



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Service

Risk
Management
Agency

1400 Independence
Avenue, SW
Stop 0801
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BULLETIN NO.: MGR-13-002.1

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Brandon C. Willis /s/ *Brandon C. Willis* 3/25/2014
Administrator

SUBJECT: Establishing Actual Production History (APH) Databases for Specialty
Canola, Specialty Corn, and Low Linolenic Acid Soybeans for the 2014 and
succeeding Crop Years

BACKGROUND:

For the 2013 crop year, Manager's Bulletin, MGR-013-002 gave policyholders the choice to insure specialty canola types, specialty corn types, and low linolenic acid soybeans at a contract price and separate their APH databases for each type; or elect not to insure using a contract price and therefore not separate their APH databases. This stemmed from the initial requirement to establish separate production histories for specialty production which could negatively impact the production guarantee that producers are able to obtain for their specialty canola, corn or soybeans, even when producers do not elect to insure at the contract price. In the ongoing review of available data for high oleic canola, high amylase corn and low linolenic acid soybeans, it remains unclear there is significant yield reduction between these types and the non-specialty type.

Specialty canola insurance allows policyholders to insure their specialty type canola at a more favorable contract price, if grown under contract in the states of Minnesota, Montana, and North Dakota. Likewise, specialty corn insurance allows policyholders of high amylase and blue corn types to insure their specialty type corn at a contract price, if grown under contract, in specific counties in certain states. Both of these programs apply only to the Yield Protection and Revenue Protection plans of insurance.

As a result of these programs, the actuarial documents, effective for the 2014 and succeeding crop years, now provide separate insurance offers for canola types as; Spring Oleic (286) (non-specialty type), and Spring High Oleic (384) (specialty type). Insurance offers for corn include corn types of Grain (016) (non-specialty type), Silage (026) (non-specialty type), High Amylase (382) (specialty type), and Blue (383) (specialty type).

ACTION:

MGR-013-002 remains applicable for the 2014 and succeeding crop years until superceded or otherwise incorporated into the Crop Insurance Handbook. Policyholders continue to have the choice to insure specialty canola types, specialty corn types, and low linolenic acid soybeans at a contract price and separate their APH databases for each type; or elect not to insure using a contract price and therefore not separate their APH databases.

MGR-13-002, advised that we would develop standards or criteria for when it will be necessary to establish separate APH databases for types and practices of crops in the actuarial documents. We indicated we would make them available on the RMA website to allow for input and comment by producers, stakeholders and other interested parties prior to finalization and implementation.

If any crop has a “meaningful difference in yield”, generally it is actuarially appropriate to require separate APH databases, and not allow the use of existing history of another practice/type (P/T) for the new P/T in establishing the insurance guarantee. However, establishing a sound basis and definition for what is a “meaningful difference” in yield remains an open issue for determination. We would appreciate and seek input or feedback from interested parties regarding what should be considered as a meaningful difference in yield to establish parameters for when existing yields are actuarially appropriate and can be used for determining new P/T insurance guarantees.

Please submit comments by May 16, 2014, to rma.kc.cih@rma.usda.gov or by mail to:

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DISPOSAL DATE:

December 31, 2014