

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



# **CALIFORNIA APH AVOCADO PILOT PROGRAM INSURANCE STANDARDS HANDBOOK**

FCIC 24240 (08-2013)

## **2015 and Succeeding Crop Years**



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

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| <b>TITLE: CALIFORNIA APH AVOCADO PILOT PROGRAM INSURANCE STANDARDS HANDBOOK</b>  | <b>NUMBER: FCIC-24240</b>  |
| <b>EFFECTIVE DATE: 2015 and succeeding crop years</b>  | <b>ISSUE DATE: August 28, 2013</b>   |
| <b>SUBJECT:</b><br><br><b>Provides the underwriting instructions for the California APH avocado pilot insurance program.</b> | <b>OPI: Actuarial and Product Design Division</b>  |
|  | <b>APPROVED:</b><br><br><i>/s/ Tim B. Witt</i><br><br><b>Deputy Administrator for Product Management</b> |

**REASON FOR ISSUANCE**

This handbook is being issued to provide procedures and instructions for administering the California APH avocado pilot crop insurance program for the 2015 and subsequent crop years.

This handbook contains the official FCIC-issued underwriting instructions under the California APH avocado pilot CP 2012-0019 for the 2015 and succeeding crop years.

In the absence of industry developed, FCIC-approved procedure for this crop, all reinsured companies will utilize these standards for both underwriting and training.

This handbook is reissued with new format standards; therefore, the appearance and structure of the handbook is quite different. No formatting items are highlighted.

This reissuance also includes clarifications or additional examples with regard to:

- alignment with the new CIH
- The language on high yield variability in Para. 14A(2) was replaced by a reference to **Para. 1562** of the CIH
- Para. 16A on the Producer's Pre-acceptance Worksheet is revised to reflect the elements in **Para. 1521** of the current CIH
- Sections 3F and 3I in the prior handbook were deleted

**CALIFORNIA APH AVOCADO PILOT PROGRAM INSURANCE STANDARDS  
HANDBOOK**

**CONTROL CHART**

| California APH Avocado Pilot Program Insurance Standards Handbook |                 |               |                 |                   |                    |         |                     |
|---|-----------------|---------------|-----------------|-------------------|--------------------|---------|---------------------|
|   | TP<br>Page(s)   | TC<br>Page(s) | Text<br>Page(s) | Exhibit<br>Number | Exhibit<br>Page(s) | Date    | Directive<br>Number |
| Insert  | Entire Handbook |               |                 |                   |                    |         |                     |
| Current Index   | 1-2             | 1-2           | 1-8             | 1                 | 9                  | 08-2013 | FCIC-24240          |
|   |                 |               |                 | 2                 | 10                 | 08-2013 | FCIC-24240          |
|   |                 |               |                 | 3                 | 11                 | 08-2013 | FCIC-24240          |

**FILING INSTRUCTIONS**

This handbook replaces FCIC-24240; California APH Avocado Pilot Program Insurance Standards Handbook dated October 28, 2010. This handbook is effective for the 2015 and succeeding crop years.

**CALIFORNIA APH AVOCADO PILOT PROGRAM INSURANCE STANDARDS  
HANDBOOK**

**TABLE OF CONTENTS**

|  |          |
|--|----------|
| <b>PART 1 GENERAL INFORMATION AND RESPONSIBILITIES .....</b>                                 | <b>1</b> |
| 1 Purpose and Objective.....   | 1        |
| 2 General Rules .....  | 1        |
| 3 Cancellation.....  | 1        |
| 4-10 (Reserved).....   | 1        |
| <b>PART 2 INSURABILITY.....</b>  | <b>2</b> |
| 11 Availability.....   | 2        |
| 12 Important Dates .....   | 2        |
| 13 Supporting Records .....  | 2        |
| 14 Pre-Acceptance Field Inspection and RO Approved Yield Selection Criteria .....            | 3        |
| 15 APH Yield Adjustment .....  | 3        |
| 16 Producer’s Pre-Acceptance Worksheet .....   | 4        |
| 17 APH Block Production.....   | 5        |
| 18 Leaf Age.....   | 5        |
| 19 Certification of APH for Units Previously Insured Under the CAR Plan.....                 | 5        |
| 21 Effect of Stumping .....  | 6        |
| 22 A Calendar of Flowering, Fruit Set, Fruit Development, and Harvest of Hass Avocados ..... | 7        |
| 23 Insurable Types .....   | 7        |
| 24-30 (Reserved).....  | 7        |
| <b>PART 3 APPLICABILITY OF HANDBOOKS.....</b>  | <b>8</b> |
| 31 Prevented Planting Loss Adjustment Standards Handbook.....                                | 8        |
| 32 Loss Adjustment Manual.....   | 8        |
| 33 California APH Avocado Pilot Loss Adjustment Standards Handbook .....                     | 8        |
| 34-40 (Reserved).....  | 8        |
| <b>LIST OF EXHIBITS.....</b>   | <b>9</b> |
| Exhibit 1 .....  | 9        |
| Exhibit 2 .....  | 10       |
| Exhibit 3 .....  | 11       |

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# PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

## **1 Purpose and Objective**

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To provide instructions for establishing crop insurance coverage in accordance with the California APH Avocado Pilot Program CP (2015-0019), and as a supplement to the CIH (FCIC 18010) and any other issuance that may be referenced herein.

If an error is found, notify us in writing at the above address. Outline the error and indicate the proposed correction. Errors may be corrected for the current crop year. Proposed changes should be submitted in writing through your proper organizational channels to the Actuarial and Product Design Division for consideration.

In the course of delivering California APH avocado crop insurance, AIP's may develop forms based on their internal needs. The forms must be developed according to RMA's approved standards contained in this handbook or as specified in the FCIC 24040, DSSH, and provide all required information. Standards and examples contained in this handbook do not contain required statements. Refer to the FCIC 24040 to determine the applicable statements to be included on each form. The Collection of Information and Data (Privacy Act) Statement and the Nondiscrimination Statement must be included on any form the producer signs or provided to the producer on a separate form, for each form that is signed by the producer. A copy must be maintained by the AIP. The Certification Statement must be included on any form that the insured signs that collects information from the producer.

## **2 General Rules**

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In general, the FCIC 18010 CIH applies to California APH avocados. Exceptions, changes, and additions are referenced in this supplement.

All procedures, rules, and requirements for California APH Avocados will follow the Category C crop procedures in Part 15 of the CIH except for the differences indicated here and on the CIH Comparison & Reference Guide (Exhibit 2).

## **3 Cancellation**

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Effective Date: Upon approval for the November 30, 2013 sales closing date for the 2015 crop year.

Replaces: This handbook replaces handbook FCIC-24240 issued October 2010.

**4-10 (Reserved)**

## PART 2 INSURABILITY

### **11 Availability**

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The California APH Avocado Pilot Crop Insurance Program is available to all persons operating an avocado farming operation in the designated pilot areas in California that produce and market Hass avocados in accordance with the common crop insurance policy BP, pilot California APH avocado CP, and SP.

The pilot areas include avocado producers in Orange, Riverside, San Diego, San Luis Obispo, Santa Barbara, and Ventura Counties in California.

### **12 Important Dates**

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- A. Contract Change Date - August 31, preceding the crop year.
- B. Cancellation, Termination, and Sales Closing Date - November 30.
- C. Premium Billing Date - August 15.
- E. Insurance Ends – November 30.

### **13 Supporting Records**

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- A. Acceptable Supporting Records: Pool statements, pool summary statements, pack statements or year-end settlement sheets must show the total pounds of marketable avocados delivered. A marketable avocado fruit is one that meets the standards published by the California Department of Food and Agriculture with respect to maturity, defects, size, and weight.

The California APH Avocado Pilot CP define a No. 2 avocado as follows: “An avocado fruit that is marketable but that is diverted into processing uses due to visual defects resulting from an insured cause of loss.” Such production is included in the APH yield records since it is marketable. The designation of No. 2 is an informal term used by many in the California industry; there are no published standards for this grade. Accordingly, other terms may be used in the acceptable supporting records. Any avocado that meets the standards published by the California Department of Food and Agriculture is production to count under the terms of the California APH Avocado Pilot Program.

- B. Avocado records are not available for the most recent crop year by the production reporting date for the crop year for which insurance is to be in force. Therefore, there is a one-year lag in the database; for example, production reports through the 2013 crop year are required for the 2015 crop year.

## **14 Pre-Acceptance Field Inspection and RO Approved Yield Selection Criteria**

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A. Pre-Acceptance Field Inspection and RMA RO Approved Yield Selection Criteria. The following pre-acceptance field inspection selection criteria apply to avocados. When selected by these criteria, pre-acceptance field inspections are mandatory if a pre-acceptance field inspection has never been performed or the most recent pre-acceptance field inspection is more than five (5) years old unless waived in writing by the RMA RO.

- (1) A greater yield than the average APH yield is requested by the insured with reasonable cause (e.g., acreage in production not meeting the crop minimums, avocados in production that are less than six years after set out, or added land), [see **Para. 1561** of the CIH]. The request must be in writing and signed by the insured, [see Ex. **15** of the CIH and Document and Supplemental Standards Handbook (DSSH) Ex. **32**].

Code blocks or units that meet the criteria above with special case yield indicator “H” shown with the RMA RO determined yield that is higher than the average yield for the block or unit.

- (2) High variability of actual yields (used to calculate the APH yield) is indicated by the **tests in Para. 1562 of the CIH.**

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- (3) Whenever conducting a pre-acceptance inspection as required under section **Para. 1538** of the CIH, determine whether the acreage is infected with Phytophthora root rot. If so, determine whether the producer is following good grove management practices. Document the findings in block 35 of the Pre-Acceptance Perennial Crop Inspection Report in addition to any relevant information that may be entered elsewhere on the form. Information regarding good grove management practices is available from the California Agricultural Extension Service.

B. Other provisions may be contained in the SP’s for the county.

## **15 APH Yield Adjustment**

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- A. Excessive Yield Edit Verification – Perform an excessive yield edit verification for all annual yields greater than 20,000 pounds per acre.
- B. Organic Procedures – Separate databases for certified organic and transitional databases for transitional acreage are required for any insured crop grown using an organic farming practice. Only acreage and production history from each acreage type of the organic farming practice will be contained in the applicable database. Each database will include production and acreage from any applicable buffer zone. Any yearly average APH yields, for the most recent four crop years

## 15 APH Yield Adjustment (Continued)

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only, from the transitional acreage database will be used in place of Transitional Yields (T-Yields) to establish the certified organic database. A variable T-yield will be used to complete the database, if required. Yields shown on the Transitional Yield and YA Substitution Table apply to the organic farming practice.

Separate databases must be established for new acreage in transition, unless the acreage is from the same block or other blocks of the same age, density and variety; use **Exhibit 8** of the CIH and follow Category C Crop procedure.

## 16 Producer's Pre-Acceptance Worksheet

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- A. **Para. 1521** of the CIH is applicable with the following changes:

### **1521. PAW Completion Requirements**

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#### **Element**

#### **MONTH/YEAR TOPWORKED OR BUCKHORNED**

Change the heading to "Mo/Yr Set Out/Grafted/Stumped."

Enter the year the trees were set out, the year the trees were grafted to the current variety, or the year the trees were stumped. The year will be designated as the actual calendar year if the action took place during the months of January through June and by the following calendar year if it occurred during the months of July through December.

#### **NUMBER OF PLANTS**

Include only the count of the number of bearing trees of the insurable type.

#### **PLANT SPACING**

Include pollinator trees of an uninsurable type in the determination of spacing of the insurable type.

#### **ACRES**

1. On acreage that contains only non-insurable pollinator trees in addition to the insurable type, do not reduce the measured acres.
2. On acreage inter-planted with a non-insurable type other than the pollinator trees, reduce the measured acres to include only the land planted to the insurable type. The insured's production report must reflect the same number of acres.

## 16 Producer's Pre-Acceptance Worksheet (Continued)

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### INSURABLE OR UNINSURABLE

Indicate whether the unit has achieved the 6<sup>th</sup> year after set out or has produced at least 2,000 pounds per acre of marketable avocados in 1 of the 3 most recent crop years.

This guidance also applies to the similar entries on the APH Block Production Worksheet [CIH Exhibit 15M].

## 17 APH Block Production

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- A. **Para. 1553** of the CIH is applicable with the following changes:

When block production is used for insurable immature acreage, Variable T-Yields are applicable based upon the number of years of records certified. Immature acreage [CIH **Para. 1553**] is defined as trees less than (<) 15 years of age.

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## 18 Leaf Age

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- A. **Para. 1517** of the CIH is applicable with the following changes:

The policy crop year is designated by the calendar year following the calendar year during which the avocado trees normally bloom.

## 19 Certification of APH for Units Previously Insured Under the CAR Plan

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- A. The insured must certify a production report for the most recently completed crop year.
- B. Production reports certified for the California Avocado Revenue insurance plan may be accepted for the California APH Avocado Program for prior years. The insured is not required to re-certify the production reports included in the insured's file.
- C. The revenue data in the type 15 record for the 2009 crop year may be converted to APH yields by dividing each of the actual revenues by the standardized season average price (SSAP) shown below. Resulting yields are to be rounded to the nearest whole pound.

| CROP YEAR | SSAP |
|-----------|------|
| 1998      | 1.11 |
| 1999      | 1.53 |
| 2000      | 1.30 |
| 2001      | .90  |
| 2002      | 1.05 |

## 19 Certification of APH for Units Previously Insured Under the CAR Plan (Continued)

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| CROP YEAR | SSAP |
|-----------|------|
| 2003      | 1.23 |
| 2004      | .97  |
| 2005      | .97  |
| 2006      | .58  |
| 2007      | .96  |

- D. A transitional yield has been established for each of the three crop years prior to the most recently completed crop year. These transitional yields are published in the actuarial documents, and are to be reduced according to the normal rules. If only the most recent yield is certified, multiply each of the transitional yields by 0.80; if the two most recent crop years are certified, multiply the prior two transitional yields by 0.90; and if the three most recent years are certified, accept the oldest transitional yield for use in the database. Round all results to the nearest whole pound.

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## 21 Effect of Stumping

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- A. Stumping is the act of cutting all branches and foliage from an avocado tree, leaving only a vertical stump approximately 4 feet or greater in height. It is a management practice that reduces recovery time for trees \*\*\*. Avocado trees appear to be the only producing fruit trees that will withstand — almost thrive on — such drastic pruning. They have in their genes a vigor and recovery mechanism unknown to the other fruit and nut trees common to California \*\*\*.

A stumped tree will return to production in about the third year after the stumping occurred. This is shorter than the time needed to bring a newly planted tree into production. The Crop Provisions make stumped trees uninsurable for three years after the calendar year the stumping occurred. The calendar year of stumping is defined as the actual calendar year if the stumping occurred during the months of January through June and by the following calendar year if the stumping occurred during the months of July through December.

Trees that have been stumped are not included in the bearing trees on the unit until the fourth crop year after the crop year the stumping occurred. These trees are to be reported as uninsurable under the provisions of section 6(c) of the Crop Provisions to the extent they exceed 10 percent of the acreage in the unit.

If stumping occurs after insurance has attached for a crop year and affects 10% or more of the trees on the unit, an uninsured cause of loss appraisal may apply. However, a cause of loss appraisal does not apply to the current crop year if the stumping followed damage due to a cause of loss that is insurable for the fruit (e.g., freeze or fire).

## **22 A Calendar of Flowering, Fruit Set, Fruit Development, and Harvest of Hass Avocados**

See Exhibit 3 for a graphic depiction of the production and harvesting cycle.

## **23 Insurable Types**

The Hass variety is the only insurable type. For insurance purposes, avocados of the Lamb-Hass variety are considered to be of the Hass variety. All T-yields and price elections apply to Lamb-Hass. No special designation in the yield databases, acreage reports, or production worksheets is required.

**24-30 (Reserved)**

## **PART 3 APPLICABILITY OF HANDBOOKS**

### **31 Prevented Planting Loss Adjustment Standards Handbook**

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The Prevented Planting Loss Adjustment Standards Handbook is not applicable to the California APH Avocado Pilot Crop Insurance program. Prevented planting coverage is not available for avocados.

### **32 Loss Adjustment Manual**

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The procedures identified in the LAM are adopted for the California APH Avocado Pilot Crop Insurance program.

### **33 California APH Avocado Pilot Loss Adjustment Standards Handbook**

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The California APH Avocado Pilot Loss Adjustment Standard Handbook applies to this pilot.

**34-40 (Reserved)**

# LIST OF EXHIBITS

## Exhibit 1

### Acronyms and Abbreviations

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The following table provides the acronyms and abbreviations used in this handbook.

| <b>Approved<br/>Acronym/Abbreviation</b> | <b>Term</b>  |
|--|--|
| AIP                                      | Approved Insurance Provider                              |
| APH                                      | Actual Production History                                |
| BP                                       | Basic Provisions   |
| CAR                                      | California Avocado Revenue                               |
| CAT                                      | Catastrophic Risk Protection                             |
| CIH                                      | Crop Insurance Handbook, FCIC-18010                      |
| CP                                       | Crop Provisions  |
| DSSH                                     | Document and Supplemental Standards Handbook, FCIC-24040 |
| FAD                                      | Final Agency Determination                               |
| FCIC                                     | Federal Crop Insurance Corporation                       |
| GPS                                      | Global Positioning System                                |
| LAM                                      | Loss Adjustment Manual, FCIC-25010                       |
| RMA                                      | Risk Management Agency                                   |
| SP                                       | Special Provisions                                       |

## California APH Avocado Pilot CIH Procedure Comparison & Reference Guide

| APH (MPCD)  | Avocados   | CIH and Other References                       |
|---|--|--|
| Production Reports by Block or Unit (Basic or Optional)                             | YES  | Part 15  |
| Separate APH by P/T/V   | NO (All Irr. Practice, All Hass Type)              | Not Applicable (NA)                            |
| Separate APH by Map Area  | NO (No T-Yield Maps)                               | NA   |
| T-Yields  | YES  | County Actuarial Table, Section 3(f) of the CP |
| Assigned Yields   | YES (75% of approved yield for relevant crop year) | Section 3(f)(1) of the BP                      |
| Variable T-Yields   | YES  | Section 3(f) of the CP                         |
| Yield Descriptors   | YES  | Exhibit 12V                                    |
| New Producer Procedures, Use of Other Persons Records (Sharing in Crop), Added Land | YES (Category C Crop)                              | Para. 1561                                     |
| Cups, Yield Floors  | Cups – YES<br>Yield Floors – NO                    | Para. 1556, Para. 1573, and Exhibit 15.AA.     |
| Exclude High Risk Land  | NO (No High-Risk Land)                             | NA   |
| Separate Instructions by Crop   | YES  | Attached                                       |
| Producer Pre-Acceptance Worksheet (Self-certification)                              | YES  | Para. 1520-1521                                |
| Perennial Crop Pre-Acceptance Inspection Report                                     | YES (If Meets Criteria)                            | Para. 1537                                     |
| APH Database Test For High Variability of Actual Yields                             | YES  | Para. 1562                                     |
| Block Production Worksheet  | YES  | Para. 1551 and Exhibit 15M                     |
| APH Yield Adjustment  | YES  | Para. 1741-1744                                |

**Flowering, fruit set, fruit development, and harvest of hass avocados**

