CIH Section 5

Since the Sweetpotato New Pilot Program for 2005 is a new pilot, yields certified on a production report for the previous pilot cannot be accepted. Loss records from the previous pilot must be included in the certifications for the new pilot.

- (1) Section 5 of the CIH is amended as follows. All other provisions of Section 5 remain in effect.
 - (a) 5A(7) Obtaining Supporting Production Records. The agent/representative must forward copies of the supporting documentation to the verifier for all applications.
 - (b) 5A(11)(a). When necessary, for the purposes of completing the APH yield requirement, the T-yield is calculated by combining the actual yields from the production report for all basic units in the policy and computing the simple average of such combined yields. Using a yield indicator and yield type of “K” insert the result as necessary for basic units that have fewer than four years of actual yields. Use the following example for guidance:

Example:

Crop Year	Basic Unit			
	Unit 00100	Unit 00200	Unit 00300	Unit 00400
2000		A40		
2001	A70	A80		
2002	A65		A75	
2003		A70	A80	
2004	A80	A85		A75

In this example a *T*-yield would need to be computed to complete the APH requirements for units 00100, 00300, and 00400. This would be done by taking all of the actual yields from all available units and coming up with a simple average. The *T*-yield would be computed in the following manner:

$$(70+65+80+40+80+70+85+75+80+75 = 720) / 10 = 72 \text{ } T\text{-yield}$$

Since there are at least three years of actual yields on the crop as a whole, 100% of the computed *T*-yield would be used to complete the yield table. This should always be the case since there is an eligibility requirement of having produced sweetpotatoes in three of the most recent five years.

Once the computation above has been made, the result would then be inserted where appropriate and the table of yields would look like this:

Crop Year	Basic Unit			
	Unit 00100	Unit 00200	Unit 00300	Unit 00400
2000		A40		
2001	A70	A80	K72	K72
2002	A65		A75	K72
2003	K72	A70	A80	K72
2004	A80	A85	K72	A75

There are now four years of yields in each unit to complete the APH requirements.

F. Other Coverage Plans. – CIH Section 8

Not applicable.

G. Use of the APH Form. – CIH Section 9

(1) All provisions of Section 9 apply with the following additional requirement.

(a) 9C – Preparation of the APH Form.

1. Separate databases must be established for field pack production and the pack-out of US #1 sweetpotatoes.
 - a. Use the upper half of the form to enter field pack production and acreage and the lower half to enter the pack-out of US #1 sweetpotatoes. The acreage will be the same in both the upper and the lower sections.
 - b. Enter “pack-out” in the type field in the lower half of the form. Use the code “PE” to identify those units for which the 1.70 factor was applied.

H. Acreage and Production Evidence Requirements. – CIH Section 10

(1) 10(C)(1) – Supporting Evidence.

- (a) In addition to the forms of evidence identified in Section 10(C)(1), the report of acreage filed with the designated agency in the state may be used for crop insurance. For example, if growers are required to file acreage reports with a bona fide growers association or state department of agriculture, then acreage reports filed with such entities may be used for crop insurance.

I. Reconsiderations, Mediation, and Appeals. – CIH Section 11

The process for implementation and remediation of adverse decisions (as defined in CIH Section 11) shall apply to the Sweetpotato New Pilot Program.

J. Actuarial Data. – CIH Section 12

Publication of actuarial documents and related information (e.g., county coverage and rate document, special provisions of insurance, classification documents, FCI-33 crop insurance actuarial map) as outlined in Section 12 of the CIH shall apply to the Sweetpotato New Pilot Program.

K. APH Yield Adjustment. – CIH Section 13

Procedures set forth in CIH Section 13 regarding APH yield adjustment shall apply to sweetpotatoes with the exception that the *T*-yield is calculated using the method described Sec. 3C(1)(b) of this underwriting guide.