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Actuarial and
Product Design
Division

FCIC 20200U

DRY PEA REVENUE INSURANCE STANDARDS HANDBOOK

2017 and Succeeding Crop Years

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

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| TITLE: DRY PEA REVENUE INSURANCE STANDARDS HANDBOOK | NUMBER: 20200U |
| EFFECTIVE DATE: 2017 and succeeding crop years | ISSUE DATE: 06/27/2016 |
| SUBJECT: Provides the Insurance Standards and instructions for the Dry Pea Revenue Insurance Program. | OPI: Actuarial and Product Design Division |
| | APPROVED: <i>/s/Thomas W. Worth</i> Acting Deputy Administrator for Product Management |

Reason for Issuance

This handbook provides the official FCIC-approved 2017 and succeeding crop years underwriting and administration standards for the Dry Pea Revenue Crop Provisions. All approved insurance providers electing to offer the Dry Pea Revenue Endorsement must utilize these standards.

| Dry Pea Revenue Insurance Standards Handbook Control Chart | | | | | | | |
|---|-------------|-------------|---------------|----------------|------------------|---------|------------------|
| | TP Page (s) | TC Page (s) | Text Page (s) | Exhibit Number | Exhibit Page (s) | Date | Directive Number |
| Insert | | | | | | | |
| Harvest Price | | | 5 | | | 06-2016 | 20200U |

Reason for Amendment

This updated handbook was issued to include enterprise units for dry peas. Major changes have been highlighted.

DRY PEA REVENUE PROGRAM
INSURANCE STANDARDS HANDBOOK

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Part 1 General Information and Responsibilities

1 General Information

A. Purpose

The Dry Pea Revenue Insurance Standards Handbook provides instructions for establishing coverage in accordance with the Dry Pea Revenue Endorsement. In general, the Dry Pea Crop Provisions (11-0067), the FCIC 18010 Crop Insurance Handbook (CIH), FCIC 25010 Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25300-1 Pea Loss Adjustment Standards Handbook (LASH), and FCIC 25370 Prevented Planting Loss Adjustment Standards Handbook (PP LASH) apply to dry pea revenue. Exceptions, changes, and additions necessary for and unique to dry pea revenue are included in this Insurance Standards Handbook. If there is a conflict between the Insurance Standards Handbook and the CIH, LAM, or the PP LASH, the Insurance Standards Handbook will control.

B. Source of Authority

The Dry Pea Revenue Endorsement is a product based on approval by the FCIC Board of Directors of a submitted development to extend and enhance the coverage for producers of dry peas by providing revenue protection (plan code 02) and revenue protection with harvest price exclusion (plan code 03) under the Basic Provisions (11-BR) in addition to yield protection (plan code 01 in lieu of the APH plan). This handbook provides the FCIC-approved procedures for administering the Dry Pea Revenue Endorsement. The Dry Pea Revenue Endorsement is included in the Pulse Crop Revenue Endorsement Submission Package.

C. Duration

The Dry Pea Revenue Endorsement will terminate at the end of the 2018 crop year, unless cancelled earlier or extended by FCIC.

D. AIP Option to Offer

Since this is a 508(h) submission, AIPs are not required to offer the Dry Pea Revenue Endorsement to producers. Accordingly, each AIP must determine whether it will offer the Dry Pea Revenue Endorsement in the approved area. AIPs that elect to offer the Dry Pea Revenue Endorsement must offer it to all eligible producers in the approved area, and must administer the program according to the procedures in this handbook.

E. Approved Area

The Dry Pea Revenue Endorsement is available for selected types of dry peas (Green/Yellow Peas, Lentils, Large Kabuli Chickpeas, and Small Kabuli Chickpeas)

where premium rates and other actuarial materials are included in the actuarial documents for the county. Counties in Idaho, Montana, North Dakota, and Washington are included in the pilot.

F. Applying for Dry Pea Revenue Endorsement

Use the standard application. The application must indicate the insured has selected the Dry Pea Revenue Endorsement along with the other required information.

G. AIPs and Agents

For the purposes of the Dry Pea Revenue Endorsement, AIPs may authorize contracted agents to perform all functions and actions authorized by the Crop Insurance Handbook as supplemented by the instructions in this Insurance Standards Handbook.

2 Responsibilities

A. AIP Responsibilities

AIPs electing to offer the Dry Pea Revenue Endorsement must:

- Offer it to all eligible producers in the approved area.
- Provide each insured a copy of the insurance documents

B. Insured's Responsibilities

To be eligible for the Dry Pea Revenue Endorsement, insureds must:

- Elect the Endorsement on an application.
- Comply with all terms and conditions of the Crop Provisions.

3-20 (Reserved)

Part 2 Eligibility

21 Dry Pea Revenue

A. Applicability

All acreage that meets the requirements for insurability under the Crop Provisions is eligible for Dry Pea Revenue Endorsement. The acreage of dry peas must meet insurability requirements (see 21B).

B. Eligibility Requirements

To be eligible for the Dry Pea Revenue Endorsement for dry peas, the insured must comply with all terms and conditions of the Crop Provisions. In particular, acreage is not eligible for insurance if the insured chooses the catastrophic level of coverage for the type grown on that acreage. See the Crop Provisions for other terms and conditions for an insured crop and insured acreage.

C. Insurable Types

Insurable types are specified on the actuarial documents.

D. Insurable Practices

Insurable practices are specified on the actuarial documents.

E. Units

See the unit division section of the Crop Provisions for complete rules for basic and optional units, and enterprise units.

F. Coverage Levels

Coverage will be available in five percent (5%) increments from 50 percent (50%) to 75 percent (75%) unless specified otherwise on the actuarial documents. The catastrophic (CAT) level of coverage is not offered.

G. Insurance Dates

The Dry Pea Revenue Endorsement must be selected by the insured on or before the sales closing date for the first year it is to be effective. Thereafter, it renews automatically unless the selection is cancelled by the insured or by the AIP or the policy terminates. All dates applicable to the Dry Pea Revenue Endorsement for dry peas are specified on the actuarial documents or in the Crop Provisions.

H. Insurable and Uninsurable Causes of Loss

In accordance with section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption;
- (h) Failure of the irrigation water supply, if caused by a cause of loss specified in items (a) through (g) that occurs during the insurance period; or
- (i) A change in the harvest price from the projected price, unless FCIC can prove the price change was the direct result of an uninsured cause of loss specified in section 12(a) of the Basic Provisions.

I. Premium Rates

Premium rates are established in the actuarial documents.

J. T-yields

T-yields are provided in the actuarial documents.

K. Quality Adjustment

- (a) Quality adjustment is allowed if damage due to one or more insurable causes results in dry pea production that:
 - (1) Grades US No. 2 or worse due to defects, color, skinned production (lentils only), odor, material weathering, or distinctly low quality or
 - (2) Contains substances or conditions that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.

- (b) Quality will be considered in determining production to count only if the production meets a condition specified above and the requirements in section 12(d)(2) of the Crop Provisions are met.
- (c) If all the conditions specified in the Crop Provisions are met, the quantity of damaged production will be reduced as described in section 12(d)(3) of the Crop Provisions.
- (d) No additional quality adjustment is authorized.

L. Projected Price and Harvest Price

The projected price for large Kabuli chickpeas, small Kabuli chickpeas, lentils, and smooth green and yellow dry peas will be determined from analyses of the contracts for purchase of dry peas of the insurable type offered by business enterprises in the region for the current crop year and the projected price value will be approved by RMA unless the terms of section 3(d) of the Endorsement apply. The projected price will be released not later than the third business day in the month of March.

The harvest price for large Kabuli chickpeas, small Kabuli chickpeas, lentils, and smooth green and yellow dry peas will be determined from analysis of prices for the insurable type received by growers reported to the USADPLC as required by the check-off program during the period beginning on the first business day in September and ending on the last business day of November and the harvest price value will be approved by RMA unless the terms of section 3(d) of the Crop Provisions apply. The harvest price will be a weighted average of the prices received for production of the given insurable type sold and reported from the price discovery period in the pilot states. The harvest price will be released no later than January 15th of the calendar year following the applicable crop year.

The projected price for all other types of dry peas will be the higher of the projected price announced by RMA on or before the contract change date or an additional projected price announced not later than the third business day of March. The Dry Pea Revenue Endorsement is offered at the county level. Although true price movement coverage is only available on select types (large Kabuli chickpeas, small Kabuli chickpeas, lentils, and smooth green and yellow dry peas), revenue protection (plan 02) and revenue protection with harvest price exclusion (plan 03) is considered to be available for all types because the producer must elect the same coverage plan for all types. APH coverage (plan 90) is not offered in counties where the Dry Pea Revenue Endorsement is offered; instead yield protection (plan 01) is available. Although plan 90 and plan 01 provide the same coverage, a renaming of terms is required. The term price election becomes projected price and the term additional price election becomes additional projected price. The projected price for types with true price movement will be announced not later than the third business day of March. The projected price for all other types will be announced not later than the contract change date and an additional projected price for a type may be offered and

will be announced not later than the third business day of March. For these types the projected price will equal the harvest price and the volatility factor (used for premium rating) is zero.

The harvest price for all other types of dry peas will be the projected price.

The base contract price will be the projected price and the harvest price for contract seed peas.

M. Inability to Determine a Projected Price

The language of section 3(c)(5) of the Basic Provisions has been modified for the Dry Pea Revenue Endorsement. If a projected price cannot be determined as described by its definition, RMA will establish a projected price in accordance with Section 7(e) of the Dry Pea Revenue Endorsement. That amount will be used to determine the revenue protection guarantee (per acre). That price also will be the harvest price. The price volatility will be zero; hence, the premium rate will be the rate that applies to yield protection under the Dry Pea Crop Provisions.

N. Inability to Determine a Harvest Price but a Projected Price was Established as Defined

The language of section 3(c)(5) of the Basic Provisions has been modified for the Dry Pea Revenue Endorsement. If a harvest price cannot be determined as described by its definition but a projected price was established according to its definition, RMA will establish the harvest price in accordance with Section 7(e) of the Dry Pea Revenue Endorsement.

22 – 30 (Reserved)

Part 3 Applicability of Handbooks

Part 3 of this Insurance Standards Handbook identifies information specific to the applicability of the CIH, PP LASH, LAM Standards Handbook, and Dry Pea Revenue LASH, and any other issuance that may require supplemental information with regard to Dry Pea Revenue. Unless specifically amended or supplemented by information in this Insurance Standards Handbook, all policy and procedure issuances apply.

Section 1 CIH

31 Specific Information Regarding the CIH

All references to written agreements do not apply to the Dry Pea Revenue Endorsement. All other instructions in the CIH that apply to dry peas apply to the Dry Pea Revenue Endorsement without change.

32-35 (Reserved)

Section 2 PP LASH

36 Specific Information Regarding the PP LASH

There are no additions or modifications to this Handbook. All instructions in the PP LASH that apply to dry peas apply to the Dry Pea Revenue Endorsement without change.

Section 3 LAM Standards Handbook

37 Specific Information Regarding the LAM Standards Handbook

There are no additions or modifications to this Handbook. All instructions in the LAM Standards Handbook that apply to dry peas apply to the Dry Pea Revenue Endorsement without change.

Section 4 Dry Pea Revenue LASH

38 Specific Information Regarding the Dry Pea LASH

The Dry Pea LASH applies.

39-99 (Reserved)
