



United States
Department of
Agriculture

Farm Production
and Conservation

Risk
Management
Agency

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August 16, 2023

INFORMATIONAL MEMORANDUM

TO: All Approved Insurance Providers Writing in the State of Michigan

FROM: Brian Frieden /s/
Director

SUBJECT: Crop Year 2024, Regional Underwriting Guidelines for Apples and Grapes
in Michigan

BACKGROUND:

The 2024 FCIC-18010 Crop Insurance Handbook (CIH) authorizes the Risk Management Agency's (RMA) Regional Office (RO) to issue RO Underwriting Guidelines (UG) for Category C crops as procedural exceptions for situations in their region.

The CIH, paragraph 1863, APH Database Tests for High Variability of Actual (and Assigned) Yields, provides testing requirements designed to identify alternate bearing and downward trending for Category C crop yields. Damaging freeze and frost in 2021 caused widespread damage to Honeycrisp apples and all grape types in Michigan. This damage may inadvertently trigger certain databases for high variability adjustments. To expedite the approved Actual Production History (APH) yield process and decrease the number of requests for RO determined yields, the Springfield RO issues this UG for Varietal Group A (Fresh) type apples and all grapes in Michigan.

This UG provides Approved Insurance Providers (AIPs) instructions on excluding the 2021 crop year yield from High Variability Testing calculations for Varietal Group A (Fresh) 114 type apples and all types and practices of grapes in Michigan.

ACTION:

Effective for the 2024 crop year in all Michigan counties, the AIP may exclude the 2021 crop year yield from all High Variability calculations when a database for Varietal Group A (Fresh) 114 type apples or any database for grapes triggers an adjustment for high variability in accordance with CIH paragraph 1863 D Alternate Bearing Tests or 1863 E Downward Trending Test.

High Variability – Yield Variance Test:

If the APH database does not meet the requirements in CIH paragraph 1863 C steps 3 and 4 when 2021 is excluded, no further APH database tests are conducted and no adjustment

for high variability is required. The database must be identified with special case yield indicator “D” to show that alternate bearing or downward trend criteria was met, but adjustments were waived by this UG. If applicable, Yield Adjustment (YA), Yield Exclusion (YE), and Quality Loss (QL) are authorized, and the yield limitation flag will be “12” (YA surcharge of 1.05 applies). Yield Cup (YC) is not applicable, also see Exhibit A.

If the APH database meets the requirements in CIH paragraph 1863 C steps 3 and 4 when 2021 is excluded, the AIP must conduct the Alternate Bearing and Downward Trending tests excluding 2021 crop year yield from the calculations.

High Variability – Alternate Bearing Tests:

Apples

Testing for alternate bearing (CIH 1863 D) should be conducted before testing for downward trending (CIH 1863 E). When conducting the alternate bearing test, exclude the 2021 crop year yield from all calculations and substitute with the most recent year(s) to reach the number of years required by the calculation. If the requirements of CIH paragraph 1863 D are met, the database must be adjusted for alternate bearing and identified with special case yield indicator “AF”, also see Exhibit A. YA, YE, YC, and QL are not applicable, also see Exhibit A. The downward trending test in CIH paragraph 1863 E should only be performed if requirements for CIH paragraph 1863 D are not met.

Grapes

In accordance with CIH paragraph 1863 A, the alternate bearing tests are not required for grapes.

High Variability –Downward Trending Test:

Apples and Grapes

When conducting the downward trending test, exclude the 2021 crop year yield from all calculations and substitute with the most recent three years to reach the number of years required by the calculation. If the requirements of CIH paragraph 1863 E are met, the database must be adjusted for downward trending and identified with special case yield indicator “DF”. YA, YE, YC, and QL are not applicable, also see Exhibit A.

If the APH database does not meet the requirements in CIH paragraph 1863 D or E when 2021 is excluded, no adjustment to the APH database is applicable. The database must be identified with special case yield indicator “D” to show that alternate bearing or downward trend criteria was met, but adjustments were waived by this UG. If applicable, YA, YE, and QL are authorized, and the yield limitation flag will be “12” (YA surcharge of 1.05 applies). YC is not applicable, also see Exhibit A.

If an APH database is still adjusted for alternate bearing or downward trending by the AIP after this UG is applied, the insured may request an RO Determined Yield in accordance with CIH paragraph 1863 F.

See Exhibit A, RO Determined Yield Type, Yield Limitation Flag and Rate Yield Chart for procedure on use of special case yield indicators. This chart is for AIP Policy processing and is consistent with the CIH Exhibit 22 and Appendix III.

Please contact the Springfield RO at rsoil@usda.gov if you have any additional questions.

DISPOSAL DATE:

August 31, 2024

Exhibit A, RO Determined Yield Type, Yield Limitation Flag and Rate Yield Chart

Not RO Determined Yields but Special Case Yield Indicators						
	Applicable Crop	Other Explanation	Special Case Yield Indicator	Rate Yield	YA/QL	Yield Limitation Flag (applies whether RO UG or RO DY)
High Variability Yield Adjustment (AB/DT)	Category C	<i>Alternate Bearing</i>	AF (AIP adjusted per CIH)	Equal Approved Yield	No	11
	Category C	<i>Downward Trending</i>	DF (AIP adjusted per CIH)	Equal Approved Yield	No	11
	Category C	<i>Downward Trending & Alternate Bearing</i>	F (AIP Adjusted by Formula in RO UG)	Dependent upon authorization	No, unless specified by the RO UG.	<ul style="list-style-type: none"> • If Approved Yield Increased and no YA then YLF = 01; • If Approved Yield Increased & YA = 09 or YLF 12 (surcharge applies if the crop is contained in chart below); • If Approved Yield Decreased & YA applies = 11 or YLF 13 (surcharge applies if crop is contained in chart below); If Approved Yield Decreased and no YA then YLF = 11
	Category C	<i>Downward Trending & Alternate Bearing</i>	D (Met AB or DT CIH test, but waived modification by CIH formula and adjusted by RO UG)		No, unless specified by the RO UG.	<ul style="list-style-type: none"> • If Approved Yield Increased and no YA then YLF = 01; • If Approved Yield Increased & YA = 09 or YLF 12 (surcharge applies if the crop is contained in chart below); • If Approved Yield Decreased & YA applies = 11 or YLF 13 (surcharge applies if crop is contained in chart below); If Approved Yield Decreased and no YA then YLF = 11

Approved RO Determined Yield: The yield determined by the Regional Office, according to their procedures, based upon documentation submitted by the producer through the AIP, used to determine the guarantee.

Yield Descriptor: The applicable yield descriptor as provided in CIH Exhibit 15W, the RO Determined Yield, or RO UG.

Yield Indicator: The applicable yield indicators and special case indicators as provided by CIH Exhibit 15V, the RO Determined Yield or RO UG.

YC & Floors: Are not authorized for RO Determined Yield requests or Underwriting Guidelines.

If YA is applied by the RO through the RO Determined Yield or through RO UG then the AIP must send the YA option code on the acreage record through PASS. If YA was elected on a non-contiguous rated crop, then the surcharge flag on the acreage record must also be set to establish the .05 multiplicative rate. The yield record will not include the YA option codes. See AD for crops with the surcharge.