

PERSONAL TRANSITIONAL YIELD (PTY) PILOT PROGRAM PROCEDURES (North Dakota)

- 1 **OVERVIEW.** The PTY is simply a Transitional Yield (T-Yield) calculated using the producer's own actual yields and, if applicable, assigned yields. The PTY is used instead of the applicable T-Yield contained in the FCI-35, County Actuarial Documents or other calculated T-Yields authorized by the Federal Crop Insurance Corporation (FCIC) 18010 Crop Insurance Handbook (CIH) such as Simple Average (SA) T-Yields for added land. The PTY Pilot Program begins with the 2007 crop year, for all eligible Category B APH crops with crop programs in North Dakota.
- 2 **LOCATION.** All North Dakota counties.
- 3 **ELIGIBLE CATEGORY B APH CROPS.** Barley, Canola/Rapeseed, Corn, Dry Beans, Dry Peas, Flax, Grain Sorghum, Millet, Mustard, Oats, Rye, Safflower, Soybeans, Sunflower Seed, and Wheat. These crops and/or P/T/V's of these crops insured via written agreement in North Dakota are eligible for PTYs.
- 4 **ELIGIBLE COVERAGE LEVELS.** The PTY Pilot Program applies only to eligible crop policies on which additional coverage has been elected. The PTY Pilot Program is not available for policies with Catastrophic Risk Protection (CAT) coverage.
- 5 **PARTICIPATION.** To participate, insureds must elect, by county crop policy, the PTY option in writing no later than the earliest applicable crop production reporting date (PRD) for the crop year. The insured must provide an acceptable production report for the crop for which the PTY option is elected that contains at least one crop year with actual yields. Standard T-Yield procedures will apply for any crop policy for which the PTY option is not elected with the exception of Dry Peas. For Dry Peas, if the PTY is not elected, T-Yield procedures for a crop for which Master Yields are available or Master Yield procedures, if applicable, will apply.
 - A. **Data Acceptance System (DAS) Reporting Requirements.** Approved Insurance Providers (AIPs) must submit to Risk Management Agency (RMA):
 - (1) PTY Option Code "PY" on the Type 11 and 15 Records to identify crop policies on which the insured has elected the PTY Pilot; and
 - (2) Yield Indicator "K" on the Type 15 Records to indicate use of the PTY.
 - B. **Continuous PTY Option.** The PTY is a continuous option that remains in place unless:
 - (1) Cancelled in writing by the insured on or before the applicable crop PRD for the effective crop year; or
 - (2) The PTY Pilot Program is terminated by FCIC for the crop year.
 - C. **Cancellation of the PTY Option.** If the PTY Option is cancelled by the insured for a crop or if the PTY Pilot is terminated by FCIC:

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- (1) PTYs are not retained when returning to APH using standard T-Yield procedures. Insureds must use variable county T-Yields when fewer than four years of actual yields are contained in a database instead of previously calculated PTYs.
- (2) If the insured has added land or an added practice/type/variety (P/T/V) of the crop for the crop year when returning to standard T-Yield procedures, the added land/P/T/V procedures applicable for the crop year will apply (see CIH Ex. 36). For land or a P/T/V that was added in a previous crop year that had Simple Average T-Yields (SA T-Yields) which were replaced with PTYs, the SA T-Yields are not recalculated, instead variable county T-Yields are used to complete databases with fewer than four-years of actual yields.
- (3) The 10 percent cup (cup) will not apply the crop year that the election is cancelled and the insured returns to standard T-Yield procedures if the applicable T-Yield for the current crop year is more than 10 percent lower than the PTY for the prior crop year and the variable T-Yield is required to calculate the approved APH yield (applicable T-Yield is used to complete the four-year database); however, yield floors may apply [see CIH Sec. 6 Par. I].
- (4) Yield substitution and yield floors may apply. Sixty percent of the county T-Yield published for yield substitution purposes will be used for the applicable crop year. Yield floors will be based on the county T-Yield contained in actuarial documents (or other applicable T-Yield) in effect for the crop year that the PTY for the crop is cancelled or terminated.

D. Transfers. If the crop's policy is transferred to a different AIP, the PTY Option will be considered cancelled at the time the crop policy is cancelled for the purpose of the transfer [see the CIH Sec. 4, Par. C(9) for transfer procedures]. If the crop policy is transferred to a different AIP, the insured may elect the PTY Option with the assuming AIP on or before the PRD and continue to participate in the PTY Pilot. If the insured does not elect the PTY Option with the assuming AIP on or before the PRD, the election will not be in force, the insured will revert back to APH using standard T-Yield procedures [see Par. 5C].

6 PTY CALCULATION. The PTY is calculated by combining all basic and optional unit acreage and production history for a crop/policy/county on a PTY Summary by P/T/V and if applicable, a Transitional Yield Map Area (TMA).

A. PTY Summaries. Consistent with CIH APH procedures, a separate PTY Summary must be calculated for each P/T/V/TMA that requires a separate APH yield (e.g., a separate APH yield must be calculated for spring wheat acreage on which a summerfallow practice has been carried out when the county actuarial document indicates a spring wheat type and the summerfallow practice). Each separate APH yield requires a separate PTY Summary [see CIH Sec. 6 for separate P/T/V/TMA requirements].

- (1) Agents must complete a PTY Summary (APH database/DAS Type 15 Record) that summarizes for each APH crop year the planted acres

including those with assigned yields, prevented planted (PP) acres on which PP payments are limited to 35 percent of the PP coverage, the total production (all by P/T/V/TMA) and calculate the PTY [see Par. B].

- (2) Agents must review both procedures with the insured. The insured must then select the PTY Option by the applicable PRD if this method will be used to determine the applicable T-Yields for the crop policy.
- (3) Signature. If the insured elects to participate in the PTY Pilot Program, the insured must sign and date a Contract Change Form by the PRD indicating that he or she elects Transitional Yields determined under the Personal Transitional Yield Pilot Program (PY Option), the insured crops and ND counties to which the option applies.
- (4) The AIP must review the PTY summaries, verify the PTY was calculated correctly, approve and transmit PTY summaries as a DAS type 15 record to RMA each crop year, identifying PTY summaries with unit number of 00000 and yield indicator code of "K".

B. Completion of PTY Summaries. The total production and acres for all actual/assigned yields for an applicable P/T/V/TMA must be used to complete the respective PTY Summary (not to exceed a maximum of 10 crop year yields). Actual yields identified by yield descriptors A, G, V and their variants AY, GY, NA, NV, NG and VY; Prorated actual yields identified by yield descriptors PA, PG, PV and PR; assigned yields identified by yield descriptors P and PP; weighted average yields identified by yield descriptors GW, NO, NU, NW, OY, PW, UY, VW and WY; reduced/replaced yields identified by yield descriptors AX, GX and VX; and temporary yields identified by yield descriptor J [see CIH Ex. 5] must be used.

- (1) For carryover insureds, all actual/assigned yields contained in APH databases including those certified on the insured's production report for the current crop year must be used. If the number of actual/assigned yields exceeds 10 crop years, only the yields for the most recent 10 crop years will be used to complete the PTY summary. See attached example.
- (2) For new insureds, all years of actual yields certified on the insured's production reports to calculate the current year's approved APH yields must be used.
- (3) To calculate the average yield for a crop year, the total production is divided by the acreage. If more than one actual/assigned yield has been reported for a crop year (multiple units/databases), the total production for each crop year, by P/T/V/TMA is added together and then the sum of the production is divided by the total number of acres for the crop year. The result is the average yield for the crop year. See attached example Figure 5. Production for assigned yields is calculated by multiplying the acres times the assigned yield.

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- (4) Crop years whose acres and production have been duplicated to multiple units (e.g., units that were further divided into optional units and the acreage and production was duplicated to establish optional unit databases) must use the acreage and production history only once on the PTY Summary.
- (5) Each PTY Summary must contain at least one actual/assigned yield. If fewer than four crop years of actual yields are available for a P/T/V/TMA, the county T-Yield (100 percent) for the applicable P/T/V/TMA is used to complete the four year PTY Summary database.
- (6) To calculate the PTY, all yields are summed and divided by the number of crop years used to complete the PTY Summary.
- (7) PTY Summaries must be updated each crop year and the PTY recalculated, by adding the most recent crop year's acreage and production data. The PTY is not "set" at the initial PTY crop year calculation.

C. Premium Rate Calculations. Premium for crop policies with the PTY Pilot Option elected will include an option factor surcharge on all APH databases on which premium is earned. The yield ratio and base premium rate will continue to be calculated using the rate yield. The rate yield will include any PTY substituted values. The PTY option factor surcharge will be multiplicative and applied to the total premium. The PTY option surcharge may vary by county/crop/P/T/V.

7. USE OF THE PTY. The PTY is used in the same manner and function as the county T-Yield:

- A. To Complete APH Databases with Fewer than Four Years of Actual/Assigned Yields.** The PTY is used in place of the county T-Yield contained in the actuarial documents for the applicable P/T/V/TMA. Consistent with standard APH procedures when less than four years of actual/assigned yields are available for the crop in the county, the variable T-Yield percentages are applied to each PTY [see CIH Sec. 6, Par. C(2)]. Variable T-Yield percentages, are applied to the calculated PTY, based on the years of actual/assigned yields as follows:
- (1) One year, 80 percent of the calculated PTY identified by yield descriptor "E".
 - (2) Two years, 90 percent of the calculated PTY, identified by yield descriptor "N".
 - (3) Three or more years, 100 percent of the calculated PTY, identified by yield descriptor "T".
- B. For Yield Adjustments and Yield Floors.** For the 2006 and subsequent crop years, yield substitutions under APH yield adjustment [see CIH Sec. 13] and yield floors [see CIH Sec. 6, Par. I(3)] are based on the calculated PTY for the current crop year. Yield substitutions for prior crop year yields contained within the

current APH database will be based on 60 percent of the current crop year's PTY, not 60 percent of the applicable T-Yield contained in the actuarial documents (or other applicable T-Yield) in effect for the applicable crop year. For example, for 2006, the 2006 PTY will be used as the basis for yield substitution for all annual actual yields contained in the APH database that qualify for yield substitution and to determine yield floors.

- C. New Producer Procedures.** New producers may elect the PTY Option if at least one actual, assigned or temporary yield is available to determine the PTY. [See Par. 6B(5) for PTY calculation.] One hundred percent of the PTY, by P/T/V/TMA, will be used to establish applicable approved yields [See CIH Sec. 6, Par. C(3) for new producer procedures and Ex. 37, Par. 3 for documentation of new producer status.]
- D. Higher of Continuous Cropping (CC)/Summerfallow (SF) Procedure is Not Applicable.** The higher of the CC or SF yield for SF databases with fewer than three years of acreage and production history indicated in [CIH Sec. 6J(15)(h)3] does not apply when the PTY Option is elected. The PTY for the SF practice will be used to complete databases for the SF practice in lieu using of the higher of CC procedure.
- E. Barley with Malting Barley Option A or B.** Barley (feed barley) approved APH yields are calculated using PTY Pilot procedures when the PTY Option is elected for Barley. Use of the PTY will impact the approved APH yield for Barley; however, the procedure for determining the yield used to calculate the production guarantee for Option A or Option B Malting Barley is not affected.
- F. Dry Peas with Master Yields.** Master Yields are available for dry peas in North Dakota. Switching from a Master Yield to standard APH is not allowed after the Dry Peas' cancellation date. If a Master Yield is in force, insureds may elect, by the PRD, to use PTY procedures instead. AIPS must convert existing Master Yields to PTYs using the following procedure:
- (1) An operator/tenant that elects a PTY instead of the Master Yield, must use all of the actual and assigned yields (see paragraph 6B) from all or the databases established for the Master Yield, including those certified for the current crop year. The Master Yield (calculated on the Master Yield Summary) for a P/T/V/TMA simply becomes the PTY Summary the initial crop year the PTY is elected.
 - a. The PTY is then used to complete the individual APH databases with fewer than four years of actual and assigned yields (see paragraph 7) including any new databases that are established for added land according to paragraph 8. The individual APH databases are retained, updated in subsequent crop years, and used to complete the PTY Summary when calculating the PTY.
 - b. The AIP must cancel the Master Yield for the crop year and notify all affected insureds sharing in the crop (landlords) that are using the Operator/Tenant's Master Yield that it is no longer available.

The affected landlords' APH yields must then be calculated using standard APH procedures or PTY procedures, if elected (see paragraph (2) following).

- c. See paragraph 5A for DAS Reporting Requirements.
- (2) Landlords using Operator/Tenant's Master Yields may elect the PTY if their Operator/Tenant does not elect the PTY; When changing from an Operator/Tenant Master Yield to a PTY for a landlord:
- a. The AIP must use all of the individual unit APH Data from the Operator/Tenant's Master Yield(s) that pertains to the landlord's farming operation to calculate the PTY.
 - b. If the landlord has more than one applicable Operator/Tenant Master Yield (different operators), the landlord must use the PTY on all land insured in the county under his/her policy. (Use of all Operator/Tenant Master Yields is discontinued).
 - c. Landlords switching from Master Yields to PTY are responsible for filing the required production reports for their policies unless another party is authorized to file them on their behalf [CIH Sec. 10F].

G. Cup.

- (1) Except for Dry Peas with a Master Yield, the first crop year the PTY Option is elected, the cup will not apply to databases that the PTY is required to calculate the approved APH yield (i.e., the PTY is used to complete the four year database). However, the cup will apply to those databases where the PTY is not used (i.e., databases containing at least four actual yields). In subsequent crop years, when recalculating the PTY, the cup will apply if applicable, regardless of the amount the PTY changes [See CIH Sec. 6].
- (2) For Dry Peas with a Master Yield, the first crop year the PTY Option is elected, the cup will not apply (approved APH yields are calculated on a unit basis instead of a Master Yield basis). In subsequent crop years, when recalculating the PTY, cup will apply if applicable, regardless of the amount the PTY changes.

H. Approved APH Yield Reductions. Procedure concerning yield reductions contained in the [CIH Ex. 6] is unaffected when the PTY Pilot Option is elected. Those procedures are applicable when excessive actual yields are reported, inconsistent approved APH yields and acreage limitations are exceeded, and different production methods are carried out than the production method reported for APH purposes. A PTY may not be used for a different production method that will likely result in a lower actual yield than the production method upon which the PTY is based. Any PTYs established under these PTY Pilot Program Procedures will be recalculated if yield reductions specified in [CIH Ex. 6] apply and such reductions affect the PTY's calculation.

8 **ADDED LAND/P/T/V.** [See CIH Ex. 36 for added land/P/T/V definitions.]

A. **Previously Calculated Simple Average T-Yields (SA T-Yields).** Previously calculated SA T-Yields for added land/P/T/V are not retained and must be replaced with the applicable PTY.

B. **Land Added for the Current Crop Year.** The PTY will be used in lieu of SA T-Yields for added land/P/T/V and if applicable variable T-Yield procedures will apply. Added land acreage limitations apply [see CIH Ex. 36, Par. 3 and 4].

(1) Land added to an existing unit.

a. If 640 acres or less of cropland acres are added to an existing unit and the requirements in [CIH Ex. 36, Par. 2D] are met, the added land simply uses the existing unit's APH yield (existing APH database). If 640 acres or less are added and the requirements in [CIH Ex. 36, Par. 2D] are not met, a separate APH database is required for the added land and the PTY is used to establish the database. Use the "K" yield indicator and "L" yield descriptor or, if a new producer, use the "K" yield indicator and "IL" yield descriptor on the AIP submitted DAS Type 15 Record.

b. If more than 640 acres but less than 2,000 cropland acres are added, the insured must request an RMA Regional Office (RMA RO) underwriting review to approve adding the acreage to the existing unit (use the existing unit's yield). If such a request is not approved by the RMA RO, not made, or not made timely, a separate database is required and if the PTY is lower than the T-Yield contained in the actuarial documents for the applicable P/T/V/TMA (applicable T-Yield), use the PTY and establish the database as indicated in [Par. (2)b¹] that follows. If the PTY is higher than the applicable T-Yield RMA RO approval is required to use the PTY. Establish the database as indicated in [Par. (2)b²] that follows.

c. If more than 2,000 cropland acres are added, the acreage cannot be added to the existing unit and a separate APH database is required. Establish the database as indicated in [Par. (2)c] that follows.

(2) Land added as a separate unit or that qualifies as a separate optional unit. The PTY or applicable T-Yield (variable T-Yield procedures apply if applicable) is used to establish new databases (without actual yield records) or to complete databases with fewer than four years of actual/assigned yields when actual yields are provided for the added land [see (2) a, b, and c]. If the cropland acreage added:

a. Does not exceed 640 acres, the PTY is used to establish the new database for the added land. Use the "K" yield indicator and "L"

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yield descriptor. If a new producer use the “K” yield indicator and “IL” yield descriptor.

b. Exceeds 640 acres but is less than 2,000 acres and:

1 If the PTY is equal to or lower than the applicable T-Yield, the PTY is used to establish the new databases for the added land. Use the “K” yield indicator and “L” yield descriptor or, if a new producer, use the “K” yield indicator and “IL” yield descriptor.

2 If the PTY is higher than the applicable T-Yield, the insured must request an RMA RO underwriting review to approve use of the PTY to establish the new database for the added land. If approved, use the “K” yield indicator and “L” yield descriptor or, if a new producer use the “K” yield indicator and “IL” yield descriptor.

If a request is not made, not made timely or denied by the RMA RO, the variable applicable T-Yield will be used to establish the database. Use a “B” yield indicator and “E, N or T” yield descriptor. If a new producer use the “B” yield indicator and “IL” yield descriptor.

c. Is 2,000 acres or greater and:

1 The PTY is equal to or lower than the applicable T-Yield, the PTY is used to establish the new database for the added land. Use the “K” yield indicator and “L” yield descriptor or, if a new producer use the “K” yield indicator and “IL” yield descriptor.

2 The PTY is higher than the applicable T-Yield, the variable T-Yield is used to establish the new database for the added land. Use the “B” yield indicator and “E, N or T” yield descriptor or, if a new producer use the “B” yield indicator and “IL” yield descriptor.

EXAMPLE OF PERSONAL T-YIELD

The following production reports (Figures 1-4) are for Spring Summerfallow (SF) Wheat. Personal T-Yields are calculated by P/T/V/TMA, if applicable.

Figure 1, two actual yields were reported for Unit 00100 (located in section 11).

Figure 1: Unit 00100, Sec. 11

15. YEAR.	16. TP.	17. ACRES	18. YIELD
2000			T27
2001			T27
2002	4,220	100.0	A42
2003		0.0	Z
2004	3,000	100.0	A30
2005		0.0	Z
			19. 126
20. Prior Y.		21. Approved APH	32

Figures 2 and 3, two actual yields were reported for Unit 00201 (section 12) and no actual yields for unit 00202 (section 13).

Figure 2: Unit 00201, Sec. 12

15. YEAR	16. TP.	17. ACRES	18. YIELD
2000			T27
2001			T27
2002		0.0	Z
2003	3,200	80.0	A40
2004		0.0	Z
2005	800	80.0	A10*
			19. 104
20. Prior Y.		21. Approved APH	28 (YA)

* eligible for YA (60% of county T-Yield)

Figure 3: Unit 00202, Sec. 13

15. YEAR	16. TP.	17. ACRES	18. YIELD
2001			T27
2002			T27
2003			T27
2004			T27
2005		0.0	Z
			19. 108
20. Prior Y.		21. Approved APH	27

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Figure 4, four actual yields were reported for unit 00300 (located in section 14).

Figure 4: Unit 00300, Sec. 14

15. YEAR	16. TP.	17. ACRES	18. YIELD
2001	5,850	130.0	A45
2002		0.0	Z
2003	6,665	155.0	A43
2004	6,200	155.0	A40
2005	2,325	155.0	A15*
			19. 143
20. Prior Y.		21. Approved APH	36(YA)

* eligible for YA (60% of county T-Yield)

Figure 5, the Personal T-Yield Summary is completed by consolidating the acres and production for actual yields for each crop year for all units, totaling the actual yields for each crop year and dividing by the number of years or actual yields.

Figure 5: **Personal T-Yield Summary**, Applicable to Spring Summerfallow

15. YEAR	16. TP	17. ACRES	18. YIELD
2001	5,850	130.0	45
2002	4,220	100.0	42
2003	3,200+6,665=9,865	80.0+155.0=235	42
2004	3,000+6,200=9,200	100.0+155.0=255	36
2005	800+2,325=3,125	80.0+155.0=235	13
			19. 178
Total 19 divided by No. Years		21. PTY 36	

Figures 6-9, Personal T-Yield used in place of county T-Yields

Figure 6: Unit 00100, Sec. 11

15. YEAR.	16. TP.	17. ACRES	18. YIELD
2000			(PTY)T36
2001			(PTY)T36
2002	4,220	100.0	A42
2003		0.0	Z
2004	3,000	100.0	A30
2005		0.0	Z
			19. 144
20. Prior Y.		21. Approved APH	36

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Figure 7: Unit 00201, Sec. 12

15. YEAR	16. TP.	17. ACRES	18. YIELD
2000			(PTY)T36
2001			(PTY)T36
2002		0.0	Z
2003	3,200	80.0	A40
2004		0.0	Z
2005	800	80.0	A10*
			19. 122
20. Prior Y.		21. Approved APH	34 (YA)

*eligible for YA (60% of PTY)

Figure 8: Unit 00202, Sec. 13

15. YEAR	16. TP.	17. ACRES	18. YIELD
2000			(PTY)T36
2001			(PTY)T36
2002			(PTY)T36
2003			(PTY)T36
2004		0.0	Z
2005		0.0	Z
			19. 144
20. Prior Y.		21. Approved APH	36

Figure 9, Unit 00300, Sec. 14 (although 4 years of actuals, YA based on PTY)

15. YEAR	16. TP.	17. ACRES	18. YIELD
2001	5,850	130.0	A45
2002		0.0	Z
2003	6,665	155.0	A43
2004	6,200	155.0	A40
2005	2,325	155.0	A15*
			19. 143
20. Prior Y.		21. Approved APH	38(YA)

* eligible for YA (60% of PTY)

Note: Approved APH Yields include yield substitutions when applicable.