



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-14-017

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

FROM: Brandon C. Willis /s/ Heather Manzano for 10/29/2014
Administrator

SUBJECT: Peanut Revenue Plan of Insurance Implementation

BACKGROUND:

The Agricultural Act of 2014 instructed the Risk Management Agency (RMA) to make available a peanut revenue crop insurance program. A private product submitted under section 508(h) of the Federal Crop Insurance Act providing revenue coverage for peanuts was approved by the Federal Crop Insurance Corporation Board on September 18, 2014. The Peanut Revenue plan of insurance will be available to peanut producers for the 2015 crop year in all counties where yield-based insurance coverage is currently offered.

The new Peanut Revenue plan of insurance will replace the current Actual Production History (APH) Peanut plan of insurance and will be based on the Common Crop Insurance Policy Basic Provisions currently available for other major commodities. It will provide growers with a choice of Yield Protection, Revenue Protection, and Revenue Protection with the Harvest Price Exclusion.

The new Peanut Revenue plan of insurance largely takes the current APH plan, which provides yield insurance against losses due to natural causes, and adds 'decline in harvest price' as a covered cause of loss. Projected and harvest prices will be determined in accordance with a Peanut Revenue Commodity Exchange Price Provisions. Underwriting, loss adjustment, and most policy provisions remain largely similar to the existing APH peanut plan of insurance. The replant payment provisions are simplified to base the replant payment on a flat dollar amount without factoring in the insured price election. The peanut quality adjustment provisions are revised to allow quality adjustment for damaged peanuts on a comparison of the grade value of the peanuts to the USDA loan price.

The current APH Peanut plan of insurance will no longer be available effective for the 2015 and subsequent insurance years. Therefore, no actuarial information for the current program will be released for the 2015 crop insurance year.

ACTION:

Approved insurance providers may automatically transition policyholders who insured peanuts in the 2014 crop year under the APH plan of insurance to yield protection under the new Peanut Revenue plan of insurance for the 2015 crop year. However, if a carry-over policyholder wishes to select revenue protection, or cancel the transitioned yield coverage, the change must be made on a contract change form by the sales closing date or must be canceled by the cancellation date.

Policyholders insured under the APH plan of insurance in the 2014 crop year who remain insured under the new Peanut Revenue program for the 2015 crop year will be considered carry-over policyholders and will not have a break in continuity for insurance coverage purposes.

Policy materials for the new Peanut Revenue plan of insurance will be released on RMA's website later in November in time for sales for the 2015 crop year.

DISPOSAL DATE:

December 31, 2014.