Risk Management Agency
1995
Research and Development Bulletins

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United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P. O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-001

TO: All Reinsured Companies
CFSA Headquarters, State, and County Offices
All Risk Management Field Offices

FROM: Tim B. Witt
Research and Development Division

SUBJECT: Final Dates by which Policies for Corn, Soybeans, Grain Sorghum, Cotton, and ELS Cotton may be Canceled for the 1995 Crop Year or Terminated for the 1996 Crop Year

BACKGROUND:

The Federal Crop Insurance Reform Act of 1994 required the Federal Crop Insurance Corporation to establish sales closing dates for all spring planted crops for the 1995 crop year to be 30 days earlier than those established for the 1994 crop year. Therefore, the sales closing dates contained in the Special Provisions for the 1995 crop year are now at least 30 days earlier for all such crops. Additionally, the coarse grains, cotton, and ELS cotton crop provisions in effect for the 1995 crop year contain new cancellation and termination dates.

Because of the changes stated above, cancellation dates contained in the Special Provisions for the 1995 crop year for corn, soybeans, grain sorghum, cotton, and ELS cotton were changed. However, the cancellation dates for the 1995 crop year are contained in the regulations in effect for the 1994 crop year. Therefore, the cancellation dates contained in the 1994 crop insurance policy govern when the 1994 policy may be canceled for the 1995 crop year.

The termination dates contained in the 1995 Special Provisions apply to when the policy will be terminated for the 1996 crop year. Some of the termination dates contained in the Special Provisions for the 1995 crop year for corn, soybeans, grain sorghum, cotton, and ELS cotton differ from the termination dates contained in the new crop provisions for these crops. The Common Crop Insurance Policy documents specify that if a conflict exists between the Crop Provisions and the Special Provisions, the Special Provisions will control. Therefore, the termination dates contained in the 1995 Special Provisions will govern when the policy will be terminated for the 1996 crop year.

ACTION:

All corn, soybean, grain sorghum, cotton, and ELS cotton policyholders will have until the cancellation dates specified in the applicable crop insurance policy in effect for the 1994 crop year to cancel their 1994 policy for the 1995 crop year. For your convenience, attached are the cancellation dates contained in the 1994 crop insurance policies.

All corn, soybean, grain sorghum, cotton, and ELS cotton policies with delinquent debts will be terminated for the 1996 crop year in accordance with the termination dates contained in the 1995 Special Provisions.

Attachment

ATTACHMENT

FINAL DATES BY WHICH THE 1994 POLICY MAY BE CANCELLED FOR THE 1995 CROP YEAR

CORN AND GRAIN SORGHUM

State and County	Correct Cancellation Date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof	February 15
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina	March 31
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas Counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas	March 31
All other Texas counties and all other states	April 15

SOYBEANS

State and County	Correct Cancellation Date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, Lasalle, and Dimmit Counties, Texas and all Texas counties lying south thereof	February 15
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Maverick, Zavala, Frio, Atascosa, Karnes, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas	March 31
All other Texas counties and all other states	April 15

ATTACHMENT

FINAL DATES BY WHICH THE 1994 POLICY MAY BE CANCELLED FOR THE 1995 CROP YEAR

COTTON

State and County	Correct Cancellation Date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof	February 15
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crocket, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas	March 31
All other Texas counties and all other states	April 15

ELS COTTON

State and County	Correct Cancellation Date
New Mexico	April 15
All other states	March 31

cc: TWitt/R&D Division
Product Development Branch
Janice Nuckolls
Rob Coultis
File

CFSA:PRB:JNuckolls:mcl:1/4/94:926-7730:WP/CANCDATE.REV

January 18, 1995

INFORMATIONAL MEMORANDUM: R&D-95-003

TO: All Reinsured Companies
CFSA Headquarters, State, and County Offices
All Risk Management Field Offices

FROM: Tim B. Witt /s/ L. E. Stiffler (for)
Research and Development Division

SUBJECT: Category C Perennial Crop Field Inspections

ISSUE:

Changes have been made to the Category C perennial crop yield determination methodology for the 1995 crop year, with most yield determinations previously completed by Regional Service Offices (RSO's) now being certified by the producer. These changes were made to simplify the program; to effectively manage the volume of business anticipated for 1995; and to test the impact of producer certification on the program. Questions have been received regarding the number of field inspections that must be performed using the yield variance table (Section 5, Par E (7) (d) page 86 of the Catastrophic Risk Protection Handbook (CAT)).

BACKGROUND:

The Federal Crop Insurance Corporation (FCIC) has re evaluated the tolerance selection criteria for perennial crops. As a result, the number of required inspections can be reduced in most circumstances. The CAT handbook will be amended by authorizing RSO's to issue criteria that reduce the number of policies selected by this criterion for production areas within each region. The 1995 Crop Insurance Handbook, FCIC 18010, which applies to limited and additional coverage, also will be updated to include these procedures.

ACTION:

For the 1995 crop year, insurance providers will be required to conduct field inspections, based on the yield variance table, on no more than 10 percent of their book of business for the crop in each RSO's area unless FCIC determines that actuarial integrity will be impaired. If situations arise where tolerance selection criteria appear to cause excessive field inspections, please contact the applicable RSO or the Product Development Branch at (816) 926-7387.

INFORMATIONAL MEMORANDUM: R&D-95-006

TO: All Reinsured Companies
CFSA Headquarters, State and County Offices
All Risk Management Field Offices

FROM: Tim B. Witt /s/ TIM B. WITT 02/03/95
Acting Director
Research and Development Division

SUBJECT: Clarification of Appropriate 1995 Crop Year Cancellation and Termination Dates for the Coarse Grains, Cotton, and ELS Cotton Crop Provisions

ISSUES:

1. Impact of sales closing date changes required by the Federal Crop Insurance Reform Act of 1994 (Act) on cancellation and termination dates for all spring planted crops for the 1995 crop year.

2. Final dates by which corn, soybeans, grain sorghum, cotton, and ELS cotton policies may be canceled or terminated for the 1995 crop year.

3. Final dates by which policyholders may transfer their coverage to a different insurance provider, or by which an insured with a reinsured company may change their coverage levels and price elections, for corn, soybeans, grain sorghum, cotton, and ELS cotton for the 1995 crop year.

BACKGROUND:

The Act requires sales closing dates for all spring planted crops for the 1995 crop year to be 30 days earlier than those established for the 1994 crop year. The sales closing dates contained in the special provisions for the 1995 crop year comply with the Act.

The sales closing date changes required by the Act have resulted in 1995 crop year sales closing dates that are earlier than the dates by which the 1994 spring planted crop policies may be canceled or terminated for the 1995 crop year. This is because the date by which a policy may be canceled or terminated for the 1995 crop year is contained in the crop insurance policy in effect for the 1994 crop year. These cancellation and termination dates cannot be changed until the crop insurance policies are rewritten. As crop provisions are rewritten under the common crop insurance policy, the cancellation and termination dates will be revised to match the earlier sales closing dates.

New common crop insurance policy crop provisions were issued for coarse grains, cotton, ELS cotton, and sunflower seed for the 1995 crop year. The cancellation and termination dates were changed in these new crop provisions. However, these dates apply to when the 1995 crop year policy may be canceled or terminated for the 1996 crop year.

The 1995 crop year special provisions are structured to list the date by which a policy may be canceled for the 1995 crop year and the date by which a policy will be terminated for the 1996 crop year. The cancellation and termination dates contained in the 1995 special provisions are correct for sunflower seed. However, many cancellation and termination dates contained in the 1995 special provisions for corn, grain sorghum, soybeans, cotton, and ELS cotton are inconsistent with the dates contained in the applicable crop insurance policy.

ACTION:

All corn, soybean, grain sorghum, cotton, and ELS cotton policyholders will have until the cancellation dates specified in the applicable crop insurance policies in effect for the 1994 crop year to cancel for the 1995 crop year, regardless of the cancellation date contained in the 1995 special provisions. Attached for your convenience are the cancellation dates contained in the 1994 crop insurance policies.

Policyholders insured with a reinsured company, whose policies specify that coverage levels and price elections may be changed on or before the cancellation date shown on the State Endorsement, will have until the cancellation date specified in the State Endorsement that was in effect for the 1994 crop year to change coverage levels and price elections for the 1995 crop year, regardless of the cancellation date contained in the 1995 special provisions.

For the purpose of transferring a policy to a different insurance provider for the 1995 crop year, the cancellation request must be signed by the insured on or before the cancellation date specified in the 1994 crop insurance policy, regardless of the cancellation date contained in the 1995 special provisions. However, the application for insurance with the receiving company must be signed by the applicable 1995 sales closing date.

For the purpose of determining the production reporting date for the 1995 crop year, the cancellation date reference will apply to the cancellation date specified in the 1994 crop insurance policy, regardless of the cancellation date contained in the 1995 special provisions.

All corn, soybean, grain sorghum, cotton, and ELS cotton policies with delinquent debts will be terminated for the 1995 crop year in accordance with the termination dates contained in the applicable crop insurance policies in effect for the 1994 crop year. Policies for these crops will be terminated for the 1996 crop year in accordance with the termination dates contained in the 1995 special provisions, regardless of the termination date contained in the 1995 crop provisions. This is in accordance with the common crop insurance policy documents that specify if a conflict exists between the crop provisions and the special provisions, the special provisions will control.

Attachment

ATTACHMENT

FINAL DATES BY WHICH THE 1994 POLICY MAY BE CANCELLED FOR THE 1995 CROP YEAR

CORN AND GRAIN SORGHUM

State and County Cancellation Date

Val Verde, Edwards, Kerr, Kendall, Bexar,..............February 15
Wilson, Karnes, Goliad, Victoria, and Jackson
Counties, Texas, and all Texas counties lying
south thereof

Alabama; Arizona; Arkansas; California; Florida;.......March 31
Georgia; Louisiana; Mississippi; Nevada;
North Carolina; and South Carolina

El Paso, Hudspeth, Culberson, Reeves, Loving,..........March 31
Winkler, Ector, Upton, Reagan, Sterling, Coke,
Tom Green, Concho, McCulloch,San Saba, Mills,
Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke
Counties, Texas, and all Texas Counties lying
south and east thereof to and including Terrell,
Crockett, Sutton, Kimble, Gillespie, Blanco,
Comal, Guadalupe, Gonzales, De Witt, Lavaca,
Colorado, Wharton, and Matagorda Counties, Texas

All other Texas counties and all other states..........April 15

SOYBEANS

Jackson, Victoria, Goliad, Bee, Live Oak,..............February 15
McMullen, Lasalle, and Dimmit Counties,
Texas, and all Texas counties lying south
thereof

Alabama; Arizona; Arkansas; California;................March 31
Florida; Georgia; Louisiana; Mississippi;
Nevada; North Carolina; South Carolina;
and El Paso, Hudspeth, Culberson, Reeves,
Loving, Winkler, Ector, Upton, Reagan,
Sterling, Coke, Tom Green, Concho, McCulloch,
San Saba, Mills, Hamilton, Bosque, Johnson,

Tarrant, Wise, Cooke Counties, Texas, and
all Texas counties lying south and east thereof to
and including Maverick, Zavala, Frio, Atascosa,
Karnes, De Witt, Lavaca, Colorado, Wharton,
and Matagorda Counties, Texas

All other Texas counties and all other states..........April 15

COTTON

Val Verde, Edwards, Kerr, Kendall, Bexar,..............February 15
Wilson, Karnes, Goliad, Victoria, and Jackson
Counties, Texas, and all Texas counties lying
south thereof

Alabama; Arizona; Arkansas; California;................March 31
Florida; Georgia; Louisiana; Mississippi;
Nevada; North Carolina; South Carolina;
and El Paso, Hudspeth, Culberson, Reeves,
Loving, Winkler, Ector, Upton, Reagan,
Sterling, Coke, Tom Green, Concho, McCulloch,
San Saba, Mills, Hamilton, Bosque, Johnson,
Tarrant, Wise, Cooke Counties, Texas, and
all Texas counties lying south and east thereof
to and including Terrell, Crocket, Sutton, Kimble,
Gillespie, Blanco, Comal, Guadalupe, Gonzales,
De Witt, Lavaca, Colorado, Wharton, and Matagorda
Counties, Texas

All other Texas counties and all other states..........April 15

ELS COTTON

New Mexico..April 15
All other states.......................................March 31

INFORMATIONAL MEMORANDUM: R&D-95-007

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters Office, State, and County Offices

FROM: Tim B. Witt /S/ TIM B. WITT 02/03/95
Acting Director
Research and Development Division

SUBJECT: Group Risk Plan (GRP) Actuarial Documents for 1995

Actuarial materials for the 1995 crop year GRP barley, corn, cotton, grain sorghum, and soybeans will remain unchanged from 1994. The only modification will be a change in the subsidy amounts as mandated by the Federal Crop Insurance Reform Act of 1994. New actuarial document books for these crops, and for the previously filed 1995 wheat and forage, are being refiled immediately showing these new subsidy amounts. The actuarial data master is available on Supertracs and replaces previous data sets.

New educational software has already been distributed. This software was developed in cooperation with the University of Kentucky for educational and demonstration purposes. It is not a replacement for Federal Crop Insurance Corporation approved and issued actuarial material. There should be no differences between the GRP educational software and the official actuarial material; however, if differences are found, the actuarial material will be considered correct.

Questions on the 1995 GRP actuarial materials should be directed to Research and Evaluation Branch at (816) 926-6343.

United States Department of Agriculture | Consolidated Farm Service Agency | Office of Risk Management | P.O. Box 419293 Kansas City Missouri 64141

NFORMATIONAL MEMORANDUM: R&D-95-008

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, State, and County Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Multiple Peril Crop Insurance Application Requirements for Farming Operations Involving Spouses, Family Farms and Multiple Entities Insured Under One Policy

ISSUE:

There has been confusion over the number of policies required to maintain eligibility for certain other Department of Agriculture (USDA) program benefits when spouses (or families living in the same household) are farming jointly or separately and when joint operations or other multiple entities are involved.

BACKGROUND:

Recently, the Acting Deputy Administrator, Program Delivery and Field Operations of the Consolidated Farm Service Agency (CFSA) issued Catastrophic Risk Management Notice RM-5 to all CFSA State and County Offices. This notice included the following:

> "A husband and wife can have one policy and a spouse can sign the policy for the other insured. However, if each receives farm program benefits separately, they each will need an individual policy for linkage purposes. Generally speaking, every producer who receives an individual farm program benefit must have an individual policy."

The Federal Crop Insurance Reform Act of 1994 (Act) states:

> "To be eligible for any price support or production adjustment program, the conservation reserve program, or any benefit described in section 371 of the Consolidated Farm and Rural Development Act, the producer must obtain at least the catastrophic level of insurance for each crop of economic significance grown on each farm in the county in which the producer has an interest, if insurance is available in the county for the crop."

The Federal Crop Insurance Corporation (FCIC) 1995 Common Policy Basic Provisions (Section 10, Share Insured) allow an insured to obtain additional coverage for the landlord's or tenant's share of the crop. The Act states that the **producer** must obtain insurance on each farm in which he has an interest; therefore, this policy provision provides the means by which the linkage requirement is met.

CFSA allows a husband and wife who farm together as a family farm, joint operations and partnership entities to receive separate farm program benefit checks. For payment limitation purposes, benefits are combined to compute one amount towards the combined maximum limitation.

FCIC requires only one insurance contract when the insurable share is owned jointly or separately by the spouses. Additionally, only one policy is written for joint operations, partnerships, etc.

ACTION:

For multiple peril crop insurance purposes, existing procedure regarding insurable entities as provided in the Crop Insurance Policy, Catastrophic Risk Protection Handbook, Service Office Handbook for Catastrophic Risk Protection and other FCIC approved procedures will be followed. This means that separate policies will only be required or allowed when the entities with insurable interests are separate as described in existing FCIC approved policies and procedures. Eligibility for certain other USDA program benefits will not be affected as long as the crop share/interest of the appropriate legal entities are insured under at least the catastrophic level of coverage.

cc: FCIC COMPLIANCE OFFICES
FCIC DIRECT SERVICE OFFICES
FCIC REGIONAL SERVICE OFFICES
CFSA HEADQUARTERS (ATTN: ERNESTINE CARTER- PLS. ROUTE)
AMERICAN ASSOCIATION OF CROP INSURERS
CROP INSURANCE RESEARCH BUREAU
NATIONAL ASSOCIATION OF CROP INSURANCE AGENTS
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
VICKERS & VICKERS

cc: RECORDS NO. 1
RECORDS NO. 2
MGR
MGR/CHRON
ACT DEP MGR
MMULUGETA/ASSOC MGR
SECY TO BOARD
NSMITH/A&L-PLEASE ROUTE
DMOSLAK/R&PD
GWESTMORELAND/AMC-PLEASE ROUTE
ECLARK/MSD
BHART/MSD/DIRECTIVES MGMT OFFICE
AMIS-PLEASE ROUTE
DAM-RSO
RRIETCHECK/FUS-PLEASE ROUTE
DIR/CS-PLEASE ROUTE
HBAKER/DSS-PLEASE ROUTE
PTHOMASSON/MKTG-PLEASE ROUTE
VPORTIS-MANAGER'S OFFICE
MAMANOR/IC
MJONES-C&PA

cc: KANSAS CITY OFFICES:
TWITT/AMR&D-PLEASE ROUTE
AGILMORE/AMC-PLEASE ROUTE

FCIC\R&D\PDB\THoffmann:cg:816-926-7387:2/2/95/WPDOC:huswif.wpd

Reviewer	Sect'y	Hoffmann	O'Conner	Stiffler	Driscoll	Nelson	Witt
Date/Initial							

INFORMATIONAL MEMORANDUM: R&D-95-010

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt /s/ Tim B. Witt 03/14/95
Acting Director
Research and Development Division

SUBJECT: Clarification of Rate Reduction Provisions for Small Grains Destroyed Prior to Harvest

ISSUE:

Questions have been raised regarding administration of small grain crop and special provisions that provide for reduced premium amounts for acreage destroyed prior to harvest.

DISCUSSION:

The small grain crop provisions (paragraph 6.(b)(2)) allow for a reduced premium rate (short-rate) for insured acreage that is destroyed prior to harvest if an indemnity is not claimed for the acreage. This rate reduction provision is applicable only in counties for which the special provisions provide a rate adjustment factor for this purpose. For the 1995 crop year the reduction factor is shown in the special provisions for specific counties for wheat, barley and oats in Oklahoma, New Mexico, and Texas, and for wheat in specific counties in Colorado, Kansas, Missouri, and Nebraska. The short-rate is available only for policies with producer paid premium and is not applicable for catastrophic risk protection policies.

The special provisions statements in the applicable counties read as follows:

> "For purpose of paragraph 6.(b)(2) of the Small Grains Provisions, you must notify your agent not later than (date varies by location) if any acreage will be destroyed prior to harvest, or be grazed on or after (date varies by location). After receiving this notice, we will reduce the premium for acreage subsequently destroyed or grazed by the amount stated in the actuarial table.
>
> No premium reduction will be allowed if the required notice is not given, or if you claim an indemnity for the acreage. If the acreage is not destroyed as intended, you will be subject to the under-reporting provisions contained in subsection 6.(f) of the Basic Provisions. Insurance coverage will cease on any acreage you intend to destroy on the date you notify your agent, and on (date varies by location) for acreage grazed on or after that date."

The following points further clarify the "short-rate" provisions.

-- Acreage which will be harvested as grain is not eligible for the short-rate.

-- To qualify for the short-rate for acreage that will be destroyed prior to harvest, either by grazing or mechanical means, the insured must notify his/her agent not later than the date specified in the county special provisions.

-- The insured must specify the unit, practice, and/or crop type so the acreage to be destroyed can be properly identified on the acreage report.

-- No indemnity payment can be made on any acreage that receives a short-rate. If the insured sustains a loss prior to the date designated in the county special provisions, he/she must decide by the designated date whether to pay the full premium and receive any applicable indemnity payment or have the short-rate factor applied to his/her premium and become ineligible for an indemnity on the damaged acreage.

-- If notice is not given on or before the date designated in the special provisions, acreage is insurable and full premium is due and payable.

-- If notice is not given on or before the date designated in the special provisions and acreage is grazed after the Consolidated Farm Service Agency "pull-off" date for the county, an uninsurable cause of loss may be assessed for damage during the extended grazing period.

-- If acreage is not destroyed as reported, the insured will be subject to the under-reporting provisions contained in subsection 6.(f) of the Basic Provisions.

-- Upon receiving timely notice, the agent must revise the acreage report to indicate the acreage eligible to receive the short-rate.

-- Coverage will cease on any insurable acreage receiving a short-rate on the date the agent is notified the acreage will be destroyed by the insured, or on the date designated on the Special Provisions for acreage to be grazed and not harvested.

In counties for which the special provisions do not indicate a rate reduction factor, any acreage reported as insurable that is later destroyed will be insured in accordance with applicable policy provisions for the full premium rate.

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-012

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Policyholder Tracking System

ISSUE:

Questions have been raised regarding the operational status of the Policyholder Tracking System (PHTS) and its reliability for use in accepting applications and making loss payments.

BACKGROUND:

The PHTS was fully operational effective for crop year 1994 (refer to R&D-94-007). Without verification via the PHTS, there is risk in accepting applications or making payments to producers who are ineligible due to noncompliance of the Highly Erodible Land Conservation/Wetland Conservation (HELC/WC) and Controlled Substance (CS) provisions of the 1990 Farm Act. This is because the ASCS-423, 424, or 425 DO NOT indicate: (1) when eligibility is the result of reinstatement via a Graduated Sanction (GS) provision of the 1990 Farm Act, and (2) whether producers are ineligible due to violations of the CS provision. NOTE: When an insured's eligibility has been reinstated via a GS, crop insurance payments cannot be made until the GS has been satisfied.

ACTION:

Use the PHTS as a standard routine in data processing. It is imperative that the PHTS is used to avoid accepting or paying a loss to someone who is ineligible for insurance. The HELC/WC and CS files are updated approximately every ten days. Document the insured's eligibility status on the date the application or claim was assigned or processed by dating your diskette, tape, or hardcopy. The PHTS record received from the Federal Crop Insurance Corporation will also be dated.

Insureds' eligibility must be checked prior to assigning loss adjustment inspections or sometime during the inspection so an adjuster does not execute a proof of loss for an ineligible insured. If using the PHTS delays the loss adjustment process, adjusters may use the ASCS-423, 424, or 425 to obtain insureds' eligibility status. However, if this is done, verification through the PHTS must be done PRIOR to making claim payments. If the PHTS is used prior to assigning a final inspection, the PHTS does not have to be verified again if such payment is made within 30 days.

INFORMATIONAL MEMORANDUM: R&D-95-013

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: February 28 Revised Filing

BACKGROUND:

The FCI-35, Coverage and Rate Table, has been revised to implement requirements of the Crop Insurance Reform Act of 1994 incorporate other changes requested by users. This is the result of much consultation with insurance providers and Risk Management personnel to design a simpler and easier to use actuarial document, reduce paperwork, and ultimately reducing cash for reproduction. The revisions necessitate the refiling of the February 28, 1995, actuarial for citrus trees in Texas. The rates, prices, and coverage have not changed from the previous filed actuarial. The producer premium percentage table, referred to in the revised actuarial, is filed as a separate document and will be in effect throughout the 1996 crop year.

ACTION:

The revised actuarial documents and producer premium percentage tables have been generated and should be received in your office by April 4, 1995. Upon receipt of this information, please destroy the actuarial documents dated February 23, 1995, and use the revised actuarial dated March 27, 1995.

Attached is a listing of county crop programs for the February 28 filing. Please use this listing as a reference to determine the actuarial being sent to your office.

Attachment

CONSOLIDATED FARM SERVICE AGENCY
FEDERAL CROP INSURANCE CORPORATION
RISK MANAGEMENT - RESEARCH AND DEVELOPMENT DIVISION
COUNTY CROP PROGRAMS BY FILING DATE - 1996 CROP YEAR

Filing Date	St	State Name	County Code	County Name	Crop Code	Crop Name
94/02/28	48	Texas	061	Cameron	025	Citrus Trees
			215	Hidalgo	025	Citrus Trees
			489	Willacy	025	Citrus Trees

INFORMATIONAL MEMORANDUM: R&D-95-014

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery & Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Policyholder Tracking System

ISSUE:

Questions have been raised regarding the operational status of the Policyholder Tracking System (PHTS) and its use in accepting applications and making loss payments.

BACKGROUND:

The PHTS was fully operational effective for crop year 1994 (refer to R&D-94-007). Without verification via the PHTS, there is risk in accepting applications or making payments to producers who are ineligible due to noncompliance of the Highly Erodible Land Conservation/Wetland Conservation (HELC/WC) and Controlled Substance (CS) provisions of the 1990 Farm Act. This is because the ASCS-423, 424, or 425 DO NOT indicate: (1) when eligibility is the result of reinstatement via a Graduated Sanction provision of the 1990 Farm Act, and (2) whether producers are ineligible due to violations of the CS provision. NOTE: When an insured's eligibility has been reinstated via a Graduated Sanction, crop insurance payments cannot be made until the Graduated Sanction has been satisfied.

ACTION:

Use the PHTS as a standard routine in data processing to avoid accepting or paying a loss to someone who is ineligible for insurance. The HELC/WC and CS files are updated approximately every 10 days. Document the insured's eligibility status on the date the application or claim was assigned or processed by dating your diskette, tape, or hardcopy. The PHTS record received from the Federal Crop Insurance Corporation will also be dated.

Insureds' eligibility must be checked prior to assigning loss adjustment inspections or sometime during the inspection so an adjuster does not execute a proof of loss for an ineligible insured. If using the PHTS delays the loss adjustment process, adjusters may use the ASCS- 423, 424, or 425 to obtain insureds' eligibility status. However, if this is done, verification through the PHTS must be done PRIOR to making claim payments. If the PHTS is used prior to assigning a final inspection, the PHTS does not have to be verified again if such payment is made within 30 days.

INFORMATIONAL MEMORANDUM: R&D-95-015

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and
Field Operations

FROM: Tim B. Witt /s/ Tim B. Witt
Acting Director 04/05/95
Research and Development Division

SUBJECT: April 15 Revised Filing

BACKGROUND:

Several requests have been made to produce an inventory or listing of specific county crop programs to be pro duced with each actuarial filing so that insurance providers can assure all documents are received for each individual filing.

ACTION:

Attached is a listing of county crop programs that come under the the April 15 filing schedule. Please use this listing as a reference to determine the actuarial documents being sent to your office. Similar lists will be provided for future actuarial filings. If you have any questions, please contact Lana Cusick at (816) 926-3477.

Attachment

CONSOLIDATED FARM SERVICE AGENCY
FEDERAL CROP INSURANCE CORPORATION
COUNTY CROP PROGRAMS - 1996 CROP YEAR
04/15 FILING

ST	STATE NAME	CNTY	COUNTY NAME	CROP CODE	CROP NAME
12	Florida	009	Brevard	026	Citrus
		011	Broward	026	Citrus
		015	Charlotte	026	Citrus
		021	Collier	026	Citrus
		025	Dade	026	Citrus
		027	De Soto	026	Citrus
		043	Glades	026	Citrus
		049	Hardee	026	Citrus
		051	Hendry	026	Citrus
		053	Hernando	026	Citrus
		055	Highlands	026	Citrus
		057	Hillsborough	026	Citrus
		061	Indian River	026	Citrus
		069	Lake	026	Citrus
		071	Lee	026	Citrus
		081	Manatee	026	Citrus
		083	Marion	026	Citrus
		085	Martin	026	Citrus
		093	Okeechobee	026	Citrus
		095	Orange	026	Citrus
		097	Osceola	026	Citrus
		099	Palm Beach	026	Citrus
		101	Pasco	026	Citrus
		105	Polk	026	Citrus
		111	St Lucie	026	Citrus
		115	Sarasota	026	Citrus
		117	Seminole	026	Citrus
		127	Volusia	026	Citrus

April 10, 1995

INFORMATIONAL MEMORANDUM: R&D-95-016

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and
Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt /s/ TIM B. WITT
Acting Director
Research and Development Division

SUBJECT: Insurability of Nursery Crops Grown in Nursery Containers Buried in the Ground

ISSUE:

Questions have been raised regarding insurance eligibility for nursery crops grown in qualifying nursery containers that are buried in the ground either directly or when placed on liners which are buried in the ground.

DISCUSSION:

Section 1.(b)(1), (b)(4), and (b)(9) (Insured Crops) for nursery states, "We do not insure any nursery crops which:

(1) are not grown in standard nursery containers;
(4) are grown in the field; or
(9) are not grown in accordance with the production practices for which premium rates have been established."

FCIC nursery crop premium rates are based on standard rigid containers that are at least 3 inches across the smallest dimension and on plants that are not grown in the field. FCIC has administered the nursery program on this basis.

ACTION:

Any nursery crops planted in containers that are buried in the ground, either directly or when placed on liners that are buried in the ground, are not insurable.

INFORMATIONAL MEMORANDUM: R&D-95-017

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery & Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: 1994 Group Risk Plan Final Payments

Please find attached final payment yields and factors for 1994 Group Risk Plan wheat, barley, corn, forage, soybeans, and grain sorghum. Final payment yields for cotton, forage, and peanuts will be calculated as soon as all the yield information is received. Final payment yields have also been incorporated into the Actuarial Data Master (ADM).

Attachment

INFORMATIONAL MEMORANDUM: R&D-95-018

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: April 30 Filing

BACKGROUND:

Several requests have been made to notify our customers when an actuarial listing has been released, and to produce an inventory or listing of specific county crop programs for each actuarial filing so that insurance providers can assure all documents are received.

ACTION:

Attached is a listing of county crop programs that come under the April 30 filing schedule. Please use this listing as a reference to determine the actuarial being sent to your office. The April 30 actuarial was generated April 10, 1995. Customers should receive their copies of the actuarial no later than April 17, 1995.

The electronic release of the February 28, April 15, and April 30 actuarial will be April 21, 1995. The electronic release includes the Actuarial Data Master (ADM) and print image files.

If you have any questions, please contact Lana Cusick at (816) 926-3477.

Attachment

CONSOLIDATED FARM SERVICE AGENCY
FEDERAL CROP INSURANCE CORPORATION
COUNTY CROP PROGRAMS - 1996 CROP YEAR
04/30 FILING

ST	STATE NAME	COUNTY	COUNTY NAME	CROP CODE	CROP NAME
06	California	019	Fresno	037	Raisins
		025	Imperial	039	Sugar Beets
		029	Kern	037	Raisins
		031	Kings	037	Raisins
		039	Madera	037	Raisins
		047	Merced	037	Raisins
		099	Stanislaus	037	Raisins
		107	Tulare	037	Raisins
12	Florida	011	Broward	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
				083	Peppers
		015	Charlotte	086	Fresh Market Tomatoes
				083	Peppers
		012	Collier	086	Fresh Market Tomatoes
				083	Peppers
		025	Dade	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
		027	De Soto	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
		043	Glades	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
				083	Peppers
		049	Hardee	083	Peppers
		051	Hendry	044	Fresh Market Sweet Corn
				086	Fresh Market

			Tomatoes
		083	Peppers
057	Hillsborough	086	Fresh Market Tomatoes
		083	Peppers
061	Indian River	044	Fresh Market Sweet Corn
069	Lake	044	Fresh Market Sweet Corn
071	Lee	086	Fresh Market Tomatoes
		083	Peppers
081	Manatee	086	Fresh Market Tomatoes
		083	Peppers

CONSOLIDATED FARM SERVICE AGENCY
FEDERAL CROP INSURANCE CORPORATION
COUNTY CROP PROGRAMS - 1996 CROP YEAR
04/30 FILING

ST	STATE NAME	COUNTY	COUNTY NAME	CROP CODE	CROP NAME
12	Florida,cont.	085	Martin	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
				083	Peppers
		095	Orange	044	Fresh Market Sweet Corn
		099	Palm Beach	044	Fresh Market Sweet Corn
				086	Fresh Market Tomatoes
				083	Peppers
		111	St Lucie	086	Fresh Market Tomatoes
				083	Peppers
		115	Sarasota	086	Fresh Market Tomatoes
				083	Peppers
		121	Suwannee	044	Fresh Market Sweet Corn
33	New Hampshire	013	Merrimack	032	Forage Seeding
36	New York	009	Cattaraugus	032	Forage Seeding
		037	Genesee	032	Forage Seeding
		045	Jefferson	032	Forage Seeding
		053	Madison	032	Forage Seeding
		069	Ontario	032	Forage Seeding
		071	Orange	032	Forage Seeding
		077	Otsego	032	Forage Seeding
		089	St Lawrence	032	Forage Seeding
42	Pennsylvania	009	Bedford	032	Forage Seeding
		011	Berks	032	Forage Seeding
		013	Blair	032	Forage Seeding
		015	Bradford	032	Forage Seeding
		027	Centre	032	Forage Seeding
		029	Chester	032	Forage Seeding

041	Cumberland	032	Forage Seeding
055	Franklin	032	Forage Seeding
071	Lancaster	032	Forage Seeding
111	Somerset	032	Forage Seeding
117	Tioga	032	Forage Seeding
125	Washington	032	Forage Seeding
129	Westmoreland	032	Forage Seeding

50 Vermont 001 Addison 032 Forage Seeding

INFORMATIONAL MEMORANDUM: R&D-95-019

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt /S/ 04/28/95
Acting Director
Research and Development Division

SUBJECT: Questions and Answers Regarding the Common Crop Insurance Policy Coarse Grains Crop Provisions for the 1995 Crop Year

BACKGROUND:

Crop provisions for insuring corn, grain sorghum, and soybeans were issued for the 1995 crop year under the common crop insurance policy. The Research and Development Division has been advised that certain provisions may have been misinterpreted. Therefore, we are providing the following answers to questions that have been raised to assure the provisions are uniformly and correctly administered.

The major questions concern corn grain and silage issues. Under previous policy regulations, some policyholders were insuring only the corn acreage intended to be harvested as grain and not insuring the corn acreage in the county that was intended to be harvested as silage. Additionally, in previous years when acreage was insured as grain but harvested for silage, grain appraisals were made to settle the claim. This allowed insureds to harvest silage and still collect a grain indemnity.

The new crop provisions correct these vulnerabilities. For the 1995 crop year, insurable corn acreage must be insured regardless of whether it is intended for harvest as grain or silage. For any acreage that is insured as grain but harvested as silage, the harvested silage tonnage will be used to determine the production to count for indemnity purposes. These changes facilitate compliance with the linkage requirements of the Federal Crop Insurance Reform Act of 1994 and provide; consistency by considering the crop to be corn regardless of whether it is intended for harvest as grain or silage.

ISSUES:

Corn-Grain/Silage:

1. How is acreage insured in counties for which the actuarial table provides premium rates for grain but not silage, silage but not grain, or both grain and silage?

In accordance with subsection 6.(c) of the coarse grains crop provisions, all insurable acreage in the county will be covered as shown below:

a. If the actuarial table for the county provides a premium rate for grain but not silage, then all insurable acreage planted to varieties of corn suitable for grain will be insured as grain, unless a written agreement allows insurance on all or a portion of the insurable acreage as silage. Varieties not suitable for grain can only be insured as silage by written agreement. Written agreements are not available for catastrophic (CAT) coverage.

b. If the actuarial table for the county provides a premium rate for silage but not grain, then all insurable acreage planted to corn will be insured as silage unless a written agreement allows insurance on all or a portion of the insurable acreage as grain. Written agreements are not available for catastrophic (CAT) coverage.

c. If the actuarial table for the county provides a premium rate for both grain and silage, then all insurable acreage planted to corn will be insured as the type or types reported by the insured on or before the acreage reporting date. However, inaccordance with subparagraph 6.(b)(2)(ii) of the coarse grains crop provisions, varieties of corn adapted for silage-use only must be reported and insured as silage.

2. Does the answer in number 1 allow the insured the option of insuring only acreage intended to be harvested as grain in a grain-only county or insuring only acreage intended to be harvested as silage in a silage-only county?

No. Paragraph 6.(b)(1) of the coarse grains crop provisions specifies that the insured corn crop will be all corn that is planted for harvest either as grain or as silage. Therefore, if a producer has a corn policy in effect, all insurable acreage planted to corn must be reported as specified in number 1.

3. How is nonirrigated grain corn to be insured in counties for which the actuarial table provides a nonirrigated silage premium rate but not a nonirrigated grain premium rate? The special provisions for such counties contains a statement that specifies that non-irrigated grain corn will be insurable only by written agreement.

All non-irrigated acreage planted for harvest as either grain or silage will be insurable as non-irrigated silage. The special provisions statements for these counties will be revised for the 1996 crop year to clarify that non-irrigated grain corn will be insured as nonirrigated silage unless a written agreement provides coverage for such acreage as non-irrigated grain.

4. How are claims to be computed when acreage is reported and insured as grain but a portion or all of the acreage isharvested as silage and vice versa?

Guarantees and premiums are based on the type(s) reported and insured, regardless of the actual method of harvest. Subsection 12.(d) of the crop provisions specifies that production to count for indemnity purposes will be in bushels for grain and in tons for silage as follows:

a. For harvested acreage, according to the method of harvest; and for unharvested acreage, according to the information contained on the insured's acreage report; unless the acreage is abandoned, put to another use without consent, damaged solely by uninsured causes, or acceptable production records are not provided.

b. Based on the above, claims for indemnity will be computed as follows:
(i) Grain-only county: The production guarantee for the type reported (grain) will be multiplied by the insured acreage and this result multiplied by the grain price election to determine the dollar guarantee for the unit. Production to count for unharvested acreage will be based on grain appraisals, acreage harvested as grain will be based on grain bushels, and acreage harvested as silage will be based on silage tonnage. The production to count for each type will be multiplied by the price election for the applicable type (see NOTE below) and those dollar amounts will be summed to determine the dollar value of production to count. This value will be deducted from the dollar guarantee.

NOTE: The grain price election selected by the insured will be used to determine thedollar value of grain production to count. In accordance with subsection 3.(b) of the crop provisions, a silage price election will be assigned that bears the same percentage relationship to the maximum price election the insured selected for grain to determine the dollar value of silage production to count. The Special Provisions for all grain-only counties specify that:

"To determine the dollar value of production to count for indemnity purposes for any acreage harvested as silage, the maximum price election for silage is $15.20 per ton if your grain price election is based on the established price, or the market price for silage if your grain price election is based on the market price."

(ii) Silage-only county: The production guarantee for the type reported (silage) will be multiplied by the insured acreage and this result will be multiplied by the silage price election to determine the dollar guarantee for the unit. Production to count for unharvested acreage will be based on silage appraisals, and acreage harvested as silage or grain (see NOTE below) will be based on silage tonnage. The silage production to count will be multiplied by the ssilage price election to determine the production to count dollar value for the unit. This value will be deducted from the dollar guarantee.

NOTE: The special provisions for silage only counties require that the insured notify the crop insurance agent prior to harvest if he/she anticipates harvesting any acreage for grain which is insured as silage. Production to count for indemnity purposes for such acreage will be determined on our appraisals on a silage tonnage basis. (This provision should not substantially increase the number of appraisals that may be required because only 18 counties nationwide have premium rates for silage only.)

(iii) Both grain and silage county: The production guarantee for acreage reported as silage will be multiplied by the silage acreage, and the result multiplied by the silage price lection. The production guarantee for acreage reported as grain will be multiplied by the grain acreage, and the result multiplied by the grain price election. Production to count for unharvested acreage insured as silage will be based on silage appraisals and unharvested acreage insured as grain will be based on grain appraisals. Production to count for acreage harvested as silage will be based on silage tonnage, and acreage harvested as grain (see NOTE below for exception) will be based on grain bushels. Silage tonnage will be multiplied by the silage price election and grain bushels will be multiplied by the grain price election. The dollar value of production to count will be deducted from the applicable dollar guarantee.

NOTE: The special provisions, for all counties for which the actuarial table contains premium rates for nonirrigated silage, but not non-irrigated grain, require that the insured notify the crop insurance agent prior to harvest if he/she anticipates harvesting any acreage for grain which is insured as non-irrigated silage. Production to count for indemnity purposes for such acreage will be determined on our appraisals on a silage tonnage basis. (This provision should not substantially increase the number of appraisals that may be required because only 82 counties nationwide have premium rates for nonirrigated silage but no premium rates for non-irrigated grain.)

For acreage which will be harvested but the insured will not be able to provide acceptable production evidence (e.g., feeding from the field, production will be placed in airtight silo, etc.), silage appraisals will be used to determine silage production and grain appraisals will be used to determine grain production.

5. How will the harvested production to count be entered on the claim for indemnity when acreage is insured as grain but harvested as silage and vice versa (dollar amount, bushels, or tons)?

The unit of measure based on the method of harvest will be entered on the claim form (i.e., tons for silage harvested and bushels for grain harvested). The adjuster must enter any adjustments (e.g., moisture, test weight, quality adjustment factors, etc.,) and enter the resulting dollar value of production to count for each applicable type.

6. For replants or situations where the insured intends to destroy the crop, how does the company determine which acres are grain versus silage (e.g., reported 60 acres grain and 40 acres silage in a 100 acre field, 50 acres are damaged and will be replanted). Are acres paid on a grain or silage basis - maximum replant payment?

The insured must designate what the intended method of harvest was for the 50 acres and the applicable type for that method of harvest will be used, provided it does not exceed the reported acreage for that type. For example, if the insured stated that the 50 acres were intended for harvest as grain, the 50 acres would be based on grain because 60 acres were reported as grain. However, if the insured stated that the 50 acres were intended for harvest as silage, only 40 acres could be considered as silage because that is the maximum silage acreage reported, and the remaining 10 acres would be based on grain.

7. How does the insurance provider address over or under-reported acreage when both types are reported on the same unit?

Over-reported acreage will be reduced by dividing the acreage of each reported type by the total acreage reported for the unit and multiplying the resulting factor for each type by the total determined acreage for the unit (e.g., reported 60 acres grain and 40 acres silage, determined 80 acres total. 60 acres grain reported ÷ 100 acres reported for the unit = .60 factor x 80 acres determined for the unit = 48 determined acres grain; and 40 acres silage reported ÷ 100 total acres reported for the unit = .40 factor x 80 acres determined for the unit = 32 determined acres silage). Under-reported acreage will be determined on the claim form for each type by using the same factoring method.

8. Assume a farmer with a corn policy, regardless of type, chops some of the unit for silage and the silage is being fed to livestock so representative strips are left to determine production to count. The adjuster would follow silage appraisal procedures. If a grain deficiency adjustment is allowed, may the maturity line method be used to determine a grain yield, or must the corn mature below 40 percent moisture to use the weight method? Allowing the maturity line method would prevent a second trip to the field by the adjuster.

Current procedure directs that for quality adjustment of silage for grain deficiency, concurrent appraisals of silage and grain must be done. The grain appraisal method must be appropriate for the stage of growth. If the growth stage indicates maturity lineas the appropriate appraisal method, that is the method to use.

9. How will actual production history (APH) yields be established for grain/silage?

Refer to Informational Memorandum: R&D-95-008.2 dated March 24, 1995.

Grain Sorghum:

10. Is a dual-purpose type of grain sorghum insurable under CAT coverage?

No. Paragraph 6.(d)(3) of the crop provisions specifies that a dual-purpose type of grain sorghum (a type used for both grain and forage) is not insurable unless a written agreement allows insurance of such grain sorghum; however, written agreements are not available for CAT.

Soybean Issues:

11. How are air-seeded soybeans to be insured for the 1995 crop year?

Air-seeded soybeans are insurable for limited and additional coverage only by written agreement in states and counties for which the actuarial tables allow such insurance. Written agreements are not available for CAT coverage.

12. Are pre-acceptance inspections required for air-seeded soybeans?

The insured must complete and certify to the information required on the pre-acceptance inspection report. From this information, the insurance provider will determine if a pre-acceptance field inspection is necessary.

13. Are speciality soybeans (e.g., black, edible, etc.) and soybeans grown for commercial seed beans insurable under the coarse grains crop provisions?

Yes, provided the soybeans meet all policy requirements (i.e., intended for harvest as beans, adaptable to the area, etc.) and the yield for such specialty soybeans is the same as the yield on which the insurance guarantee is based. If the yield is not comparable to the yield on which the insurance guarantee is based, a written agreement for limited and additional coverage would be necessary to establish an appropriate APH yield and rate. Written agreements are not available for CAT coverage. Quality standards would not apply for uninsurable causes such as black beans graded and/or sold as soybeans.

Corn, Grain Sorghum and Soybean Issues:

14. It appears the unit division language contained in section 2 of the new coarse grains crop provisions requires that if an insured has one center pivot irrigated field in a section where the planting pattern continues into the non-irrigated corner acreage, and one nonirrigated field in the same section whose planting pattern does not continue into the irrigated field, both fields would be combined into one unit instead of qualifying for two optional units.

The common crop insurance policy basic provisions, section 5 (Liberalization) specifies that, "If we adopt any revisions which would broaden the coverage under this policy subsequent to the contract change date without additional premium, the broadened coverage will apply."

This bulletin liberalizes the unit division provisions to specify that non-irrigated corners of center pivot irrigation systems will be considered part of the irrigated unit when the irrigated acreage continues into the non-irrigated acreage in the same rows or planting pattern. This will prevent other non-irrigated acreage in the same section that does not continue into the irrigated acreage from being combined with the irrigated acreage. FCIC will propose to amend this provision in the coarse grains crop provisions for the 1996 crop year.

NOTE: Optional units are not available under CAT coverage.

ACTION:

Effective immediately, these issues will be administered as specified in this bulletin.

INFORMATIONAL MEMORANDUM: R&D-95-020

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: 1996 Florida Citrus Acreage Reports

BACKGROUND:

To implement requirements of the Federal Crop Insurance Reform Act of 1994, new actuarial materials for the Florida citrus crop insurance program have been developed. In order to make necessary adjustments in acreage reporting information, late-filed Florida citrus acreage reports may be accepted until May 31, 1995. This gives insurance providers adequate time to inform policyholders of program changes and complete necessary acreage reports.

ACTION:

Effective immediately, late-filed acreage reports may be accepted for the 1996 crop year ONLY through May 31, 1995, except for new 1996 policyholders. New policyholders must submit the acreage report by the latter of May 31 or when the application for insurance is submitted. Crop inspections are not required for late-filed acreage reports obtained by May 31, 1995.

INFORMATIONAL MEMORANDUM: R&D-95-021

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery
and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Winter Wheat Freeze Damage

ISSUE:

Widespread freeze has affected a large number of wheat acres in Texas, Oklahoma, and Kansas. Assessing this type of damage is a critical part of the appraisal process, and it is vital that appropriate procedures are followed.

DISCUSSION:

Duties of the insured in the event of damage or loss are described in the Basic Provisions. Paragraph 14(a)(3) states:

". . . leave representative samples intact for each field of the damaged unit as may be required by the Crop Provisions.

Paragraph 14(b) of the Basic Provisions further states:

"You must obtain consent from us before, and notify us after you:
(1) destroy any of the insured crop which is not harvested
(2) put the insured crop to an alternative use;
(3) put the acreage to another use; or
(4) abandon any portion of the insured crop.
We will not give such consent if it is practical to replant the crop or until we have made an appraisal ofthe potential production of the crop.

Appraisals must not be made until an accurate appraisal of potential production can be made. Appraisals may be deferred to a later date in order to assess crop recovery and obtain a more accurate appraisal. When freeze damage has occurred, defer appraisals at least 7-10 days from the date of freeze. If at the end of the 7-10 day period an accurate determination cannot be made, use the recommendations of the university Extension Service or other like source recommendations for the length of time and situation. Deferred appraisals MUST be completed as soon as the production-to-count can be ACCURATELY determined. In widespread deferral situations, all insurance providers (CFSA State and county offices, companies through appropriate loss committees or trade associations, etc.) should maintain coordination through the appropriate Federal Crop Insurance Corporation (FCIC) Regional Service Office (RSO) so uniform guidance can be provided to all insurers regarding the length of deferral time necessary to allow accurate appraisals to be made for the circumstances. If the insured wants immediate release of crop acreage in order to put the acreage to another use, the insured must either accept the appraisal or agree to leave representative sample areas.

The Small Grains Crop Provisions, section 11., paragraph (c)(1)(iv)(A) provides as follows:

"If agreement on the appraised amount of production is not reached, you may elect to continue to care for the crop, or we will give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us.

The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving consent to put the acreage to another use will be used to determine the amount of production to count."

When the insured does not want to leave representative sample areas prior to the headed stage, the appraisals will be made based on the "Before Heading Method." All live tillers will be counted as potential production without regard to any head damage while the head is still in the boot. If the insured does not agree with the appraisal then representative sample areas must be left until the time harvest should have occurred as outlined in the small grains crop provisions.

The representative sample areas are to (1) be sufficient to provide accurate appraisals of the crop in accordance with the minimum recommendations for representative samples in the crop handbook; (2) include "buffer" areas to ensure that the actual appraised samples will not be exposed to damage in excess of what would be experienced had the crop around the sample areas remained intact (for example, excessive drying, insect or weed infestation, grazing, etc.); (3) be in locations acceptable to and identified by the insurance provider (by flags, physical markings, and/or sketch map as necessary to protect the integrity of the samples and their locations); and (4) not be located at the edge of the field or in other areas that fail to be representative of the acreage being appraised.

NOTE: It may not be possible for the insurance provider to make a farm visit to identify and mark the acceptable locations of the representative sample areas before the insured needs to put acreage to another use. If this is the case, and the insured's notice of damage has been documented, the insurance provider may authorize the insured, on a case-by-case basis, to leave intact, two or more representative strips of the crop (per field) at least 10 feet wide and the entire length of the field for appraisal purposes. For some situations such as contour farming, or row crop plantings with the rows planted in a direction other than the length of the field, it may be more practical that the strips not actually be the entire "length" of the field. Document in writing on the claim or a special report for stating facts, agreement with the insured on the approximate location of the strips authorized to be left for appraisal purposes when advance identification and marking of the fields is not possible.

Example 1: "Insured needs to chisel ground immediately, is authorized to leave two strips of the crop intact, each at least 10 feet wide and the length of the field, approximately one-third in from each edge of the field."

Example 2: "Insured must destroy immediately, is authorized to leave two strips of the crop intact (one in the poorer area and one in the better area of the field), each at least 10 feet wide and containing the longer rows following the contour planting)." Include the reason for immediacy, date, authorization method (by phone, in person, etc.), and name of the person providing the authorization. Authorization is to be provided ONLY by individuals authorized to adjust losses. Any strips are to comply with the representative sample requirements specified in (1), (2), and (4) of the previous paragraph.

It is not intended that this authorization be utilized on a routine basis to avoid advance identification of acceptable sample areas for appraisal purposes.

SUMMARY:

Insurance providers are to comply with the above guidelines in handling winter wheat notices of damage related to the freeze. Loss adjustment manuals are being updated to incorporate these clarifications regarding representative sample areas for similar circumstances.

INFORMATIONAL MEMORANDUM: R&D-95-022

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery & Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Planned Initiatives for the 1996 and Succeeding Crop Years

Attached for your information are the Research and Development Division's planned actions to convert the remaining multiple peril crop insurance policies to the common crop insurance policy format and other important program initiatives. Also included are planned initiatives affecting actuarial and data systems re-engineering and simplification.

These plans provide program changes for the 1996/1997 crop years. These plans are based on RED's best estimates of the time needed for action and provide the utmost opportunity for program changes to be completed. This will assist in timely training and distribution and incorporation of changes for subsequent crop years so that producers can make timely and informed risk management decisions.

Not all program changes can be anticipated. Some changes may be mandated by initiatives such as the 1995 Farm Bill; however, known program improvements and/or suggestions to simplify the Federal crop insurance program will be considered and implemented as we move forward with these plans.

Attachments

Policy Development Project Plan for Crop Years 1996 and 1997
1996 Crop Insurance Policies

1. Revisions to existing policies

A. Catastrophic risk protection endorsement and subpart-T general administrative regulations implementing crop insurance reform

- Respond to comments received
- Revisions and clarifications as a final rule in the Federal Register

B. Revisions to common crop insurance policy--crop provisions with a November 30 and/or December 31 contract change date

- Coarse grains
- Cotton (AUP)
- Cotton (ELS)
- Sunflowers
- Revised/simplified prevented planting language
- Revise optional unit provisions
- Center pivot irrigation

C. Revisions to crop endorsement under the general crop insurance policy

- Florida citrus endorsement
- Interim rule adds language needed for calculating indemnities under the catastrophic risk protection coverage

2. Policies to be brought under the common crop insurance policy

A. Crop provisions with a June 30 contract change date

- Nursery and the frost, freeze, and cold damage exclusion option
- Sugarcane

(Proposed rule comment period ended - regulations to be final rule prior to 5/15 actuarial filing)

B. Crop provisions with a November 30 and/or December 31 contract change date

- Dry bean
- Hybrid corn seed
- Hybrid sorghum seed
- Rice

- Malting barley endorsement

These policies are targeted to be published as final rules by the October 1 actuarial filing date. Hybrid seed policies and rice contain simplified prevented planting and clarification regarding optional units for non-irrigated corners of a center pivot irrigation system.

3. New crop pilot programs for the 1996 crop year-- policies in common policy format

- Canola/rapeseed
- Revised policy to allow fall seeded canola and rapeseed coverage
- Millet (new pilot policy)
- Florida fruit trees (new pilot policy)

4. Other initiatives

A. Proposed rule for implementation of the ineligible file tracking system targeted for final rule effective the 1996 crop year.

B. Proposed revisions to SSN/EIN regulations-- agent/loss adjuster SSN/EIN and husband and wife SBI to be effective for the 1996 crop year.

C. Analysis of the peanut and tobacco programs to assess the feasibility of converting to an APH-based yield methodology. If feasible,targeted for the 1997 crop year.

1997 Crop Year Policies

1. Revisions to the common crop insurance policy - basic provisions to include:

- Revisions to share insured
- May only insure your share
- Allow establishment of market price elections after contract change date
- States insurable acreage must have been planted/harvested within last 3 years, excluding years of crop rotation or participation in USDA programs
- Establish acreage report due date at latest A/R date on multiple crop policy
- Allow for insuring contiguous land across non-discernable county line

2. Policies to be brought under the common crop insurance policy

A. Crop provisions with a February 28 contract change date

- Texas citrus tree

B. Crop provisions with an April 15 or April 30 contract change date

- Florida citrus
- Forage seeding
- Pepper
- Raisin *
- Sugar beet
- Fresh market sweet corn
- Fresh market dollar plan tomato

* (Will be effective for the 1996 crop year)

C. Crop provisions with a May 31 or June 30 contract change date

- Small grains crop provisions
- Forage production
- Southern potato

D. Crop provisions with an August 31 contract change date

- Almond	- Peaches
- Apples	- Pears
- Cranberry	- Safflower
- Grape	- Macadamia nut
	- Macadamia tree

Group risk plan of insurance -

- Barley	- Corn	- Cotton
- Forage	- Grain sorghum	- Peanut
- Soybean	- Wheat	

E. Crop provisions with an October 31 contract change date (California crops)

- Plum	- Prune	- Stonefruit
- Table grape	- Walnut	

G. Crop provisions with a November 30 and/or December 31 contract change date

- Peanut	- Potato (northern) & Options
- Quota tobacco	- Guaranteed tobacco
- Dry pea	- Canning and processing bean
- Green pea	- Onion
- Popcorn	

- Canning & freezing sweet corn
- Canning and processing tomato
- Fresh market tomato guaranteed production

1998 Crop Year Policies

A. Crop provisions with an August 31 contract change date

- AZ-CA citrus ** - Texas citrus **

** Aug. 31, 1996 for 1998 Crop Year

Actuarial Initiatives and Project Plans for Crop Years 1996 and 1997

Crop Year 1996 Initiatives.

1. Restructure of actuarial documents--changes due to re-engineering and crop reform requirements.

- New FCI-35 formats (reduced pages by 33-50 percent)
- Options that were previously types (and rated separately) to be displayed as add ons
- Coverage levels established at 5 percent intervals (capability to go to 1 percent increments in the future if necessary)
- Display hail and fire exclusion as a percentage discount vice previous complex formulae
- Eliminate the special rating table through use of rate adjustment factors on the FCI-35 supplements and establish a rate on the FCI-2 agreement (makes FCI-2 automation a priority)
- Display unit discount factors on the FCI-35 to simplify worksheet calculations
- Publish a combined Producer Premium Percentage Tables document (11 pages) to save one page from every county crop program actuarial document
- File all actuarial documents (excluding maps) electronically--previously only FCI- 35's, special provisions, and rules pages were electronic
- Standardize/minimize pages of supplements, rules pages, special provisions
- Redesign the Actuarial Data Master (ADM) to comply with the re-engineered actuarial documents and provide for electronic distribution

2. Re-engineering and data processing improvements.

- Standardize the format and data requirements, and automate the FCI-2 written agreement process
- Implement the StatPlan normalized actuarial database to facilitate rating and analyses
- Provide an operational public access server, with a 1-800 telephone number and Internet connectivity, to allow industry and CFSA to access StatPlan, bulletins, and other information
- Implement the Ineligible Tracking System to reject duplicate policies, debtors, etc.
- Provide automated access to ASCS yield and base acres data for companies

- Automate the escrow accounting process (now manual):
- Eliminates the manual check register
- Will fund company escrow daily on validated losses
- No monthly reconciliations required (simplification)
- Provides faster transfer of funds to companies

3. Data system change requirements - Draft 1996 Manual 13 by end of May 1995.

- Options: New data reporting requirement to reflect changing coverage options from crop types to add ons (helped reduce FCI-35's by 33-50percent)
- Map area rate differentials
- Name reporting by last, first, middle (delayed from 1995 crop year at industry request)
- Display of 31 percent expense reimbursement on summaries of protection by companies

4. Simplification initiatives for the 1996 crop year

- Complete all error checks/validations before rejecting a record
- Reduce pages of actuarial documents and publish electronically to reduce copy time
- Eliminate zero-fill requirement to reduce data transmission times
- Provide new DAS validation COBOL software to companies to reduce their data processing costs
- Reduce M-13 reporting requirements (for example, address, phone number, etc.)
- Reduce hard edit/reject requirements (for example, calculated and ADM-published fields)
- Eliminate accounting deduction flags (such as, why a deduction was made)
- Eliminate types and practices when feasible
- Provide actuarial "packing list" with each filing
- Establish an automated Manager Bulletin/R&D Info Memo bulletin board system for remote access

Crop Year 1997 Initiatives.

- Expand and renumber crop codes
- Standardize type and practice codes across crops
- Combine/eliminate types and practices
- Develop state special provisions books to combine like wording to reduce paper
- Pursue provisional pricing in the actuarials with later market prices for most crops
- Establish capability to publish map area legal descriptions in the actuarials to take the place of or augment the actuarial maps (FCI-33's) to minimize agent look-up time
- Issue the Summary of Changes with each filing
- Establish NCS rate differentials vice special rates and simplify the NCS process
- Pilot and implement rating changes and improvements
- Complete re-engineering of all business functions
- Automate interfaces with selected CFSA/USDA databases

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-026

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Sugarcane Crop Provisions for the 1996 Crop Year

Attached are policy provisions for insuring sugarcane for the 1996 crop year under the Common Crop Insurance Policy. Please update your listing of current crop policy documents accordingly. The following are brief descriptions of significant changes made in the crop provisions. Please refer to the policy for more complete information.

1. Provisions have been added in subsection 3.(b) to clarify that there is a one year lag period for production reporting purposes.

2. Provisions have been added in paragraph 10.(a)(2) that require the use of the approved yield as production to count for acreage harvested for seed without proper notice being given to the insurer.

3. Provisions have been added in paragraph 11.(c)(2) to clarify that final sugar extraction records will be used rather than preliminary mill estimates when completing a final claim.

Any questions or requests for a WordPerfect formatted diskette containing the Sugarcane Crop Provisions should be directed to the Product Development Branch at (816) 926-7730.

Attachment

Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-027

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery & Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Replanting Payments for 1995 Coarse Grains and Sunflower Seed

BACKGROUND:

Subsection 10.(c) of the 1995 Coarse Grains and Sunflower Seed Crop Policies states:

"When more than one person insures the same crop on a share basis, a replanting payment based on the total shares insured by us may be made to the insured person who incurs the total cost of replanting. Payment will be made in this manner only if an agreement exists between the insured persons which:

(1) Requires one person to incur the entire cost of replanting; or
(2) Gives the right to all replanting payments to one person."

Replanting payments are not available under the Catastrophic Risk Protection Endorsement.

ACTION:

All replanting payments must be reported through the Data Acceptance System (DAS) by individual policyholder (shareholder). If a tenant has a .667 share in a crop, a .667 share of the replanting payment should be processed through DAS. DAS has no means to validate: (1) if all persons sharing in the crop are insured, (2) if any person sharing in the crop has CAT coverage, or (3) if a replanting payment agreement exists between the insured persons. Therefore, DAS can only validate, edit, and accept the actual insured share for each unit submitted on the acreage record.

The above replanting payment provisions, if requested by the insured, must be implemented internally by insurance providers servicing limited or additional coverage policies. The insured receiving the replanting payment may only collect the percentage of the replanting payment available under the respective policies involved. The Coarse Grains and Sunflower Seed Crop Policies are being revised for the 1996 crop year with a proposal to delete the above provisions.

United States Department of Agriculture

Consolidated Farm Service Agency

Office of Risk Management

P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-029

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Policy Forms for Nursery for the 1996 Crop Year

Attached are Nursery Crop Provisions for the 1996 crop year under the Common Crop Insurance Policy. Included is the Nursery Frost, Freeze, and Cold Damage Exclusion Option. The following are brief descriptions of significant changes made in these forms. Please refer to the policy forms for more complete information. Also attached is an updated Index of Policies in effect for the 1996 crop year.

1. Nursery Crop Provisions:

   (a) Provisions have been added in subsection 1.(a) to allow a maximum amount of insurance based on the highest reported monthly market value of inventory plus any additional inventory added during the year, or which is restocked, if approved by the insurer.

   (b) Provisions have been revised in subsection 1.(d) to change the annual loss deductible to crop year loss deductible and to replace the term "field market value" with the term "highest reported monthly market value."

   (c) Provisions have been added in subsection 1.(h) to clarify that the largest dimension is the distance measured at the top of the standard nursery container from one side directly across to the opposite side at the widest point.

   (d) Language has been added in subsection 1.(i) to clarify monthly loss deductible.

   (e) Language has been added in subsection 1.(j) to clarify monthly market value.

(f) Language has been added in subsection 1.(n) to clarify that standard nursery containers are rigid containers not less than 3 inches across the largest dimension.

(g) Language has been added in subsection 1.(q) to clarify that written agreements will not be approved for other than standard nursery containers.

(h) Provisions have been added in section 2 to clarify that locations outside the 5-mile radius but within the same county may be designated as a separate basic unit.

(i) Provisions have been added in subsection 6.(c) to clarify if the inventory changes within a specific month, the largest inventory expected for that month will be reported.

(j) Provisions have been added in subsection 6.(f) to require the insured to give notice in writing before making a change in inventory value.

(k) Provisions have been added in paragraphs 6.(f)(1) and 6.(f)(2) to specify that insurance will not attach on any proposed increase in inventory without being inspected and accepted if (1) the storage facilities have changed in any way since the previous inspection; or (2) the revisions include plants that have specific over-wintering storage requirements that were not previously reported on the nursery plant inventory summary.

(l) Provisions have been added in subsection 6.(g) to clarify that a written agreement to add plants not listed on the Nursery Eligible Plant Listing must be requested by the sales closing date.

(m) Provisions have been added in subsection 6.(h) to specify that any plants added to inventory that are not reported will not be insured.

(n) Provisions have been added in subsection 7.(b) allowing the insured to pay annual premium in three (3) installments.

(o) Language has been added in subsection 7.(c) to specify that additional premium for an increase in inventory is due and payable when the summary is approved.

(p) Language has been added in subsection 7.(d) to clarify that premium will not be reduced due to a decrease in inventory unless such decrease results from the deletion of uninsurable inventory from the summary that was erroneously reported as insurable.

(q) Provisions have been added in subsection 8.(a) to require that nursery plants be grown under an irrigated practice.

(r) Language has been added in subsection 8.(c) to clarify that the nursery plant inventory will not include plants that produce edible berries, fruits, or nuts.

(s) Language has been added in subsection 8.(d) to clarify that only nursery plants grown in standard nursery containers will be insurable.

(t) Language has been added in subsection 8.(g) to allow plants not listed on the Nursery Eligible Plant Listing to be insured under written agreement.

(u) Language has been added in subsection 8.(h) to clarify that stock plants will not be insured.

(v) Provisions have been added to section 9 to specify that insurance attaches on the later of October 1 or the date the insurer accepts the inventory for insurance, provided 40 percent of the annual premium has been paid by such date.

(w) Provisions have been added in subsection 9.(a) to clarify that insurance coverage ends when inventory is sold or otherwise removed unless the inventory is replaced and additional premium is paid.

(x) Provisions have been added in subsection 9.(b) to clarify that one of the events that ends the insurance period is the date of final adjustment of a loss on the unit when the total indemnities paid for the unit equal the amount of insurance for the unit.

(y) Provisions have been added to paragraph 10.(a)(9) to allow failure or breakdown of frost/freeze protection equipment or facilities as an insurable cause of loss.

(z) Language has been added to paragraph 10.(b)(1) to clarify that brownout is not an insured cause of loss.

(aa) Language has been added to paragraph 10.(b)(2) to clarify that failure of the power supply is not an insured cause of loss unless such failure is due to an insurable cause of loss.

(bb) Language has been added to paragraph 10.(b)(5) to clarify that collapse or failure of buildings or structures are not an insured causes of loss.

(cc) Provisions have been added in subsection 12.(a) to allow use of the highest reported monthly market value for the unit and the monthly loss deductible (not to exceed the remaining annual loss deductible) to calculate an indemnity.

2. Nursery Frost, Freeze and Cold Damage Exclusion Option:

A Nursery Frost, Freeze, and Cold Damage Exclusion Option is available. This option excludes losses due to frost, freeze, and cold weather for plants that have specific over-wintering requirements when those over-wintering requirements will not be met. The Nursery Frost, Freeze, and Cold Damage Exclusion Option is not available for Catastrophic Risk Protection (CAT).

Any questions or requests for a WordPerfect formatted diskette containing the Nursery Crop Provisions and Nursery Frost, Freeze, and Cold Damage Exclusion Option should be directed to the Product Development Branch at (816) 926-7730.

Attachment

No PP payment will be made until all appraised/harvested production is accounted for within the unit. Production from all insurable planted acreage (timely, late planted, planted after the final planting date, and acreage planted after the end of the late planting period) will be counted against the unit guarantee.

Identify prevented planting acreage, by line, with the appropriate code from the acreage report, entered in the stage column of the claim form. The codes as shown for the acreage report above will be acceptable by the Data Acceptance System (DAS), in accordance with **R&D-95-031**. Other codes may be used on the claim form by the insurance provider but data must be transmitted utilizing the above codes.

Fall Crops

Insurance providers are authorized to revise acreage reports and prepare corrected claims, as needed for fall seeded crops, in line with the provisions of **MGR-95-028**. Examples include:

> A fall crop was prevented from being planted, and "zero acres" were reported. (Fall wheat was prevented from being planted and intended to be planted to a spring crop).
>
> Some acreage was planted and some acreage was prevented from being planted. Only the planted acres were reported.
>
> Prevented planted acreage that was pro-rated.

Increases in liability/potential indemnities are allowed to accommodate these changes. In all cases, prevented planting is available for the fall-planted crop (e.g., wheat) and not the spring crop following a fall-planted crop.

Spring Crops

Insurance providers are authorized to revise acreage reports and correct claims as needed, in line with the provisions of **MGR-95-028**. Increases in liability/potential indemnities are allowed to accommodate these changes. If the acreage was initially planted to a spring crop and that crop fails, prevented planting does not apply to any subsequent crop (see applicable crop provisions).

INFORMATIONAL MEMORANDUM: R&D-95-033

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: 1995 Crop Year Prevented Planting Provisions - Operational Instructions for Implementing BULLETIN: MGR-95-028

ISSUE:

This bulletin provides operational instructions for acreage reports and claims under the recently announced changes to prevented planting (PP) provisions.

ACTION:

Prevented planting provisions provided in the crop provisions, FCIC 30010 (LAM), and M-901 (LAM) remain applicable unless modified by subsequent bulletins. For example, corn intended to be planted on failed or harvested wheat acreage in the same crop year is not eligible for a prevented planting production guarantee (see applicable crop provisions).

Eligible Prevented Planting Acreage

Determine maximum acreage eligible for planting to the insured crop by adding together (1) all eligible acreage of all non-participating farms, and (2) permitted acres from participating farms. See the applicable FCIC 30010 (LAM), M-901 (LAM) and MGR-95-028 regarding maximum eligible acreage.

Acreage Reporting

Record on the acreage report planted (insured & uninsured) and eligible prevented planting acreage, by unit, based on the insured's intentions. The sum of planted and eligible prevented planting acreage cannot exceed the maximum eligible acreage on a contract basis.

Identify prevented planting acreage, by line, with the appropriate codes for each intended use category. The Data Acceptance System (DAS) codes are shown below. Other codes identifying the appropriate acreage use (therefore proper production guarantee) may be used on the acreage report by the insurance provider but data must be transmitted utilizing these codes, in accordance with R&D-95-031. In the planting date column of the acreage report, based on the insured's certified subsequent use, enter:

P1 - For acreage planted to a subsequent crop (including ghost) for harvest (that is any crop except the crop which was prevented from being planted or except an approved 0/92 cover crop. The prevented planting guarantee is 25% of the production guarantee for all crops except cotton and rice (17.5%) and hybrid seed corn (20%).

P2 - For acreage planted to an approved 0/92 cover crop (including acreage enrolled in 0/92 or 50/92) which the producer plans to hay or graze. The prevented planting guarantee is 50% of the production guarantee for all crops except cotton and rice (35%) and hybrid seed corn (40%).

P3 - For acreage planted to the insured crop after the end of the late planting period. The prevented planting guarantee is 50% of the production guarantee for all crops except cotton and rice (35%) and hybrid seed corn (40%).

P4 - For acreage not planted to any crop or planted to an approved 0/92 cover crop (including acreage enrolled in 0/92 or 50/92) that will not be harvested, hayed or grazed. The prevented planting guarantee is 75% of the production guarantee for all crops except cotton and rice (52.5%) and hybrid seed corn (60%).

The insured's signature on the completed acreage report constitutes his/her certification of intended use of prevented planting acreage. If a use other than the intended use is determined at the time a field inspection is made, the claim will reflect the actual use. The acreage report may be revised if needed to reflect the actual use of the prevented planting acreage. Increases in liability are allowed only for changes in prevented planting use (e.g., an insured initially intended to plant a cover crop for haying or grazing (50% of the production guarantee); however, the insured decided to leave the cover crop undisturbed (the liability can be increased to 75% of the production guarantee).) The liability can be increased no later than the earlier of final settlement of a claim or the end of the insured crop insurance period. Claims will be reopened for cases of misrepresentation.

Claims Preparation

Claims can be finalized based on the use designated on the acreage report. Cover crops planted should be subject to an increased level of quality control. Insureds must be advised of consequences of any changes after claim finalization.

No PP payment will be made until all appraised/harvested production is accounted for within the unit. Production from all insurable planted acreage (timely, late planted, planted after the final planting date, and acreage planted after the end of the late planting period) will be counted against the unit guarantee.

Identify prevented planting acreage, by line, with the appropriate code from the acreage report, entered in the stage column of the claim form. The codes as shown for the acreage report above will be acceptable by the Data Acceptance System (DAS), in accordance with R&D-95-031. Other codes may be used on the claim form by the insurance provider but data must be transmitted utilizing the above codes.

Fall Crops

Insurance providers are authorized to revise acreage reports and prepare corrected claims, as needed for fall seeded crops, in line with the provisions of MGR-95- 028. Examples include:

A fall crop was prevented from being planted, and "zero acres" were reported. (Fall wheat was prevented from being planted and intended to be planted to a spring crop).

Some acreage was planted and some acreage was prevented from being planted. Only the planted acres were reported.

Prevented planted acreage that was pro-rated.

Increases in liability/potential indemnities are allowed to accommodate these changes. In all cases, prevented planting is available for the fall-planted crop (e.g., wheat) and not the spring crop following a fall-planted crop.

Spring Crops

Insurance providers are authorized to revise acreage reports and correct claims as needed, in line with the provisions of MGR-95-028. Increases in liability/potential indemnities are allowed to accommodate these changes. If the acreage was initially planted to a spring crop and that crop fails, prevented planting does not apply to any subsequent crop (see applicable crop provisions).

United States Department of Agriculture	Consolidated Farm Service Agency	Office of Risk Management	P.O. Box 419293 Kansas City Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-034

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /S/ TIM B. WITT 07/18/95
Acting Director
Research and Development Division

SUBJECT: Preliminary 1995 Sales Data

Attached is an updated table of the data provided in MGR-95-030 showing the number of Multiple Peril Crop Insurance (MPCI) policies reported to date for the 1995 crop year.

Because of the nature of MPCI, there will be fewer premium-earning policies at year-end than are now indicated by these numbers. This is primarily caused by zero acreage reports for crops ultimately not planted for the year.

Attachment

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-034.1

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /S/ TIM B. WITT 07/28/95
Acting Director
Research and Development Division

SUBJECT: Preliminary 1995 Sales Data

Attached is a corrected table of the data previously provided in Informational Memorandum R&D-95-034. It shows the number of Multiple Peril Crop Insurance (MPCI) policies reported to date for the 1995 crop year. Whereas reported participation did increase since June, the amount of that increase was not as great as we previously reported. We apologize for any inconvenience caused by the error in our previous report.

Because of the nature of MPCI, there will be fewer premium-earning policies at year-end than are now indicated by these numbers. This is primarily caused by zero acreage reports for crops ultimately not planted for the year.

Attachment

INFORMATIONAL MEMORANDUM: R&D-95-035

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Claim Entries for "Stage" and "Final Use" Involving Prevented Planting Acreage

ISSUE:

Revised claim entry instructions for the "Final Use" column.

DISCUSSION:

Informational Memorandum R&D-95-033, dated July 3, 1995, provides revised claim form entry instructions for the "Stage" column when there is prevented planting acreage. Instructions for the "Final Use" column in the applicable crop handbooks also need to be revised. Since these procedures are applicable only for the 1995 crop year, the crop handbooks issued for the 1995 crop year will not be updated with this information.

ACTION:

For the 1995 crop year only: In lieu of crop handbook instructions for using "Stage" codes "PT" or "NP" and the "Final Use" code "PP" when there is prevented planting acreage, use the following instructions:

"Stage" Enter the code that indicates the actual use of the prevented planting acreage; i.e., P1, P2, P3, or P4 as defined and instructed in Informational Memorandum: R&D-95-033.

NOTE: If the verified actual use of the prevented planting acreage differs from the intended use codes for the prevented planting acreage shown on the acreage report, the acreage report must be revised accordingly.

"Final Use" If the line entry for "Stage" is P1, P2, or P4, enter the same code for "Final Use;" i.e., if the line entry for "Stage" is P1, then the line entry for "Final Use" is also P1. However, if the line entry for "Stage" is P3 (acreage planted to the insured crop after the end of the late planting period), enter for "Final Use" one of the appropriate "Final Use" codes found in the crop handbook for the planted acreage; i.e., "H," "UH," etc.

NOTE: A"P3" stage code also requires appropriate production to count entries in the proper columns of the claim form, which will be used for APH purposes.

United States Department of Agriculture | Consolidated Farm Service Agency | Office of Risk Management | P.O. Box 419293 Kansas City, MO 64141

INFORMATIONAL MEMORANDUM: R&D-95-039

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations
State and County Offices (authorized to provide limited and additional coverage Multiple Peril Crop Insurance policies)

R. E. Waggoner 8/31/95 for

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: 1996 FCIC 18010 Crop Insurance Handbook

Attached is the Office of Risk Management/Federal Crop Insurance Corporation's (FCIC) approved 1996 Crop Insurance Handbook (CIH). The provisions and procedures contained in this handbook are approved for use by reinsured companies and the Consolidated Farm Service Agency (CFSA) to accept applications, underwrite, and service limited and additional coverage policies (policies with coverage greater than provided at the 50 percent coverage level and 60 percent of the expected market price).

The following procedures which were implemented for the 1995 crop year by Informational Memorandums: R&D-94-057 and R&D-95-008 have been incorporated into the CIH:

1 High-Risk Land Exclusion. See Section 4, Par. E(2)(a).

2 Pilot County Transitional ("T") Yields for New Producers. See Section 5, Par. D(2)(d)3.

3 Feed or Forage Grown for On-farm Use. See Section 5, Par. D(2)(e).

4 Category C, Perennial Crops. See Section 5, Par. E and Exhibit 16, Par. 3-9.

5 Entities: Definition, Determination, and Documentation. See Exhibit 32.

SUMMARY OF PROCEDURAL CHANGES:

Section 4:

1 Prevented Planting. B(4): Reserved, amendments will be issued at a later date.

2 Levels of Coverage. C(3): Additional levels of coverage are available.

3 Price Elections. C(4): Price elections of less than 60 percent of the established or market-based price election are no longer available.

4 Non-Irrigated Corners (Center Pivot). C(5)(d)2 f: Non-irrigated corners of a center-pivot irrigation system may be considered part of the irrigated unit. Other non-irrigated acreage may qualify as a separate non-irrigated optional unit.

5 Applications. D(1)(d): Removed late-filed application procedures related to lending institution requirements.

6 Written Agreements. E(1): Revised crop inspection requirements for insurance providers and included a new statement required on written agreement requests.

Section 5:

7 Responsibilities. C(1)(f), C(2)(e), and C(3)(k): Updated reconsideration and appeal responsibilities to agree with National Appeal Division (NAD) Regulations.

8 Yield Limitations. D(11)(f) and E(10)(f): (Also refer to Section 10.) Clarified that cups and caps do not apply the first effective crop year insureds are classified by the Nonstandard Classification System (NCS) or the crop year the NCS classification is removed. Cups do not apply for subsequent crop years while insureds are classified by NCS; however, caps will apply.

9 Small Grains. D(17)(l)13: APH changed for an added Summer Fallow Practice.

Section 7:

10 Supporting Evidence/Production Reports for Optional Units. C(3): Clarified that supporting evidence/production reports are required to qualify for optional units. Added instructions for prorating acres and production for previous crop years.

11 Field Visits. D: Clarified when insureds should request appraisals for APH purposes.

Section 8:

12 Reconsiderations, Appeals, and Cancellation. Rewritten to be consistent with NAD Regulations.

Exhibit 6:

13 Master Yield. 1E(1): Individual Determined Yields (IDY) are now based on 100 percent of the applicable "T" Yield or calculated by using a percentage of the applicable "T" Yield determined by the number of years of actual and/or assigned yields that are contained in the reference Master Yield database.

Exhibit 36:

14 Added Land/Practice/Type/Variety (P/T/V). 1C: Special "T" Yield procedures for added land/P/T/V no longer apply to insureds classified by NCS. 1D(1): Clarified the term "existing unit" for new insureds and liberalized the acreage comparison percentages for simplification.

15 1D(3): Clarified when Insurance Providers are authorized to combine added land with an existing unit.

The previously issued 1995 Catastrophic Risk Protection (CAT) Handbook will continue to apply to 1996 crop year CAT coverage policies. The CAT Handbook will be amended to reflect minor revisions to the Catastrophic Risk Protection Endorsement and the procedural changes indicated in items 5, 7, 8, 9, 11, 12, 14, and 15 above. The amendments will be issued soon.

A disk containing the CIH is available in WordPerfect 5.1 upon request. If you have any questions, please contact the Product Development Branch at (816) 926-7743.

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-040

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /S/ R. E. WAGGONER 08/31/95
Acting Director
Research and Development Division

SUBJECT: "Clarification of 1995 Prevented Planting Coverage Relating to:
1. Hail/Fire Exclusion on Additional Coverage Policies
2. Situations When the Planting Process Cannot be Completed"

BACKGROUND:

Questions have been raised regarding the use of the Hail and Fire Exclusion Form with "additional coverage" policies that provide a prevented planting production guarantee. Also, a question has been raised regarding an insured's eligibility for a prevented planting payment when the planting process cannot be completed by the final planting date or within the late planting period.

ISSUE 1:

Can hail and fire coverage be excluded from an "additional coverage" Multiple Peril Crop Insurance (MPCI) policy with prevented planting acreage?

DISCUSSION:

Hail/fire may be excluded on the planted acreage. However, since hail/ fire coverage cannot attach on the unplanted acreage, it may not be excluded on those acres.

ACTION:

Prevented planting coverage liability (as shown on the Summary of Coverage/Schedule of Insurance) for acres not planted, must not be included when determining the required amount of the private hail and fire liability needed to qualify for the exclusion. The full premium rate will be charged on unplanted acres eligible for a prevented planting production guarantee.

ISSUE 2:

Is an insured eligible for a prevented planting production guarantee when the planting process is not completed by the final planting date or within the late planting period? An example would be a producer who broadcasted wheat seed onto a prepared seed bed and due to subsequent wet weather was not able to mechanically incorporate the seed into the soil as required by policy provisions.

DISCUSSION:

The acreage is not planted under the terms of the policy. Accordingly, it may be considered to be prevented from planting.

ACTION:

An insured who was unable to complete planting the insured crop by the final planting date due to an insured cause of loss is eligible for a prevented planting production guarantee in accordance with MGR-95-028.

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-041

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Clarification of 1995 Crop Year Prevented Planting Coverage and Claims Processing

ISSUE 1:

Some producers in counties having only a fall final planting date, acting in good faith at the time, did not purchase crop insurance for their 1995 winter wheat because they were informed that their winter wheat acreage was not eligible for prevented planting coverage if it was subsequently planted to a 1995 spring crop. Manager's Bulletin **MGR-95-028** issued on June 27, 1995, announced changes in prevented planting coverage for the 1995 crop year. These changes applied to all crops with prevented planting coverage including 1995 wheat.

ACTION:

Producers who did not purchase crop insurance for their 1995 winter wheat because they were informed prevented planting coverage was not available may sign up for CAT coverage at this time. Insurance providers are authorized to accept CAT applications for 1995 winter wheat and are encouraged to complete this process by September 30, 1995. Acreage reports and claims can be completed and processed in accordance with **MGR-95-028** and **R&D-95-033**.

ISSUE 2:

For claims where the insured crop was prevented from being planted on the entire unit, there have been concerns that claims may be completed with lapses of time that will result in many delayed claims. (A delayed claim is when the insured signs the final claim more than 60 days after the end of the insurance period for the unit, as defined in the policy.) The Loss Adjustment Manual states that the insurance period for prevented planting ends when the per-unit insured crop coverage ends, as specified in the crop policy/endorsement; however, crop handbook instructions for "Date Harvest Completed" and "Lapse of Time" do not specifically address this situation. The following instructions will eliminate any timely-submitted claims from being considered delayed claims.

ACTION:

Use the following instructions ONLY when the insured crop was prevented from being planted, and NO acreage of the insured crop was planted on the unit:

(1) **"Date Harvest Completed" (For the CFSA, Item 22 on the FCI-74 and FCI- 74 T-P-C).**

Enter "PP".

(2) **"Lapse of Time" (For the CFSA, Item 23 on the FCI-74 and FCI-74 T-P-C)**

> **Note to reinsured companies**: Although an entry for "lapse of time" may not be on your claim forms, use the following instructions to determine and handle delayed claims for this type of situation.

Begin counting the day after the calendar date for the end of the insurance period **IF** the claim was signed **after** the **calendar date** for the end of the insurance period for the unit. If the number of days is 61 or more, handle as a delayed claim in accordance with the Loss Adjustment Manual, modifying the required delayed claim report as appropriate for prevented planting. There should be very few delayed claims since the insured's signature will generally be prior to the calendar date for the end of the insurance period for the unit.

NOTE: For claims having acreage planted to the insured crop (including having both prevented planting acreage and acreage planted to the insured crop), determine the entry for "Date Harvest Completed" and "Lapse of Time" (for reinsured companies without this entry, whether there is a delayed claim) as instructed in the appropriate crop handbook and/or Loss Adjustment Manual.

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293
Kansas City
Missouri 64141

September 20, 1995

INFORMATIONAL MEMORANDUM: R&D-95-042

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: August 31 through October 31 Actuarial Filing

BACKGROUND:

Requests have been made to notify our customers when an actuarial file listing has been released and to produce an inventory or listing of specific county crop programs for each actuarial filing so that insurance providers can assure all documents are received.

ACTION:

Attached is a listing of county crop programs that come under the August 31 through October 31 filing schedule. Please use this listing as a reference to determine the actuarial being sent to your office. The electronic actuarial for crops with a contract change of August 31, September 30, or October 31 was released August 31, 1995, on Supertracs.

Attachment

United States Department of Agriculture | **Consolidated Farm Service Agency** | **Office of Risk Management** | **P.O. Box 419293 Kansas City, Missouri 64141**

INFORMATIONAL MEMORANDUM: R&D-95-043

TO: All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Director
Research and Development Division

SUBJECT: Quality of FCI-74, Claim for Indemnity

Numerous errors or omissions have been discovered during the audit and review process of Claims for Indemnity received from the FSA county offices and Regional Service Offices (RSO). Attached is a synopsis of the types of problems that we have found and the recommended solution in each instance.

Since the county offices and RSO's are responsible for reviewing claims for sufficiency and accuracy of information, we recommend that this check list be distributed to all personnel involved in this type of review.

These errors slow down processing of the claims once they reach the Kansas City Office for key entry. Although the Kansas City Management Office can correct some of the obvious errors (e.g., line acres do not add up to total acres), in many cases they must call county offices to determine the appropriate entries. In addition, omissions in certain fields can cause the insured to be paid incorrectly. For instance, interest is calculated from the insured's signature date or the loss adjuster's signature date to the date of payment, based on whether or not there is an entry in item 24 of the claim form. If there is no entry, interest will be paid from the insured's signature date. If there is a "C" in item 24, interest will be calculated from the date the loss adjuster signs the form.

Please review the attached sample list of recurring problems that have been identified during the claims review process and provide instructions to all personnel involved in completion or review of the forms.

We want to stress that the overall quality of the claims that are being received is poor at best, and that every attempt should be made to provide further education and training to loss adjusters and reviewers.

Attachment

JOB AID for

FCI-74 Problem Resolution to Common Errors

IF . . . Item	IF . . . Entry Title	AND Omission / Error / Problem Area is:	THEN FSA County Office Reviewer will:
	FCI-74, Field Insp. & Claim for Indemnity	A duplicate FCI-74 claim form submitted - data is in the system.	Flag the FCI-74 as a **Duplicate**. Research information to determine if FCI-74 is a duplicate claim or if it should be coded as a corrected claim to be processed.
	FCI-74	An original FCI-74 claim submitted to KCMO.	Make a copy of the FCI-74 claim, and forward to KCMO. **Note:** The original FCI-74 is maintained in the County Office.
2	Contract Number	Two different contract numbers for same entity, same crop, same state, and county.	Verify and correct contract number. **Note:** Contract number on the claim must match the contract number on both the application and the acreage report.
3	Unit No.	Missing the unit number or entry is not legible.	Obtain correct information and complete item 3. **Note:** Unit number may be found on the Acreage Report.
16	Primary cause of loss	Entry for percent of loss missing.	Ensure Loss Adjuster determines cause of loss on farm visit and enters information on claim.
Part II 17-24	Acreage Appraised, Prod. & Adjustments	Missing or incorrect entry.	Obtain correct information to complete Part II. Note: Ensure the Loss Adjuster determines and records information on farm visit.
29	Area Number	A High Risk Classification number different from one entered on the acreage report. Area classification number omitted or is not legible.	Obtain information from Actuarial Documents and Acreage Report. Complete item 29.
31	Practice	A 3-digit practice code missing or entry is not legible.	Obtain information from Actuarial Documents and Acreage Report. Complete item 31. If no practice code, enter "997."
32	Type, Class, Variety	A 3-digit code for type, class, variety missing or entry not legible.	Obtain information from Actuarial Documents and Acreage Report. Complete item 32. If none, enter "997."
33	Stage	An incorrect Stage Code. Preventive Planting vs Unharvested.	Obtain correct stage code from Actuarial Documents, Acreage Report, and notices. Complete item 33.
42	Blank, or incorrect	APH not indicated / Yield missing.	Obtain APH yield from Acreage Report and approved APH form. Complete item 42. Show potatoes in hundredweight, grains in bushels, silage and forage in tons to tenths, and cotton in pounds.
43	Total Acres	Addition error for item 28 line entries.	Ensure Loss Adjuster calculates sum of all line-entries in item 28 and enters correct total in item 43.
Part III	Harvested Production	Incorrect calculation of Harvested production.	Obtain correct information for acreage. **Note:** Ensure Loss Adjuster determines and calculates harvested production on farm visit.
68	4th or Final, Insured's Signature	Insured's Signature and date missing	Ensure Loss Adjuster obtains the Insured's signature.
69	4th or Final, Code No.	Adjuster's signature and/or code number missing, or is not legible	Ensure Loss Adjuster signs and dates item 69 for tracking purposes.

United States Department of Agriculture
Consolidated Farm Service Agency
Office of Risk Management
P.O. Box 419293 Kansas City Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-044

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt
Director
Research and Development Division

SUBJECT: 1995 Support Prices for Peanuts

The 1995 support prices for peanuts are used in the claims process as listed in Section 9f.(2) of the peanut policy. The 1995 support prices for peanuts are shown below and have been released as part of the Actuarial Data Master.

Type(s)	Support Price (cents per pound)
Virginia (081)	33.5
Runner (084)	34.0
Spanish (082, 083)	32.0
Valencia (085), suitable for cleaning and roasting, New Mexico, Oklahoma, and Texas	33.5
Valencia (085) Other States	32.0

INFORMATIONAL MEMORANDUM: R&D-95-045

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery & Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt /s/ TBW 10/25/95
Acting Director
Research and Development Division

SUBJECT: 1996 Group Risk Plan (GRP) Policies

Attached are the GRP Forage Production Policy, GRP Wheat Policy, GRP Basic Provisions 94-101 and GRP Basic Provisions 94-102 effective for the 1996 crop year. The following are brief descriptions of significant changes made in these provisions. The primary changes have resulted from the passage of the Federal Crop Insurance Reform Act of 1994 (Act) and the decision to allow Catastrophic Risk Protection (CAT) coverage under the GRP Forage Production Policy. Please refer to the attached revised provisions for more complete information. Also attached is an updated Index of Policies in effect for the 1996 crop year.

1. GRP Forage Production Policy 94-133 (Rev. 10-95):

(a) Language has been added to the introduction explaining GRP Forage CAT coverage.

(b) The dollar amount of protection that the insured may select has been specified as between 60 and 100 percent based on the requirements of the Act. The language changes are reflected both in the introduction and in section 3 (Protection Per Acre).

(c) Reference to a 30 percent subsidy has been removed from both the introduction and from the definition "Subsidy." The first three paragraphs in the "Example to Demonstrate How GRP Works" have been modified to change the subsidy from 30 percent of the premium to a dollar amount per acre. This change reflects the variability of subsidy percentages which are stated as dollar amounts on the Actuarial Table.

(d) The specific date for the end of the pilot program has been removed from the heading on page two and in section 19 (Life of the Policy and Policy Renewal).

2. GRP Wheat Policy 94-111 (Rev. 10-95):

(a) The 65 percent coverage level selection has been removed from the introduction since this coverage level is only available for CAT, and CAT coverage is not available for wheat for the 1996 Crop Year.

(b) The dollar amount of protection that the insured may select has been specified as between 60 and 100 percent based on the requirements of the Act. The language changes are reflected both in the introduction and in section 3 (Protection Per Acre).

(C) Reference to a 30 percent subsidy has been removed from both the introduction and from the definition "Subsidy." The first three paragraphs in the "Example to Demonstrate How GRP Works" have been modified to change the subsidy from 30 percent of the premium to a dollar amount per acre. This change reflects the variability of subsidy percentages which are stated in dollar amounts on the Actuarial Table.

(d) The specific date for the end of the pilot program has been removed from the heading on page two and in section 19 (Life of the Policy and Policy Renewal).

(e) The sales closing date has been removed from section 20 (Policy Dates) since it is contained in the Special Provisions.

3. GRP Basic Provisions 94-101 (Rev. 10-95): (Only Soybeans Attach)

(a) The 65 percent coverage level selection has been removed from the introduction since this coverage level is only available for CAT, and CAT coverage is only available for 1996 GRP forage production which does not attach to Basic Provisions 94-101 (Rev. 10-95).

(b) The dollar amount of protection that the insured may select has been specified as between 60 and 100 percent based on the requirements of the Act. The language changes are reflected both in the introduction and in section 4 (Protection Per Acre).

(C) Reference to specific subsidy percentages has been removed from both the introduction and from the definition of "Subsidy" in section 1 (Definitions), since subsidy percentages vary and are stated as dollar amounts on the Actuarial Table.

4. GRP Basic Provisions 94-102 (Rev. 10-95):

(a) The 65 percent coverage level selection has been removed from the introduction since this coverage level is only available for CAT, and CAT coverage is only available for 1996 GRP forage production which does not attach to Basic Provisions 94-102 (Rev. 10-95).

(b) The dollar amount of protection that the insured may select has been specified as between 60 and 100 percent based on the requirements of the Act. The language changes are contained in both the introduction and in section 4 (Protection Per Acre).

(C) Reference to specific subsidy percentages has been removed from both the introduction and from the definition of "Subsidy" in section 1 (Definition), since subsidy percentages are variable and are stated as dollar amounts on the Actuarial Table. We recognize the contract change date and fall sales closing dates have passed for GRP wheat and most GRP barley for the 1996 crop year. However, both the GRP wheat, 94-111 (Rev. 10-95) and the Basic Provisions 94- 102 (Rev. 10-95) were revised to correct language to conform with the Act. The October 1995 changes do not adversely affect producer's coverage, and the GRPActuarial Filings are correct. The corrected policies should be sent to GRP wheat and barley policyholders. You will need to send the corrected policies to GRP policyholders for the remaining six spring crops, for which the contract change date has not passed.

Any questions or requests for a WordPerfect formatted diskette containing the revised GRP provisions should be directed to Dave Clauser, Product Development Branch at (816) 926-7730.

Attachment

INFORMATIONAL MEMORANDUM: R&D-95-046

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /s/ R. E. WAGGONER 11/3/95
Director
Research and Development Division

SUBJECT: 1995 Group Risk Plan Preliminary Payments

Attached are the preliminary payment yields and factors for 1995 Group Risk Plan (GRP) wheat. Preliminary payment yields have also been incorporated into the Actuarial Data Master. These payment yields and factors do not apply to CAT for 1995. For CFSA offices, these yields and factors are for informational purposes only.

Attachment

INFORMATIONAL MEMORANDUM: R&D-95-047

TO: All Reinsured Companies
CFSA Headquarters, Program Delivery and Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt
Acting Director
Research and Development Division

SUBJECT: Loss Adjustment of Crops Damaged by the Early Freeze

BACKGROUND:

The early freeze across parts of the country has resulted in questions regarding the adjustment of losses. Among other issues addressed below, a concern has been expressed regarding quality adjustment of coarse grains (corn, soybeans, and grain sorghum) with excessive kernel damage and/or low test weight.

ACTION:

Adjust claims for frost or freeze damage in accordance with the instructions contained in the individual crop handbooks, the Loss Adjustment Manual (LAM), the Special Provisions (for coarse grains) and the following guidelines.

1 If the insured wants immediate release of crop acreage to put it to another use (e. g., to plant winter wheat for the 1996 crop year), the LAM provides instructions for appraising representative sample areas and representative strips under specific circumstances.

2 The insurable cause and amount of damage to representative sample areas must reflect only the cause and amount of damage suffered before the end of the insurance period defined in the policy.

Among other specified events, harvest or destruction of the crop ends the insurance period.

As an example, corn insured for grain is harvested for silage and representative sample areas were left for grain appraisals. After the corn was harvested as silage, a killing freeze damaged the representative sample areas. The final appraisal must be based upon the amount of damage evident at the time the crop was harvested as silage. The freeze damage to the representative sample areas is not covered since it occurred outside the insurance period.

3 Kernel damage must be determined by grain graders licensed by the Grain Inspection, Packers and Stockyards Administration (GIPSA), formerly the Federal Grain Inspection Service (FGIS), or under the United States Warehouse Act (USWA). All samples used for quality adjustment purposes must be obtained by the insurance provider or by a disinterested third party

approved by the insurance provider. Loss adjusters are to verify that a grading certificate has been issued by either GIPSA or a licensed grader authorized under the USWA. Kernel damage not determined by a grader licensed by either the GIPSA or the USWA must not be used for quality adjustment purposes.

Soybeans damaged by frost or freezing temperatures will be considered as damaged for grading purposes ONLY if the kernels have damage in accordance with the grain standards. Damage which appears to be severe can be superficial; i.e., soybeans which have been injured by frost or freeze near maturity may be discolored (green), but still not qualify as damaged. Soybeans damaged by frost or freeze at the immature stage of growth can also be discolored (green) and be considered as damaged under inspection. Low oil content, high fatty acid content, or other factors not used in determining the "official" grade and damage by the inspection agency will not be used for quality adjustment purposes.

4 Quality Adjustment of Coarse Grains (Corn, Soybeans, and Grain Sorghum)

The first paragraph of the quality adjustment statement in the Coarse Grains Special Provisions states that any grain which, due to insurable causes, has zero value either before or after quality adjustment will not be considered production to count. This applies regardless of whether the grain's test weight or kernel damage percentage is within the range provided on the factor chart (or whether soybeans have a musty, sour, or commercially objectionable foreign odor). Hwever, as provided in the LAM's guidelines for establishing values or reductions in value (RIV's), the loss adjuster is responsible for ensuring that only usual, customary, and reasonable discounts are allowed in establishing the value or RIV's of damaged production. Accordingly, loss adjusters are responsible for ensuring that any zero value is reasonable and that any zero-value production is destroyed before the claim is finalized (see paragraph B below and the LAM).

A If the insured prefers to destroy production which has some value, apply the applicable discount factors as provided in the Coarse Grains Special Provisions.

B If production is declared zero value, a completed certification form verifying destruction of the production must be received from the insured before the claim can be finalized. If the production is considered injurious to human or animal health due to the presence of substances or conditions identified by the Food and Drug Administration or other public health organizations of the United States, destruction must be in accordance with Extension Service and any other governmental guidelines.

In lieu of destroying production which is determined to have no value otherwise, insureds may offer a value for the production or may intend to utilize the production in a manner which establishes a value. In such cases, the established value will be utilized in accordance with the LAM guidelines to determine the RIV for quality adjustment purposes if:

1 A higher value for the production cannot be determined,
2 Final disposition of the production is not in conflict with Extension Service or other public health guidelines, and
3 The insured certifies the projected method of final disposition.

INFORMATIONAL MEMORANDUM: R&D-95-048

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B.Witt
Acting Director
Research and Development Division

SUBJECT: Clarification of Nursery Claims Issues

BACKGROUND:

There is some confusion as to the determination of Field Market Value "A" and Field Market Value "B" for nursery losses. There are also concerns regarding nursery disease claims. In order to promote uniform and accurate program administration and loss adjustment, the following clarifications are provided.

ISSUE 1: Clarification of Nursery Field Market Value "A" and Field Market Value "B"

DISCUSSION:

The establishment of market values for nursery plants differs from other crops because market reports that are available for most other insured crops are not available for nursery. The current nursery crop provisions require that the insured submit a projected annual crop report of all eligible nursery plants in the county, anticipated for each month of the crop year grown, by unit, type, container size, number of plants, and applicable wholesale price of plants for each month of the crop year. The policy also provides that the insurance provider may determine all losses on the basis of information on the policyholder's report or the inventory as appropriate.

The nursery provisions and operating procedures require that the insurer inspect nursery crops prior to acceptance of the application. This inspection and subsequent annual crop report provide the insurer the opportunity to determine whether the wholesale prices submitted by the insured as part of their crop report are reasonable. If the insurer determines that the prices are not reasonable, the dispute must be resolved prior to the establishment of liability and premium. If the insurance provider does not believe that the wholesale price list is reasonable as submitted, the insurance provider may refuse to accept the nursery liability under terms of the policy. Previous year nursery wholesale sales records, pending sales contracts, wholesale price guides (such as Plant-Finder), and other insured area nursery wholesale price lists can be used to help determine "reasonableness" of the subject wholesale price list.

ESTABLISHMENT OF FIELD MARKET VALUE "A"

The nursery crop provisions define Field Market Value "A" as 90 percent of the wholesale market value for the insured plants in the unit immediately prior to the occurrence of the loss.

Field Market Value "A" is established by using the wholesale price as provided on the crop report as the market value of the nursery plants. This requires the insurer to confirm the number of plants eligible for insurance, the value by type (reported wholesale price for month of loss occurrence for container size multiplied by number of plants) and the total value of all insurable types.

ESTABLISHMENT OF FIELD MARKET VALUE "B"

The nursery crop provisions define Field Market Value "B" as 90 percent of the wholesale market value remaining for the insurable plants in the unit immediately following the occurrence of the loss as determined by our appraisal conducted as soon as reasonably possible after the loss is reported.

In establishing the total market value of the insured crop for the damaged unit, the loss adjuster must determine the value of plants that will fall into three groupings: 1) plants without damage; 2) damaged plants that will not recover at any time after the loss occurrence; and 3) damaged plants that will recover at some time after the loss occurrence.

1. Plants without damage are valued according to the insured's wholesale price as contained on the crop report for the month of loss occurrence for the plant type and container size and are the same values used to establish Field Market Value "A."

2. Damaged plants that will not recover to saleable quality at any time after the lossoccurrence should have zero value, unless such plants are to be used for propagation. The determination that damaged plants will not recover to saleable quality at any time after the loss occurrence should be supported with photographs and opinions of nursery specialists or any other documentation that justifies the determination. The insured should be directed to follow Extension Service recommended disposal methods for plants valued as zero. Any damaged plants retained by the insured (that is, retained for propagation) must be assigned an appropriate value. Propagation plants are considered uninsurable; therefore, any additional damage and loss, irrespective of cause, is considered uninsurable.

3. Damaged plants with the ability to recover at some time after the loss occurrence must be valued at a percentage of the wholesale price as described in item 1. Compute the applicable damage percentage by comparing the number of months required for the plant to recover to its growth stage when damaged. For example, assume that a plant that normally takes 14 months to reach its highest monthly market value is damaged in its tenth month of growth while in a 10-inch container. The wholesale price is $10 (as reported by the insured and accepted by the insurer). The plant will require 4 months to recover back to its current growth stage (10-inch container value); therefore, Field Market Value "B" would be $6 (4 months ÷10 months = .400

damage; 1.000 - .400 = .600 remaining value factor; $10 X .600 = $6 remaining value (Field Market Value "B")). The damaged plants will remain insured at the reduced value (based on recovery time remaining) until the plants recover to the tenth month growth stage. When such growth stage is reached, the acreage report must be revised to reestablish the value of the inventory (since part or all of the amount of insurance attributable to those plants has been paid), with payment of any additional premium due. If the acreage report is not revised, the recovered plants will remain insured, but at the reduced (damaged) value ($6 for example above). Any additional damage resulting from the insured's failure to follow recommended damaged-plant treatment of salvageable plant material would be considered damage resulting from avoidable causes and is considered uninsurable.

In establishing the expected number of months required for a damaged plant to recover, all available information must be considered, including qualified Extension Service specialists' opinions. Qualified specialists' opinions must be included as part of the official claim file documentation where a dispute arises between the insurer and the insured concerning the damaged plant recovery time.

Any plant grown for a niche market (such as Poinsettia for Christmas) which is damaged by an insurable cause and due to such damage will not be a marketable plant within that "niche" marketing period, may be considered to have zero value, unless such plant has some residual value (salvage or alternate market) or is to be used for propagation. The inability to market plants solely due to marketing conditions (for example, an over-supply of Poinsettia, lack of demand, etc.) is not otherwise insurable. Propagation plants ("stock" plants for cuttings, air-layering, seed production, etc.,) are not considered insurable. Such plants must be assigned an appropriate value and coverage will cease.

ISSUE 2: Disease Claims

Additional clarification has been requested to assure uniformity in handling nursery claims involving disease. The nursery crop provisions specify that insurance is not provided against any loss caused by insufficient or improper application of disease control measures. If the policyholder fails to sufficiently and properly apply disease control measures, subsequent disease damage must be considered avoidable and therefore uninsurable.

The official claim file for a nursery claim involving disease must be documented on a case-by-case basis, including complete records of control measures used and a record of diagnosis of the problem by a State university diagnostic lab, commercial lab, or qualified Extension Service nursery specialist, to support that the nursery crop damage was caused by insurable causes.

Proper application of disease control measures may require destruction of affected plants. Plants recommended for destruction are to be considered as having zero value and the date and method of destruction must be documented in the official claim file.

ISSUE 3: Nursery Crop Catastrophic Coverage (CAT) Insurance Deductible

DISCUSSION:

Nursery crop "limited" and "additional" coverage for 1995 was based on a 50, 65, or 75 percent level of coverage, times 90 percent of the insurable inventory value, based on 100 percent of the wholesale price. Catastrophic nursery crop coverage is based on a 50 percent coverage level, times 90 percent of the insurable inventory value, based on 100 percent of the wholesale price, multiplied by 60 percent. (More "limited" and "additional" coverage levels are available for 1996.)

Some catastrophic coverage nursery claims have been finalized using an inappropriate insurance deductible. This has resulted in some claims being paid with an approximate 73 percent rather than with a 50 percent deductible.

ACTION:

For 1995 and succeeding crop years, loss deductibles will be calculated as follows (as described in the 1996 Crop Year Nursery Actuarial Table):

For limited and additional coverage for 1995, the Unit Amount of Insurance is 90 percent of the average yearly inventory value, times the applicable percent level of coverage. For 1996 and succeeding years, the Unit Amount of Insurance is 90 percent of the highest reported monthly inventory value times the applicable percent level of coverage. The difference between 90 percent of the applicable inventory value and the Unit Amount of Insurance is the Crop Year Loss Deductible. The Unit Amount of Insurance and the Crop Year Loss Deductible are reported on the FCI-546 (Plant Inventory Summary), the acreage report, and any claim for indemnity.

For 1996 and succeeding years, the difference between 90 percent of the reported monthly inventory value for the month of loss occurrence (at 100 percent of the wholesale price) and the Monthly Unit Amount of Insurance is the Monthly Loss Deductible. The lesser of the Monthly Loss Deductible or the Crop Year Loss Deductible is applicable to the calculation of any claim for indemnity. Once the Crop Year Loss Deductible has been satisfied, the monthly loss deductible is no longer applicable (Crop year Loss Deductible = 0).

For CAT coverage, the Crop Year Loss Deductible is computed in the same manner as that for limited and additional coverage, regardless of the crop year involved. The Unit Amount of Insurance (used to calculate the Crop Year Loss Deductible), however, is reduced to reflect 60 percent of the wholesale price. The result is an adjusted Unit Amount of Insurance. The Crop Year Loss Deductible and the adjusted Unit Amount of Insurance are reported on the FCI-546 (Plant Inventory Summary), the acreage report, and any CAT claim for indemnity.

EXAMPLE: (For illustrative purposes, differing percent coverage levels are presented)

```
---------------------------------------------------------------------
   $100,000      :                            :
Inventory Value  :       ADDITIONAL           :     CAT
---------------------------------------------------------------------
Insurable Value  :  100,000 * .90 = $90,000  :100,000*.90 = $90,000
Coverage         :   90,000 * .75 = $67,500  : 90,000*.50 = $45,000
Crop Year Loss   :   90,000-67,500 = $22,500 : 90,000-45,000 = $45,000
  Deductible     :                            :
Unit Amount      :  $67,500                   : 45,000*.60 (% price)**
  of Insurance*  :                            :   = $27,000
---------------------------------------------------------------------
 * Adjusted Unit Amount of insurance for CAT.
** Adjustment factor for CAT.
```

ALL claims for indemnity are completed using the full, 90 percent of the wholesale price. For purposes of the claim, the only instances where the adjustment to wholesale price (60 percent for CAT) enters into the calculation is final determination of the applicable unit indemnity (unit loss X share X price election factor) and its comparison to the remaining (adjusted) Unit Amount of Insurance.

CAT claims for indemnity which were processed utilizing an improper crop year loss deductible, must be corrected.

INFORMATIONAL MEMORANDUM: R&D-95-049

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Tim B. Witt /s/ Roberta E. Waggoner (for)
Director
Research and Development Division

SUBJECT: Clarification of Acreage Reporting Requirements for Insured Under the Winter Wheat Coverage Endorsement

ISSUE:

What are the reporting requirements for winter wheat acreage planted on or before the final planting date for coverage under the Winter Wheat Coverage Endorsement?

DISCUSSION:

Questions have been received asking if all winter wheat acreage eligible for coverage under the Winter Wheat Coverage Endorsement has to be insured under the endorsement; or, if a producer may elect to insure only a portion of such acreage under the endorsement. For example, if an insured plants 500 acres of winter wheat that is eligible for coverage provided by the endorsement, could the insured elect to insure 250 acres under the endorsement and the other 250 acres under basic coverage?

Premium rates for the endorsement are based, in part, on the assumption that all eligible acreage is insured under the endorsement. This prevents insureds from electing insurance under the endorsement only on acreage that is more susceptible to winter damage, and keeps premium rates more affordable for all insureds.

ACTION:

All winter wheat acreage eligible for coverage under the endorsement (i.e. planted by the final planting date applicable for the endorsement) must be insured under the endorsement. When acreage that should be insured under the endorsement is not reported by the appropriate acreage reporting date, the insurer will apply provisions regarding unreported or under-reported acreage contained in section 6 (Report of Acreage) of the Basic Provisions of the Common Crop Insurance Policy, as applicable.

Note: The Winter Wheat Coverage Endorsement is not applicable to CAT policies.→

INFORMATIONAL MEMORANDUM: R&D-95-050

TO: All Reinsured Companies
All Risk Management Field Offices
CFSA Headquarters, Program Delivery and Field Operations

FROM: Tim B.Witt
Acting Director
Research and Development Division

SUBJECT: 1996 Manual 13, Data Acceptance System (DAS) Handbook

Attached is the 1996 Data Acceptance System (DAS) Handbook (Manual 13). The updated manual is being released in its entirety. Exhibits 18 thru 54 were initially released in June of 1995.

These exhibits contain the data processing requirements for the reporting of crop insurance data. Modifications to the reporting requirements were held to a minimum, other than those required for the 1996 Actuarial Data Master changes.

The M-13 pages have the month and year issued in the heading and the applicable reinsurance year in the footing of each page. If you have any questions regarding the handbook, please contact Seavey Anthony, Fran Dreiling or Bob McGraw at (816) 926-3940.

Attachment - Will follow in the mail

United States Department of Agriculture	Farm Service Agency	Office of Risk Management	P.O. Box 419293 Kansas City Missouri 64141

INFORMATIONAL MEMORANDUM: R&D-95-051

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /S/ R. E. WAGGONER 11/16/95
Director
Research and Development Division

SUBJECT: Florida Fruit Tree Pilot Program

Under Secretary Moos approved the Florida Fruit Tree pilot crop insurance program on November 7, 1995. Attached are the USDA news release, crop provisions and actuarial tables. This information is also available by internet at http://www.act.fcic.usda.gov.

Due to the late release date, the sales closing date and acreage reporting date for the 1996 crop year is December 8, 1995. Insurance will attach on December 9 for all policies sold by December 8. After December 8, coverage is effective 15 days after the application is accepted.

Sales Agent Certificates are attached for Sales Agent Certification training participants who successfully completed the examination.

Attachments

INFORMATIONAL MEMORANDUM: R&D-95-052

TO: All Reinsured Companies
All Risk Management Field Offices
FSA Headquarters, Program Delivery and Field Operations

FROM: Tim B. Witt /s/ TIM B. WITT 12/01/95
Director
Research and Development Division

SUBJECT: 1995 Group Risk Plan Preliminary Payments

Attached are the preliminary payment yields and factors for 1995 Group Risk Plan (GRP) corn, forage production, grain sorghum, peanuts, and soybeans. Preliminary payment yields and factors do not apply to Catastrophic Risk Protection for 1995. For Farm Service Agency offices, these yields and factors are for informational purposes only.

Attachment

INFORMATIONAL MEMORANDUM: R&D-95-053

TO: All Reinsured Companies
FSA Headquarters, Program Delivery & Field Operations
All Risk Management Field Offices

FROM: Tim B. Witt /s/ Tim B. Witt 12/15/95
Director
Research and Development Division

SUBJECT: Supplementary Standards for Adjusting Losses on
Bush Varieties of Garden Seed Beans

BACKGROUND:

Current multiple peril crop insuurance loss adjustment standards and procedures do not provide appropriate instructions for determining the production to count for bush varieties of garden seed beans. The standards below are provided to supplement current loss adjustment standards and procedures applicable to 1995 crop year losses for 15 counties in Idaho, Oregon, and Washington where bush varieties of garden seed beans are insured.

ACTION:

Loss adjusters shall adjust production of bush varieties of garden seed beans (bush beans) as follows in lieu of the instructions for determining appraised and harvested production in the Dry Bean Handbook.

1 Determine separately for MATURE appraised potential production and harvested production, the value of production by variety on a line basis as follows:

For both clean seed production and production which is not clean seed, add the amount received for sold production to the dollar value of unsold production (nearest whole dollar for each).

2 Divide the value of production by the contract price to determine the whole pounds of clean seed equivalent.

3 Enter the whole pounds of clean seed equivalent for MATURE appraised production or harvested production in the appropriate item of a Federal Crop Insurance Corporation (FCIC) approved claim form.

NOTE: Do not enter dockage for such production, as the production will have been adjusted to clean seed equivalent.

4 Enter, in the appropriate item of an FCIC-approved claim form, the pounds of any IMMATURE appraised production as clean seed equivalent, determined as follows:

(a)Multiply the gross pounds per acre of IMMATURE appraised production, by the seed company's historical average gradeout percentage, for the variety, to calculate the determined pounds of clean seed production. The remaining appraised production is the determined pounds of production which is not clean seed.

(b)Convert the determined pounds of production which is not clean seed to clean seed equivalent by multiplying the pounds of such seed by a factor obtained by dividing the value of such beans, by the contract price. Add the resulting pounds to the determined pounds of clean seed to obtain the determined pounds of clean seed equivalent, to be entered in the appropriate item on the claim form.

EXAMPLE:
Assume:
Appraised immature production = 200 lbs./acre
Company's historical ave. percentage = 80%
Contract price (for clean seed) = .20/lb.
Price for not clean seed = .05/lb.
(25% of the contract price as stated in producer contract)

200 lbs. prod. x 80% gradeout = 160 seed/acre
200 lbs. prod. - 160 lbs. clean seed = 40 lb. not clean seed/acre
.05 ÷ .20 = .25 factor
40 lbs. not clean seed x .25 = 10 lbs. determined cleanseed equivalent/ acre
160 lbs. determined clean seed + 10 lbs.
determined clean seed equivalent = 170 lb. determined clean seed equivalent/ acre for acreage

5 Include in the narrative a statement which indicates the production values, contract prices, and calculations used to determine the pounds of clean seed equivalent as provided above.