



United States
Department of
Agriculture

Risk
Management
Agency

6501 Beacon Drive
Kansas City, MO
64133-4676

June 29, 2006

INFORMATIONAL MEMORANDUM: PM-06-028

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

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

SUBJECT: Personal Transitional Yield (PTY) Pilot Program in North Dakota

BACKGROUND:

Current Actual Production History (APH) procedure requires separate APH yields (separate APH databases) for each basic and optional unit; each practice/type/variety (P/T/V); and Transitional Yields (T-Yield) Map Area (TMA). If fewer than four years of actual records are available in a given database, the database is completed by entering variable county or area based T-Yields. Some North Dakota policyholders expressed concern that crop rotations limit their ability to provide four years of actual records and eliminate the use of T-Yields. In fact, if crops are rotated as recommended (e.g., three or more crops, types, or practices are grown in rotation), it may take up to 20 years to accumulate four years of actual yields in all databases. This implies the continued use of T-Yields. Producers also indicated T-Yields are not representative of their actual production capability and they requested the Risk Management Agency develop APH procedures that more accurately reflect their production capabilities.

In January 2006, the Federal Crop Insurance Corporation (FCIC) Board of Directors approved a PTY Pilot Program beginning with the 2007 crop year in North Dakota.

The PTY is a T-Yield calculated using the producer's own actual yields and, if applicable, assigned yields. For insureds who elect this option, the PTY is used in place of RMA's published T-Yields contained in the County Actuarial Documents or other calculated T-Yields authorized by the FCIC 18010 Crop Insurance Handbook (CIH) such as Simple Average (SA) T-Yields for added land.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

The PTY Pilot Program is available beginning with the 2007 crop year for barley, canola/rapeseed, corn, dry beans, dry peas, flax, grain sorghum, millet, mustard, oats, rye, safflower, soybeans, sunflower seed, and wheat in North Dakota.

The attached approved PTY Pilot Program Procedures are for Approved Insurance Providers to use in administering the PTY Pilot Program in North Dakota.

DISPOSAL:

This bulletin is for the purpose of transmitting information and will remain in effect until rescinded, revised, or upon publication of superseding procedures.