



United States
Department of
Agriculture

Risk
Management
Agency

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February 1, 2010

INFORMATIONAL MEMORANDUM: PM-10-005

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

FROM: Tim B. Witt /s/ Tim B. Witt
Deputy Administrator

SUBJECT: Coverage for Specialty Types of Barley and Soybeans Beginning with the
2010 Crop Year

BACKGROUND:

Effective for the 2010 Crop Year, the Risk Management Agency (RMA) began offering insurance coverage based on contract prices for all practices of certain specialty types of barley and soybeans as reflected in the Special Provisions of Insurance as follows:

Spring barley types include malting, waxy hulled, waxy hulless, and hulless in all applicable counties in Colorado, Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington (coverage for winter type specialty barley will be available for the 2011 crop year).

Soybean types include large seeded food grade, small seeded food grade, low linolenic acid, low saturated fat, and high protein in all applicable counties in Arkansas, Iowa, Michigan, Minnesota, Missouri, North Dakota, Ohio, and Virginia.

Based on several inquiries, RMA is providing the following guidance when insuring these specialty types under a contract price.

ACTION:

- 1 Coverage for these specialty types based on a contract price, is only available under the Actual Production History (APH) plan of insurance, and not by written agreement.
- 2 Policyholders who have Crop Revenue Coverage (CRC) or Revenue Assurance (RA) may purchase an APH policy to specifically cover the specialty types they wish to insure based on a contract price. All remaining acreage of the crop the policyholder does not wish to insure under a contract price may continue to be insured under CRC or RA.



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- 3 Policyholders NOT electing to insure specialty types under a contract price must continue to insure all acreage under either APH (using the published price election), CRC, or RA plan of insurance, including any applicable Malting Barley Price and Quality Endorsement.
- 4 If more than one plan of insurance is elected,
 - a. Each plan constitutes a separate policy with separate administrative fees;
 - b. Each policy must be purchased from the same Approved Insurance Provider (AIP);
 - c. A policyholder may choose a different coverage level under each policy;
 - d. Types insured under an APH policy may have different contract prices; however, all types under a policy must have the same price percentage;
 - e. If there is more than one contract price for the same specialty type, a weighted average price will be used for the specialty type; and
 - f. Each policy may have a different SRA fund designation.
- 5 Refer to FCIC-18010 Crop Insurance Handbook, Exhibit 35, for instructions on dividing APH databases when actuarial documents release new practices/types (P/T) or divide existing P/T into new P/T(s).
 - a. Separate APH databases are required for the “All Others” and specialty barley and soybean types specified above, even when transitional yields (T-Yields) are the same for different types and regardless of whether the policyholder chooses to insure based on a contract price.
 - b. If the production history contained within the APH database does not change as a result of the new P/T code change, or the policyholder already has APH databases established according to the new P/T(s), no action is necessary except to apply the proper P/T code to the database (the 10 percent yield limitation applies).
 - c. Policyholders may certify production and acreage when dividing APH databases, but must maintain and provide supporting acceptable records in accordance with applicable procedures.
 - d. For barley, when the T-Yield for the malting barley type and the “All Others” type are the same, the malting barley type will be the highest yielding type in all states and counties except for Oregon, Washington, and Idaho counties of Ada, Adams, Boise, Camas, Canyon, Elmore, Gem, Owyhee, Payette, Valley and Washington where the “All Others” type will be the highest yielding type.
 - e. For soybeans, the “All Others” type will be considered the higher yielding type when the T-Yield for the “All Others” type and another soybean type are the same.
- 6 When completing a claim for indemnity, production must be kept separate by type to ensure production to count is valued at the appropriate contract price.

Any questions regarding new or separated APH databases should be directed to your AIP. Any AIP questions may be directed to the appropriate RMA Regional Office. See attachment "Separating Barley APH Databases" which provides clarification of the process to divide APH databases when the actuarial documents specify new P/Ts.

DISPOSAL DATE: December 31, 2010

Attachment:
Separating Barley APH Databases