

Final Agency Determination: FAD-326

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Subject: Request dated May 20, 2025, submitted to the Risk Management Agency (RMA) for a Final Agency Determination for the 2022 crop year of the Dry Bean Crop Provisions, published at 7 C.F.R. §457.150. This request is pursuant to 7 C.F.R. § 400, Subpart X.

Reference:

The relevant policy provisions are:

The 2022 Dry Bean Crop Provisions (22-0047) (released November 2021) state, in relevant part:

Section 13(e)(2) of the Dry Bean Crop Provisions:

13. Settlement of Claim

(e) Mature dry bean production to count may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable, it will be made prior to any adjustment for quality. Adjustment for excess moisture and quality deficiencies will not be applicable to contract seed beans.

(2) Production will be eligible for quality adjustment if: (i) A pick is designated in the Special Provisions and the pick of the damaged production exceeds this designation; or (ii) A pick is not designated in the Special Provisions and deficiencies in quality, in accordance with the United States Standards for Beans, result in dry beans not meeting the grade requirements for U.S. No. 2 (grades U.S. No. 3 or worse) because the beans are damaged or badly damaged; or (iii) Substances or conditions are present 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.

(3) Quality will be a factor in determining your loss only if:

(iv) With regard to deficiencies in quality (except test weight, which may be determined by our loss adjuster), the samples are analyzed by: (A) A grader licensed under the United States Agricultural Marketing Act or the United States Warehouse Act; (B) A grader licensed under State law and employed by a warehouse operator who has a storage agreement with the Commodity Credit Corporation; or (C) A grader not licensed under State law, but who is employed by a warehouse operator who has a commodity storage agreement with the Commodity Credit Corporation and is in compliance with State law regarding warehouses; and

(4) Dry bean production that is eligible for quality adjustment, as specified in sections 13(e)(2) and (3), will be reduced:

(i) If a conversion factor is designated by the Special Provisions, by multiplying the number of pounds of eligible production by the conversion factor designated in the Special Provisions for the applicable grade or pick; or

(ii) If a conversion factor is not designated by the Special Provisions as follows: (A) The market price of the qualifying damaged production and the local market price will be determined on the earlier of the date such quality adjusted production is sold or the date of final inspection for the unit. If a local market price is not available for the insured crop year, the current years' maximum price election available for the applicable type will be used. The price for the qualifying damaged 14. (C) The number of pounds remaining after any reduction due to excessive moisture (the moisture-adjusted gross pounds (if appropriate)) of the damaged or conditioned production will then be multiplied by the quality adjustment factor to determine the net production to count.

Interpretation Submitted

The requestor interprets section 13(e)(2) of the Dry Beans Crop Provisions to mean that "pick" is a consideration in determining production to count only if the Special Provisions ("SP") for the applicable county designates a specific pick amount, and

the actual pick of the damaged production exceeds that amount. The corresponding quality adjustment is based upon the conversion factor in the SP for the applicable grade or pick percentage, in accordance with section 13(e)(4)(i) of the Crop Provisions. A conversion factor in the SP is the only basis for production to count being reduced by the percentage of pick in dry beans.

In the alternative, if the SP does not designate a pick amount, eligibility for quality adjustment is dependent upon the analysis of a grader as identified in section 13(e)(3)(iv) of the Crop Provisions. Production is eligible for quality adjustment only if the dry beans grade U.S. No. 3 or worse because the beans are damaged or badly damaged; and the corresponding adjustment is made in accordance with section 13(e)(4)(ii) of the Crop Provisions. Dry beans that grade U.S. No. 2 or better are not eligible for quality adjustment.

Final Agency Determination

FCIC agrees section 13(e)(2) of the Dry Beans Crop Provisions mandates that pick is a consideration in determining production to count only if the Special Provisions ("SP") for the applicable county designates a specific pick amount, and the actual pick of the damaged production exceeds that amount. The corresponding quality adjustment is based upon the conversion factor in the SP for the applicable grade or pick percentage, in accordance with section 13(e)(4)(i) of the Crop Provisions. The conversion factor in the SP is the only basis for production to count being reduced by the percent of pick in dry beans.

FCIC agrees that if the SP does not designate a pick amount, eligibility for quality adjustment is dependent upon the analysis of a grader as identified in section 13(e)(3)(iv) of the Crop Provisions. Production is eligible for quality adjustment only if the dry beans grade U.S. No. 3 or worse because the beans are damaged or badly damaged; and the corresponding adjustment is made in accordance with section 13(e)(4)(ii) of the Crop Provisions. Dry beans that grade U.S. No. 2 or better are not eligible for quality adjustment.

In accordance with 7 C.F.R. § 400.766(b)(2), this FAD is binding on all participants in the Federal crop insurance program for the crop years the policy provisions are in effect. Any appeal of this decision must be in accordance with 7 C.F.R. § 400.766(b)(5).

Date Issued: July 29, 2025