



United States  
Department of  
Agriculture

Risk  
Management  
Agency

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June 19, 2006

## INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies  
All Risk Management Agency Offices  
All Other Interested Persons

FROM: Eldon Gould /s/ *Eldon Gould*  
Administrator

SUBJECT: Reporting Acreage and Production for Years Insured under the Group Risk Protection (GRP) or Group Risk Income Protection (GRIP) Plan of Insurance

The Risk Management Agency (RMA) has received questions concerning the actual production history (APH) reporting requirements when an insured cancels a GRP or GRIP policy and insures under, or returns to, a plan of insurance that uses an individual's APH to calculate the crop's production guarantee. This Informational Bulletin is intended to restate the policy and regulatory requirements and does not amend, modify, or otherwise restrict any policy provision or applicable regulation.

The GRP and GRIP policies represent area plans of insurance that do not require insureds to certify or maintain their crop production history. However, if insureds with an area plan of insurance cancel their coverage and elect to insure under a plan of insurance based on an individual's APH, they must report their acreage and production history following the same rules as any other person applying for insurance on a crop whose production guarantee is based on APH. Insureds are required to report the acres and production for each crop year in which they produced the crop.

In accordance with section 508(g)(2) and 7 C.F.R. § 400.53(a)(3), the acreage and production reporting must be continuous, meaning that insureds must report the most recent crop year and any other consecutive prior crop year in which the crop was grown. If there are crop years in which the crop was grown but no acreage or production was reported, continuity is broken. If continuity is broken, the production history reported prior to the year in which continuity was broken is not used in establishing the APH. If continuity is broken within the previous four crop years, variable county T-yields are used to complete the APH database. If the insured does not certify acreage and production for the most recent crop year in which the crop was grown, the approved APH yield is limited to 65 percent of the applicable county T-yield.

Switching to an area plan of insurance presents a unique situation because the insured was not required to report production. Therefore, the failure to report acreage and production during the years in which the area plan of insurance was in effect will not be considered a break



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in continuity. However, if the insured switches to a plan of insurance using APH and fails to provide acreage and production data for all years the crop was produced and insured under the area plan of insurance, continuity is broken for any year for which the acreage and production records are not provided.

RMA approved procedures provide that when production reports are submitted for crop years under which the crop was insured under the area plan of insurance that establish continuity with the APH reported prior to switching to an area plan of insurance, both the APH for the years insured under an area plan and the APH prior to switching to the area plan must be used to establish the current year's APH. Insureds are not required to report (i.e. recertify) the production history retained by the AIP. AIP's that do not have the prior APH history for insureds who have switched from an area plan of insurance to a plan of insurance based on APH may submit a policyholder tracking request to RMA, who will provide applicable APH yield records for the identified insured. RMA processed approximately 1.9 and 2.6 million inquiries to AIPs' policyholder tracking request in reinsurance years 2005 and 2006, respectively. The APH yield records obtained from these requests may be used by the AIPs to determine the insured's prior APH certifications.

Example 1: In 2002 the crop was insured under an APH plan of insurance with production history reported for the 1997-2001 crop years. The producer was insured under GRP for the 2003-2005 crop years, cancelled the GRP policy for 2006 and returned to a plan of insurance based on APH. The insured reported the APH for the 2002-2005 crop years. This establishes continuity with the prior APH. Therefore, the APH for the 1997-2005 crop years must be used to calculate the approved yield for the 2006 crop year.

Example 2: Same scenario as Example 1, except that the insured only certified the APH for the 2004 and 2005 crop years. The APH database would consist of only the 2004 and 2005 crop year production history and two variable t-yields to calculate the approved yield for the 2006 crop year. Continuity was broken since the 2003 crop year production history was not provided. Therefore, the prior APH (1997-2002 crop years) cannot be used to establish the insured's APH.

Example 3: Same scenario as Example 1, except the insured did not maintain production records while insured under GRP, crop years 2003-2005. Since the insured produced the crop and cannot provide records for the most recent crop year, the approved APH yield is limited to 65 percent of the applicable T-yield.

**DISPOSAL DATE:**

This Informational Memorandum will expire on December 31, 2006.