



United States
Department of
Agriculture



Federal Crop
Insurance
Corporation

FCIC-20230U

MACHINE HARVESTED PICKLING CUCUMBER INSURANCE STANDARDS HANDBOOK

2017 and Succeeding Crop
Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: MACHINE HARVESTED PICKLING CUCUMBER INSURANCE STANDARDS HANDBOOK	NUMBER: 20230U
EFFECTIVE DATE: 2017 and succeeding crop years	ISSUE DATE: March 28, 2017
SUBJECT:	OPI: Actuarial and Product Design Division
Provides the underwriting procedures and instructions for administering the Pickling Cucumber crop insurance program.	APPROVED: <i>/s/Richard H. Flournoy</i> Deputy Administrator for Product Management

REASON FOR ISSUANCE

This handbook is being issued to provide underwriting standards for administering the Pickling Cucumber Crop Insurance Program beginning with the 2017 crop year.

This handbook has been revised as indicated below. Major changes have been **highlighted**. Three stars (***) identify where information has been removed. The major changes are as follows:

1. Updated the references to policy provisions in paragraphs 1 and 25 to reflect the new 2017 policy provisions.
2. Amended paragraph 23 to update crop years in the price election calculation example, and to correct some bushel totals on the Grade Factor and Average Yield Worksheet.
3. Amended paragraph 47 to update crop years in the APH calculation example, and to change the bushel totals to match the entries in the Grade Factor and Average Yield Worksheet in paragraph 23.
4. Amended paragraph 52 to reflect reorganization of the new 2017 LAM.

MACHINE HARVESTED PICKLING CUCUMBER INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Machine Harvested Pickling Cucumber Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
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FILING INSTRUCTIONS

This handbook replaces the 2016 and succeeding crop years Machine Harvested Pickling Cucumber Insurance Standards Handbook, FCIC-20230U. This handbook is effective for the 2017 and succeeding crop years and is not retroactive to any 2016 or prior crop year determinations.

**MACHINE HARVESTED PICKLING CUCUMBER INSURANCE STANDARDS
HANDBOOK
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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose

The purpose of the handbook is to provide instructions for establishing crop insurance coverage and to adjust losses in accordance with the **Machine Harvested** Pickling Cucumber Crop Provisions (17-0132) and as a supplement to the General Standards Handbook - 18190 (GSH), the Crop Insurance Handbook - FCIC 18010 (CIH), the Loss Adjustment Manual - FCIC 25010 (LAM), the Machine Harvested Pickling Cucumber Loss Adjustment Standards Handbook - FCIC 20230L (LASH), and any other issuance that may be referenced herein.

B. Authority

The **Machine Harvested** Pickling Cucumber Crop Insurance Program is approved by the FCIC Board of Directors under Section 508(h) of the Federal Crop Insurance Act.

C. Program Duration

The **Machine Harvested** Pickling Cucumber Crop Insurance Program is available beginning with the 2014 crop year and is authorized until cancelled or extended by the FCIC Board of Directors.

2 Responsibilities

A. AIP Responsibilities

AIPs will utilize this handbook and other standards, procedures, and instructions as authorized by RMA for the purpose of selling and servicing the Machine Harvested Pickling Cucumber Crop Insurance Program. AIPs should report program issues or concerns to RMA.

B. Insured's Responsibilities

To be eligible for the **Machine Harvested** Pickling Cucumber Crop Insurance Program, insureds must comply with all terms and conditions of the Basic Provisions and the Machine Harvested Pickling Cucumber Crop Provisions.

3-10 (Reserved)

PART 2 STANDARDS AND INSTRUCTIONS

11 Operational References

In general, the **GSH**, CIH, LAM, and LASH apply to the Machine Harvested Pickling Cucumber Crop Insurance Program. Exceptions, changes, and additions necessary for and unique to pickling cucumbers are referenced in this handbook. All procedures, rules, and requirements for Category B APH crops apply except as noted herein, and are supplemented with additional instructions in this handbook.

12-20 (Reserved)

PART 3 GENERAL STANDARDS HANDBOOK

21 General Changes and Additions

Changes and additions to the GSH for machine harvested pickling cucumbers are described in this part. Sections of the GSH not listed below, but that are applicable to category B crops also apply to machine harvested pickling cucumbers.

22 GSH Part 8, Section 1, Subparagraph 801B - Written Agreements

The program requirements in section 1 apply, except for subparagraph 801B which indicates insureds may request coverage by written agreement if authorized by the policy. Written agreements are not available for machine harvested pickling cucumbers.

23 GSH Part 8, Section 2, Paragraph 837 - Price

A. Price Election Determination

- (1) The price election for each unit is calculated using the base contract prices contained in the producer's production contract and is calculated as follows:
 - (a) Multiply each base contract price by the applicable average factor;
 - (b) Total the results of section (1)(a); and
 - (c) Multiply the result of section (1)(b) by the price election percentage.
- (2) The average grade factors are determined as follows:
 - (a) Total the number of bushels produced, by grade and crop year, for each year of production history in the APH database (include only those grades with a base contract price for the current crop year);
 - (b) Divide each result of section 2(a) by the total number of bushels for all grades included in section 2(a) and produced in the applicable crop year (e.g., 7,755 bushels of grade 2B produced in crop year 2011 ÷ 52,169 total bushels produced in crop year 2011 = 14.9 percent grade 2B);
 - (c) Total the results of section 2(b), by grade; and
 - (d) Divide each result of section 2(b) by the number of years of production history. Include any year for which grade factors specified in the Special Provisions are used in the price election computation.
 - (e) Grade factors in the Special Provisions are used in the price election computation when:

A. Price Election Determination (continued)

- (i) There are less than four years of production history. For example, if only three years of production are included in the APH database, the grade factors in the Special Provisions will be used for the one year needed to complete four years of grade factors;
- (ii) Production is zero because acreage was bypassed and no records of production by grade are available; or
- (iii) Green shipper/processor records include a category of production called "chip stock" (a combination of size grades 2B, 3A and 3B) and separate production amounts cannot be determined for each of the size grades included in "chip stock." Such production is allocated to each of the size grades 2B, 3A, and 3B based on the grade factors published in the SPOI's for contracts that provide for grades 2B, 3A and 3B.

For example, assuming the following base contract prices, average grade factors and elected price election percentage, the price election is determined as follows:

Base contract price for grade 2A is \$6.00;
 Base contract price for grade 2B is \$6.50;
 Base contract price for grade 3A is \$6.50;
 Base contract price for grade 3B is \$4.70;

The grade factors (results of paragraph (b) above or the grade factors specified in the Special Provisions, as applicable) are:

Year	Grade 2A	Grade 2B	Grade 3A	Grade 3B
2013	5.0%	20.0%	40.0%	35.0%
2014	6.9%	14.9%	39.1%	39.1%
2015	8.0%	13.9%	40.4%	37.7%
2016	10.9%	12.9%	39.8%	36.4%
Average Grade Factor	7.7%	15.4%	39.8%	37.1%

The elected price election percentage is 100.0%

23 GSH Part 8, Section 2, Paragraph 837 - Price (Continued)

A. Price Election Determination (continued)

Grade	Base Contract Price		Average Grade Factor		
2A	\$6.00	x	7.7%	=	\$0.46
2B	\$6.50	x	15.4%	=	\$1.00
3A	\$6.50	x	39.8%	=	\$2.59
3B	\$4.70	x	37.1%	=	\$1.74
			Total		\$5.79

\$5.79 total x 100.0% price election percentage
= \$5.79 price election

The following Grade factor and Average Yield Worksheet illustrates the example above:

Machine Harvested Cucumber Grade Factor and Average Yield Worksheet

Policy Holder: _____ Policy Number: _____ Crop Year _____
 State: _____ County: _____ Unit Number _____

Year #1		Percent at grade				Total (Bu)	Bushels per Acre (8) / (3)	Bushels at Grade			
Field number	Acres	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)			2A	2B	3A	3B
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Year #1	0.0					0	200.00	-	-	-	-

	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)
Year #1 Grade Factors	5.0%	20.0%	40.0%	35.0%

Published Grade Factors and Applicable Transitional or Assigned Yield

Year #2		Percent at grade				Total (Bu)	Bushels per Acre (8) / (3)	Bushels at Grade			
Field number	Acres	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)			2A	2B	3A	3B
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
403	76.0	5.7%	14.3%	40.0%	40.0%	14,835		846	2,121	5,934	5,934
404	74.0	8.5%	15.6%	40.6%	35.3%	10,077		857	1,572	4,091	3,557
407	120.0	7.0%	14.9%	38.1%	40.0%	27,257		1,908	4,061	10,385	10,903
Year #2	270.0					52,169	193.22	3,611	7,754	20,410	20,394

	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)
Year #2 Grade Factors	6.9%	14.9%	39.1%	39.1%

Year #3		Percent at grade				Total (Bu)	Bushels per Acre (8) / (3)	Bushels at Grade			
Field number	Acres	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)			2A	2B	3A	3B
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
401	66.0	8.0%	15.3%	37.0%	39.7%	14,835		1,187	2,270	5,489	5,889
402	64.0	8.0%	15.6%	38.6%	37.8%	10,077		806	1,572	3,890	3,809
403	121.0	8.0%	12.3%	39.1%	40.6%	24,257		1,941	2,984	9,484	9,848
405	68.0	8.0%	14.0%	48.4%	29.6%	12,550		1,004	1,757	6,074	3,715
Year #3	319.0					61,719	193.48	4,938	8,583	24,937	23,261

	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)
Year #3 Grade Factors	8.0%	13.9%	40.4%	37.7%

Year #4		Percent at grade				Total (Bu)	Bushels per Acre (8) / (3)	Bushels at Grade			
Field number	Acres	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)			2A	2B	3A	3B
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
401	76.0	11.5%	15.8%	34.0%	38.7%	14,835		1,706	2,344	5,044	5,741
404	93.0	10.8%	15.3%	40.0%	33.9%	10,077		1,088	1,542	4,031	3,416
407	102.0	10.5%	10.3%	43.1%	36.1%	25,257		2,652	2,601	10,886	9,118
Year #4	271.0					50,169	185.13	5,446	6,487	19,961	18,275

	2A (10) / (8)	2B (11) / (8)	3A (12) / (8)	3B (13) / (8)
Year #4 Grade Factors	10.9%	12.9%	39.8%	36.4%

	2A	2B	3A	3B
Average Grade Factors	7.7%	15.4%	39.8%	37.1%

Bushels
193.0

	2A	2B	3A	3B
Base Contract Prices	\$ 6.00	\$ 6.50	\$ 6.50	\$ 4.70

Unit Price
\$5.79

	2A	2B	3A	3B
Grade Values*	\$ 0.46	\$ 1.00	\$ 2.59	\$ 1.74

Mar* Grade Value = Average Grade Factor x Base Contract Price

23 GSH Part 8, Section 2, Paragraph 837 - Price (Continued)

B. Multiple Production Contracts

When the producer has two or more production contracts in effect, the price election will be the weighted average of the price elections determined in section 3A. For example, if 7,000 bushels are contracted under one production contract with a price election of \$5.92, and 5,000 bushels are contracted under another production contract with a price election of \$5.03, the price election will be \$5.55 $((7,000 \times \$5.92) + (5,000 \times \$5.03) = \$66,590.00$ and $\$66,590.00 \div 12,000$ bushels = \$5.55).

24 GSH Exhibit 1B - Definitions

The definitions in Exhibit 2A for the terms listed below are amended as follows:

Good farming practices - In addition to the definition of "good farming practices" contained in Exhibit 1B, good farming practices include the cultural practices required by the production contract.

Practical to replant - In addition to the definition of "practical to replant" contained in Exhibit 1B, it will be considered practical to replant only if the green shipper or processor agrees in writing that it will accept the production from the replanted acreage.

25 GSH Exhibit 8A Crop Policy Information

The following is added to Exhibit 8A:

2017 CROP POLICY INFORMATION								
APH Crops	FCIC		Crop Category, APH Yield Tolerance	Late Planting (L) Prev. Planting (P)	Replant	Unit of Measure	Units by: Basic (B) Optional (O) Enterprise (E) ⁴	¹ High-Risk Land Exclusion Option
	Policy	CP						
Machine Harvested Pickling Cucumbers	17-BR	17-0132	B, 5% ²		Yes ¹	Bu.	B/O	Yes ³

1 Applies to additional coverage only

2 Tolerance for APH field reviews

3 Requires insured's signature, refer to the Actuarial Documents

4 EU(s) if provided for in the Special Provisions

26-40 (Reserved)

PART 4 CROP INSURANCE HANDBOOK

41 General Changes and Additions

Changes and additions to the CIH for machine harvested pickling cucumbers are described in this part. Sections of the CIH not listed below, but that are applicable to category B crops also apply to machine harvested pickling cucumbers.

42 CIH Part 10, Section 2 - Optional Units

A. Availability

In addition to the provisions in paragraph 1021, separate optional units may be established if each optional unit contains only spring planted acreage or only summer planted acreage. Separate optional units for such acreage may be established only in counties for which the Special Provisions designate both spring and summer final planting dates.

B. Production Evidence

The provisions in subparagraph 1025B are also applicable to production records used to establish the price election.

43 CIH Part 12, Section 2, Late Planting

The late planting provisions in paragraph 1215 are not applicable. There is no coverage for acreage planted after the final planting date.

44 CIH Part 12, Section 2, Paragraph 1217 - Uninsurable Acreage

Paragraph 1217 is applicable, except for subparagraph A(11) which indicates a second planting of the same crop is not insurable after a first planting of the same crop has been harvested. The Machine Harvested Pickling Cucumber Crop Provisions specifically allow insurance for the second planting provided it is summer planted and is grown in a county for which the Special Provisions designate both spring and summer final planting dates.

45 CIH Part 14 - Production Evidence

Machine Harvested Pickling Cucumbers is added to the list of crops in section 2, paragraph 1415 for which verifiable production evidence is required.

46 CIH Part 15, Section 6, Paragraph 1583 - Tolerances

Machine Harvested Pickling Cucumbers **is** added to the list of crops in subparagraph 1583B(2).

The following is added to section 1:

Machine Harvested Pickling Cucumbers

A. Production Contract Requirements

The insured must provide a copy of all production contracts to the AIP on or before the ARD.

B. Determining APH Production

Harvested production from processor or green shipper settlement sheets is counted as production for APH yield purposes. If production is shown in pounds, it must be converted to 50 pound bushels (e.g. 1,000 pounds ÷ 50 pounds/bushel = 20 bushels). Include only production of the cucumber type being insured. For example, if machine harvested pickling cucumbers are insured, only actual yields for machine harvested cucumbers will be used when calculating your approved yield (actual yields from hand harvested acreage will not be used). Do not include any off-grade or cull production that may be shown on settlement sheets. If there is a claim, the amount of production used to settle the claim is used.

Example:

Processor settlement sheets show production for size 2A, 2B, 3A and 3B cucumbers. The settlement sheets also show production for size 1B cucumbers and nubs; however, in this example, the size 1B and nub production is not included when calculating the approved yield because both are defined in the Machine Harvested Pickling Cucumber Crop Provisions as "off-grade." A zero is shown for any off-grade production when completing the APH production worksheet.

In this example, processor settlement sheets are available for the 2014 - 2016 crop years. Production information from the settlement sheets is entered into an APH production worksheet to determine the amount of production to be included in APH database. If production on a settlement sheet is shown in pounds, it must be converted to 50 pound bushels):

B. Determining APH Production (continued)

Example APH Production Worksheet

Year	1B (bu.)	2A (bu.)	2B (bu.)	3A (bu.)	3B (bu.)	Total bu. (APH Database Entry)
2007						
2008						
2009						
2010						
2011						
2012						
2013	0					
2014	0	3,611	7,754	20,410	20,394	52,169
2015	0	4,938	8,583	24,937	23,261	61,719
2016	0	5,446	6,487	19,961	18,275	50,169

Example APH Database

2017 Crop Year	Crop: Cucumbers (0132)		
	Practice: Spring Planted Irrigated (102)		
	Type: Pickling (476)		
Year	Production	Acres	Yield
2007			
2008			
2009			
2010			
2011			
2012			
2013			T 200
2014	52,169	270.0	A 193
2015	61,719	319.0	A 193
2016	50,169	271.0	A 185
			771 ÷ 4
T-Yield 200	Approved APH		193

48-50 (Reserved)

PART 5 OTHER HANDBOOKS

51 Prevented Planting Loss Adjustment Standards Handbook

Prevented planting coverage is not available for **machine harvested** pickling cucumbers. The Prevented Planting Loss Adjustment Standards Handbook is not applicable.

52 Loss Adjustment Manual (LAM) Standards Handbook

The provisions set forth in the LAM apply to pickling cucumbers except as noted below or in the Picking Cucumber LASH, or if in conflict with the policy provisions or this handbook.

Provisions in Part **7**, section **2**, paragraph **721A(4)**, which indicate no more than one replant payment may be made in a crop year, are not applicable in counties for which the Special Provisions designate both spring and summer final planting dates. In such counties, one replanting payment may be made for spring planted acreage and one replanting payment may be made for summer planted acreage.

53 Machine Harvested Pickling Cucumber LASH

The provisions set forth in the Machine Harvested Pickling Cucumber LASH are applicable.

54-60 (Reserved)

PART 6 POLICY DOCUMENTS, INSURABILITY, AVAILABLE COVERAGE LEVELS, AND CALCULATION OF AN INDEMNITY

61 Policy Documents

The policy consists of the application for insurance, Basic Provisions (11BR or successor document), Machine Harvested Pickling Cucumber Crop Provisions, Special Provisions, Actuarial Documents, and, if elected by the producer, the Catastrophic Risk Protection Endorsement (15-CAT or successor document).

62 Insurability, And Production Contract Requirements

A. Insurability

Machine harvested pickling cucumber acreage may be insured only if they are produced in accordance with a production contract executed on or before the acreage reporting date, and meet all other policy insurability requirements. A copy of the production contract must be provided to the AIP on or before the acreage reporting date.

B. Contract Requirements

At a minimum, the production contract must contain:

- (1) The producer's commitment to plant and grow cucumbers and to deliver the production to the green shipper or processor;
- (2) The green shipper's or processor's commitment to purchase all the production stated in the production contract; and
- (3) A base contract price for each cucumber size and grade stipulated in the production contract.

63 Coverage Levels

Insureds may select coverage from the catastrophic (CAT) levels through 75 percent of the approved yield.

64 Indemnity Calculation

Indemnity Example Data

Approved Yield per Acre	193
Coverage Level	75%
Insured Acres	125.0
Price Election	\$ 5.79
Prod. To Count & Base Cont. Price	
1,150 bu. 2A	\$6.00
2,300 bu. 2B	\$6.50
4,000 bu. 3A	\$6.50
3,400 bu. 3B	\$4.70
Share	1.000

64 Indemnity Calculation (Continued)

Indemnity Calculation Example

Line	Variable		Formula
1	Insured Acres	125.0	
2	Coverage Level	75%	
3	Approved Yield per Acre	193	
4	Production Guarantee per Acre	144.8	L3 x L2
5	Production Guarantee	18,100.0	L1 x L4
6	Price Election	\$5.79	
7	Value of Production Guarantee	\$104,799	L5 x L6
8	Production to Count 2A	1,150	
9	Production to Count 2B	2,300	
10	Production to count 3A	4,000	
11	Production to count 3B	3,400	
12	Base Contract Price 2A	\$6.00	
13	Base Contract Price 2B	\$6.50	
14	Base Contract Price 3A	\$6.50	
15	Base Contract Price 3B	\$4.70	
16	Value of Production to Count	\$63,830 ¹	(L8 x L12) + (L9 x L13) + (L10 x L14) + (L11 x L15)
17	Value of Prod. Guarantee Minus Value of Production to Count	\$40,969	L7 - L16
18	Share	1.000	
19	Indemnity	\$40,969	L17 x L18

1 When the producer's price election is limited to the maximum amount specified in the SP (the price determined in accordance with section 3 of the CP is higher than the maximum price election)

64 Indemnity Calculation (Continued)

allowed in the SP), the value of production to count is reduced by a factor that is determined by dividing the maximum price election by the price determined in section 3 of the CP.

For example, if the maximum price election in the Special Provisions is \$7.48 and the price determined in section 3 of the CP is \$8.04, the value of production to count will be reduced by a factor of 0.930 ($\$7.48 \div \$8.04 = 0.930$).

65-70 (Reserved)

PART 7 PILOT STATES AND COUNTIES

71 Insurance Availability

Machine Harvested Pickling Cucumber crop insurance is available as provided in the actuarial documents.

72-80 (Reserved)

Acronyms and Abbreviations

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

Approved Acronym/Abbreviation	Term
AIP	Approved Insurance Provider
APH	Actual Production History
ARD	Acreage Reporting Date
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook, FCIC-18010
CP	Crop Provisions
EU	Enterprise Unit
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook, FCIC-18190
LAM	Loss Adjustment Manual, FCIC-25010
LASH	Loss Adjustment Standards Handbook, FCIC 20230L
RMA	Risk Management Agency