



United States
Department of
Agriculture

Farm and Foreign
Agricultural Service

Risk
Management
Agency

Beacon Facility
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January 27, 2012

INFORMATIONAL MEMORANDUM: PM-11-046.1

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: Trend-Adjusted Actual Production History (APH)

BACKGROUND:

The Risk Management Agency (RMA) issued Product Management Informational Memorandum, PM-11-046 that released Trend-Adjusted APH procedures. Since its issuance, questions have arisen regarding yield limitations when a crop's practice/type is not eligible for trend adjustment, and situations in which the Trend-Adjusted APH yield may be lower than what the approved APH yield would have been without the trend adjustment.

ACTION:

The following clarifications, along with the attached questions and answers, apply to the Trend-Adjusted APH procedures:

- 1. Yield Limitations:** When trend adjustment is elected for a crop/county and the actuarial documents do not authorize a yield trend for a specific practice/type, yield limitations are applicable to those APH databases. For practice/types eligible for trend adjustment, yield limitations do not apply regardless of whether or not an APH database qualifies for trend adjustment.
- 2. Trend Adjustment Limitation of the Approved APH Yield:** To ensure an APH database with limited years of actual yields is not inappropriately limited by Trend Adjustment procedures, the approved APH yield will not be less than what the approved APH yield would have been without trend adjustment (Adjusted Yield) or greater than the highest actual yield plus one year of trend adjustment. For example, if an APH database has three Transitional Yields (T-Yields) of 100 bushels and one actual yield of 10 bushels, yield substitution has been elected and the trend adjustment factor is two, the approved APH yield would be 90 bushels rather than 12 bushels if the Trend Adjustment Limitation was applied.

DISPOSAL:

December 31, 2012.

Attachment



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And Oversees All Programs Authorized Under
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