

20140U

Louisiana Sweet Potato Program Underwriting Guide

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**LOUISIANA SWEET POTATO PROGRAM
INSURANCE UNDERWRITING GUIDE
2011 AND SUCCEEDING CROP YEARS**

This underwriting guide contains approved underwriting instructions for 2011 and succeeding crop years. The instructions in this guide are effective upon issuance. Any determinations completed prior to the approval date of this guide are not retroactive to any previous crop year. All approved reinsured companies will utilize these standards for both underwriting and training unless a company has developed, and FCIC has approved, procedures applicable for that company.

1. PURPOSE

The purpose of the Underwriting Guide is to provide instructions for establishing crop insurance coverage and to adjust losses in accordance with the Louisiana Sweet potato Crop Provisions (11-0156) and as a supplement to the Crop Insurance Handbook (FCIC 18010), the Loss Adjustment Manual (FCIC 25010), the Sweet potato Program Loss Adjustment Standards Handbook (FCIC 20140L), 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), and FCIC 20140L Sweet potato Pilot Program Loss Adjustment Standards Handbook apply to the sweet potato crop insurance program. Exceptions, changes, and additions necessary for and unique to sweet potatoes are referenced in this guide.

All procedures, rules, and requirements for Category B APH crops apply to sweet potatoes, and are 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 Sweet potato Pilot Program Loss Adjustment Standards Handbook (LASH), the language of this guide will control.

B. Overview of Changes.

A new sweet potato program begins with the 2011 crop year. Louisiana sweet potatoes are insured under the Louisiana Sweet potato Crop Provisions.

C. Effective Date.

See date approved on page 1.

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 the Sweet potato Program are described in this section.

A. Underwriting and APH Responsibilities (Category B & C APH Crops). – CIH Section 7

(1) Sweet potato APH yields previously certified on a production report for the 2009 and prior crop years must be used and will be recalculated and recertified for 2011.

(2) Section 7 of the CIH is amended as follows. All other provisions of Section 7 remain in effect.

6B(7) Obtaining Supporting Production Records. The agent/representative must forward copies of the supporting documentation to the verifier for all applications.

Section 7 of the Crop Provisions requires documentation of acreage that is not insurable because:

- a. Planting restriction orders were issued by the official in the state responsible for the control of the sweet potato weevil, witchweed, or other controlled insect, disease, or weed. A copy of these orders must be placed in the insured's file by the acreage reporting date;
- b. During either of the previous two years, the acreage was planted to any other crop that was damaged by fungal, bacterial or viral diseases, or insects or nematodes that can affect sweet potatoes.
- c. In the preceding crop year was pasture.

B. Category B APH Crop Procedures. – CIH Section 15

Section 15 of the CIH is amended as follows. All other provisions of Section 15 remain in effect.

Section 15C (3) Reporting Production for P/T/TMAs

The highest yielding type as designated by RMA will be Beauregard.

15K Additional Provisions for Category B Crops

Add "Louisiana sweet potatoes."

(a) Insurability Requirements

- 1 Separate approved yields will be applicable for the Beauregard fresh market, Beauregard processing, Evangeline fresh market, and Evangeline processing sweet potato types and irrigated and nonirrigated practices.

The Crop Provisions contain an acreage limitation that limits liability if the policyholder plants more than 110 percent of the highest acreage planted in any one of the most recent three crop years. This limitation does not apply to any acreage planted to processing type sweet potatoes grown solely to fulfill a contract.

The insured must provide a copy of all processor contracts to the AIP on or before the ARD for processing sweet potatoes grown under contract AND excluded from the acreage limitation shown in the Crop Provisions.

- (2) In addition to the responsibilities in Section 7A of the CIH, agents/representatives of AIPs are responsible for:
- a. Reminding the applicant/insured of the acreage limitation statement published in the Crop Provisions that limits liability if the applicant/insured plants more than 110 percent of the highest acreage planted in any one of the most recent three crop years. This limitation does not apply to an acreage increase of five or less acres or to any acreage of processing sweet potatoes grown solely to fulfill a contract;
 - b. Calculating the overplanting factor and production guarantee according to the Crop Provisions.
 - c. Informing the insured that the acreage limitation will not apply to acreage grown solely to fulfill a processing contract. The insured must provide a copy of all processor contracts on or before the ARD for processing sweet potatoes grown under contract AND excluded from the acreage limitation. A copy of the processing contract shall be kept in the insured's file.
 - d. Notifying the applicant/insured of any reduction in the production guarantee no later than 30 calendar days after the acreage reporting date. The AIP's calculations of the overplanting factor must be in writing and dated. The AIPs must place the calculation of the overplanting factor in the insured's official file. The AIP must enter the appropriate overplanting factor on the acreage report in the remarks section (to three decimal places). If the overplanting factor is 1.000 or above, 1.000 will be used in the calculation of the approved production guarantee and will be the overplanting factor reported on the acreage report.

(b) Acceptable Production Evidence.

1. For production that is sold or delivered at time of harvest,
 - a. Settlement sheets must indicate either the gross weight (sweet potato production minus dirt and foreign material) or net sorted weight or graded weight with weight of each grade explicitly included.
 - b. The supporting records may also indicate the number of storage bins or shipping containers. The production in the bins must be converted to hundredweight (cwt.). If the weight of the bin is known, for example 800 lb. or 1,000 lb. bins, then the conversion would simply be the number of bins times the bin size. This result would then be divided by 100 lbs. to arrive at cwt.
 - c. If the weight of the bin or container is unknown or in question, a conversion of volume to weight at a conversion factor of 42.83 lbs./ft³ should be used.

Example: If the producer has delivered 215 containers designated as 1,000 lb. to the packer, the production is 215,000 lbs.

215 containers × 1,000 lbs. each = 215,000 lbs.

215,000 lbs. / 100 lbs = 2,150 cwt.

Example: A volume of sweet potatoes measures 12 feet by 16 feet by 8 feet. The volume is 1,536 cubic feet. The weight is therefore 1,536 ft³ X 42.83 lbs./ft³ or 65,787 lbs.
65,787 ÷ 100 lbs. = 657.9 cwt.

- (2) If records certified by the PRD do not include four years of Processing production, multiply the fresh market production, in cwt., by 0.67 and then by the appropriate T-yield factor shown in the table below to determine the amount of processing production insurable in cwt.

Years of Processing Records Submitted	T-Yield Percentage
0	65 percent
1	80 percent
2	90 percent
3	100 percent

Example: A producer reported fresh market production which is supported by acceptable production records. The producer does not have acceptable production records to verify Processing production. The Processing production is then estimated as follows:

The multipurpose worksheet shown in exhibit 15 of the CIH can be used. The sheet is reproduced below. Follow steps 1 through 6 below.

1. Column 1. Enter the APH average yield of fresh market sweet potatoes for each year.
2. Column 2. Enter 0.67
3. Column 3. Multiply column 1 by column 2 and enter result
4. Column 4. Enter the T. yield percentage from the table above based on the number of actual processing sweet potato records the producer submits.
5. Column 5. No Entry
6. Column 6. Multiply column 3 by column 4 and enter the result.

Crop Year	Column					
	1	2	3	4	5	6
2007	200	.67	134.0	0.65		87.1
2008	225	.67	150.8	0.65		98.0
2009	230	.67	154.1	0.65		100.2

2010	190	.67	127.3	0.65		82.7
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(c) Insureds are responsible for providing written documentation of acreage planted to the agent/representative. This acreage data will be used to calculate the overplanting factor found in the crop provisions and used to determine the production guarantee. The documentation must be submitted by the PRD and must include one of the following:

- i Copies of sweet potato acreage reports previously recorded for crop insurance purposes;
- ii Copies of acreage reports previously recorded at FSA (such as a Form FSA 578);
- iii Letters on official letterhead signed and dated by the CES Office’s Extension Agent for each county where sweet potatoes were grown. The letter must contain the insured’s name, address, county name where the sweet potatoes were grown, and acreage of sweet potatoes grown by crop year. Examples of acceptable documentation of acreage evidence for these letters include planting/transplanting records (e.g., seed or transplant receipts, fertilizer and pesticide receipts).

4. PREVENTED PLANTING LOSS ADJUSTMENT STANDARDS HANDBOOK

Prevented planting coverage for sweet potatoes is not available.

5. LOSS ADJUSTMENT MANUAL (LAM)

The provisions set forth in the LAM apply to sweet potatoes.

6. SWEET POTATO LOSS ADJUSTMENT STANDARDS HANDBOOK (LASH)

The Sweet potato Loss Adjustment Standards Handbook has been updated and revised to reflect the unique requirements of sweet potato production and management. This revised LASH applies to the appraisal of sweet potato production.

7. INSURABILITY AND ELIGIBILITY REQUIREMENTS

A. Policy.

The Louisiana Sweet potato Crop Provisions apply to fresh market and processing sweet potatoes. Fresh Market and Processing sweet potatoes are defined by the U.S. Standards for Sweet potatoes:

- Fresh market sweet potatoes include all production grading U.S. #1 or U.S. Extra #1.
- Processing sweet potatoes include all production grading U.S. #1 Petite, U.S. #2 (including jumbos), and U.S. Commercial.

B. Records and APH database.

The APH database must contain at least four crop years of actual yields. Producers must certify to their acreage and production data for ten years of continuous records in which the producer planted, harvested, and sold sweet potatoes.

C. Insurable Acreage.

- (a) The following acreage is not eligible for insurance coverage.
 - (1) Acreage which is subject to planting restrictions orders issued by the official in the state responsible for the control of the sweet potato weevil, witchweed or other controlled insect, disease, or weed.
 - (2) Acreage that does not meet rotation requirements specified in the Special Provisions.
 - (3) Acreage identified as uninsurable in the actuarial documents,
 - (4) Acreage planted into a field that was pasture in the preceding crop year.
 - (5) Acreage that, during either of the previous two crop years, was planted to any other crop that was damaged by fungal, viral, or bacterial diseases or insects or nematodes that can also affect sweet potatoes.
- (b) The sweet potatoes must be planted using slips the producer purchased from a certified seed-producer, or was produced by the producer from certified seed, or was produced by the producer from seed that the producer propagated from certified G-1 seed the previous crop year, and that is properly treated with a fungicide.
- (c) The sweet potatoes must initially be planted with a sufficient number of slips to achieve a plant density of not less than the number specified in the Special Provisions (the insurance provider will make an appraisal for uninsured causes of loss if a sufficient number of slips was not planted);
- (d) Any acreage of the insured crop damaged before the final planting date to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless the insurance provider agrees that it is not practical to replant.

D. Acreage Limitation.

Policyholders can insure a maximum of 110% of the greatest number of acres of sweet potatoes in which the producer had a share in any of the three previous crop years. If the producer plants more acres than the maximum allowable acreage, the production guarantee will be reduced by the overplanting factor. However, acreage planted solely to fulfill a processing contract is excluded from this limitation and will have an overplanting factor of 1.000. A copy of the processing contract must be kept in the insured's file.

E. Practices.

Irrigated and non-irrigated practices will be identified on the actuarial documents for data collection purposes only. Initially, rates will be equal for both practices.

F. Crop Scouting.

Crop scouting is no longer required.

G. Insurable Varieties.

Insurable varieties are specified in the Special Provisions.

H. Coverage Levels.

Policyholders may select coverage from catastrophic (CAT) levels through 75% of APH yield.

I. Insurable Units.

Coverage is available for basic units, as defined in the Crop Provisions, and enterprise units.

J. Reserved

K. Duties In The Event of Damage or Loss

(a) The producer's duties:

- (1) In lieu of section 14(b)(1) of the Basic Provisions, in case of damage to any sweet potatoes, the producer must give the insurance provider notice within 72 hours of the producer's initial discovery of damage, or immediately if harvest has begun when damage occurs or becomes evident, so that the insurance provider may inspect the damaged production;
- (2) In accordance with the requirements of section 14 of the Basic Provisions, the producer must leave representative samples of unharvested production in all harvested fields as specified in the approved Loss Adjustment Standards Handbooks. The producer may not harvest or destroy the representative samples until the insurance provider has inspected the field or 15 days after the date the policyholder notifies the insurance provider that harvest is finished.
- (3) In addition to the other duties specified in section 14 of the Basic Provisions, before sweet potatoes are placed into storage facilities, the producer must allow provide for identification of all containers so the following information can be determined:
 - (i) The producer's name;
 - (ii) The names of other persons sharing in the production;
 - (iii) The Farm Serial Number of the farm from which the sweet potatoes were harvested;and
 - (iv) The date the sweet potatoes were harvested.
- (4) The producer must provide documents that identify the seed that was planted, including its source.

(b) The insurance provider's duties (in addition to those stated in section 14 of the Basic Provisions):

- (1) The insurance provider will perform an appraisal of production of any damaged sweet potatoes provided the sweet potatoes have achieved maturity. If the crop has not reached the mature stage as sown on the special provisions, the insurance provider may defer the appraisal of the crop until such time as the insured crop achieves maturity; and
- (2) The insurance provider will perform an appraisal of the number of surviving plants prior to maturity for acreage that the producer intends to abandon or put to another use. To establish the amount of stored production to count for such acreage, the insurance provider will use the ratio of surviving plants to the original plant population.

L. Late Planting.

Late planting coverage for sweet potatoes is not available. Late planted acreage must be reported as uninsurable.

M. Indemnity.

Fresh market sweet potatoes and processing sweet potatoes will be insurable at different prices. The sweet potato prices will be reduced by 20 percent on acres that are not harvested to reflect the lower costs growers encounter. The .80 factor used to reduce the unharvested price is located on the Special Provisions.

N. States and Pilot Counties/Parishes.

Coverage is available in the following parishes:

<i>Louisiana</i>	
Acadia	Rapides
Avoyelles	Richland
Evangeline	St Landry
Franklin	West Carroll
Morehouse	

8. INDEMNITY CALCULATION

EXAMPLE 1

1	Your APH Average Yield	200.0
2	Your Coverage Level	75%
3	Your Fresh Market Production Guarantee per acre	150
4	Your Fresh Market Price Election	\$25.00
5	Your Processing Production Guarantee per Acre	100.5
6	Your Processing Price Election	\$7.00
7	Your Maximum Allowable Acres	110.0
8	Your Acres planted	125.0
9	Your Overplanting Factor	0.88
10	Reduced Fresh Market Production Guarantee	132.0
11	Reduced Processing Production Guarantee	88.4
12	Your Harvested Acres	115.0
13	Your Unharvested Acres	10.0
14	Unharvested Acre Price Factor	80%
15	Your Share	1.000
16	Your harvested fresh market sweet potato production to count	9,488
17	Your harvested processing sweet potato production to count	6,935
18	Your unharvested fresh market sweet potato production to count	180.0
19	Your unharvested processing sweet potato production to count	160.8

Your claim will be calculated as follows:

1	Harvested Acres			Production Guarantee		
	Frsh	115.0	x	132.0	=	15,180.0
	Proc	115.0	x	88.4	=	10,166.0
2	Unharvested Acres			Production Guarantee		
	Frsh	10.0	x	132.0	=	1,320.0
	Proc	10.0	x	88.4	=	884.0
3	Result 11(b)(1)			Price Election		
	Frsh	15,180.0	x	\$25.00	=	\$379,500
	Proc	10,166.0	x	\$7.00	=	\$71,162
4	Result 11(b)(2)			Price for unharvested acres		
	Frsh	1,320.0	x	\$20.00	=	\$26,400
	Proc	884.0	x	\$5.60	=	\$4,950
5	Result 11(b)(3)			Result 11(b)(4)		
	Frsh	379,500	+	26,400.00	=	405,900
	Proc	71,162	+	4,950.00	=	76,112
6	Production to Count			Price Election		
	Frsh	9,488	x	\$25.00	=	\$237,200
	Proc	6,935	x	\$7.00	=	\$48,545
7	Unharvested Production to Count			Price for unharvested acres		
	Frsh	180	x	\$20.00	=	\$3,600
	Proc	161	x	\$5.60	=	\$902
8	Result 11(b)(6)			Result 11(b)(7)		
	Frsh	\$237,200	+	\$3,600	=	\$240,800
	Proc	\$48,545	+	\$902	=	\$49,447
9	Result 11(b)(5)			Result 11(b)(8)		
	Frsh	405,900	-	240,800	=	\$165,100
	Proc	76,112	-	49,447	=	\$26,665
10	Result 11(b)(9) for Fresh Market			Result 11(b)(9) for Processing		
		165,100	+	26,665	=	\$191,765
11	Result 11(b)(10)			Share		
		191,765	x	1	=	\$191,765

Example 2:

1	Your APH Average Yield	200.0
2	Your Coverage Level	75%
3	Your Fresh Market Production Guarantee per acre	150
4	Your Fresh Market Price Election	\$25.00
5	Your Processing Production Guarantee per Acre	100.5
6	Your Processing Price Election	\$7.00
7	Your Maximum Allowable Acres	110.0

8	Your Acres planted	125.0
9	Your Overplanting Factor	0.88
10	Reduced Fresh Market Production Guarantee	132.0
11	Reduced Processing Production Guarantee	88.4
12	Your Harvested Acres	115.0
13	Your Unharvested Acres	10.0
14	Unharvested Acre Price Factor	80%
15	Your Share	1.000
16	Your harvested fresh market sweet potato production to count	14,421
17	Your harvested processing sweet potato production to count	17,384
18	Your unharvested fresh market sweet potato production to count	0.0
19	Your unharvested processing sweet potato production to count	0

Your claim will be calculated as follows:

1	Harvested Acres		Production Guarantee		
	Frsh	115.0	x	132.0	= 15,180.0
	Proc	115.0	x	88.4	= 10,166.0
2	Unharvested Acres		Production Guarantee		
	Frsh	10.0	x	132.0	= 1,320.0
	Proc	10.0	x	88.4	= 884.0
3	Result 11(b)(1)		Price Election		
	Frsh	15,180.0	x	\$25.00	= \$379,500
	Proc	10,166.0	x	\$7.00	= \$71,162
4	Result 11(b)(2)		Price for unharvested acres		
	Frsh	1,320.0	x	\$20.00	= \$26,400
	Proc	884.0	x	\$5.60	= \$4,950
5	Result 11(b)(3)		Result 11(b)(4)		
	Frsh	379,500	+	26,400.00	= 405,900
	Proc	71,162	+	4,950.00	= 76,112
6	Production to Count		Price Election		
	Frsh	14,421	x	\$25.00	= \$360,525
	Proc	17,384	x	\$7.00	= \$121,688
7	Unharvested Production to Count		Price for unharvested production		
	Frsh	0	x	\$20.00	= \$0
	Proc	0	x	\$5.60	= \$0
8	Result 11(b)(6)		Result 11(b)(7)		
	Frsh	\$360,525	+	\$0	= \$360,525
	Proc	\$121,688	+	\$0	= \$121,688
9	Result 11(b)(5)		Result 11(b)(8)		
	Frsh	405,900	-	360,525	= \$45,375
	Proc	76,112	-	121,688	= -\$45,576

10	Result 11(b)(9) for Fresh Market 45,375	+	Result 11(b)(9) for Processing -45,576	=	\$0
11	Result 11(b)(10) 0	x	Share 1	=	\$0