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MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK

2018 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
KANSAS CITY, MO 64133**

TITLE: MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK	NUMBER: 20240 20240-1
EFFECTIVE DATE: 2018 and Succeeding Crop Years	ISSUE DATE: December 4, 2017
SUBJECT: Provides the procedures and instructions for the Malting Barley Endorsement crop insurance program	OPI: Product Administration and Standards Division
	APPROVED: <i>/S/ Richard Flourney</i> Deputy Administrator for Product Management

REASONS FOR AMENDMENT

This handbook is issued to provide official FCIC-issued underwriting instructions for administering the Malting Barley Endorsement for the 2018 and subsequent crop years. It is effective until reissued or until the program is terminated by FCIC.

In the absence of industry developed, FCIC-approved procedure for this crop, all reinsured companies will utilize these standards for both underwriting and training.

This handbook has been revised as indicated below. Minor changes and corrections are not included in this listing. See changes or additions in text which have been highlighted. Three stars (***) identify where information has been removed.

Paragraph 21A - Added a paragraph to address situations where malting barley contracts are executed with crop share included upfront.

MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Control Chart For: Malting Barley Endorsement Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Numbers	Exhibit Page(s)	Date	Directive Number
Remove	1-2		1-4			06-2017	FCIC 20240
Insert	1-2		1-4.2			12-2017	FCIC 20240-1
Current Index	1-2	1-2	1-4.2 5-31	1 2	32 33-34	12-2017 06-2017 12-2017 06-2017 06-2017 06-2017	FCIC 20240-1 FCIC 20240 FCIC 20240-1 FCIC 20240 FCIC 20240 FCIC 20240

FILING INSTRUCTIONS

The handbook pages listed in the Control Chart above under the “Insert” heading replace such pages in the FCIC-20240 Malting Barley Endorsement Insurance Standards Handbook, dated June 29, 2017. This handbook is effective for the 2018 and succeeding crop years and is not retroactive to any 2017 or prior crop year determinations.

PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1. General Information

A. Purpose

This handbook provides procedure for administering the Malting Barley Endorsement (MBE) in accordance with the BP and the Small Grains CP and supplements the CIH, LAM, the Prevented Planting Loss Adjustment Standards Handbook, the Small Grains LASH and any other procedural issuance via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH, GSH or LAM or other issuance, this handbook controls. If there is a conflict between this handbook and the policy, the policy controls.

B. Source of Authority

The MBE is a privately-developed product submitted and approved, by the FCIC Board of Directors, in accordance with section 508(h) of the Federal Crop Insurance Act to extend and enhance yield and revenue coverage to producers of malting barley. This handbook provides the FCIC-approved procedures for administering the MBE in the approved areas.

C. Duration

The MBE was available beginning with the 2016 crop year and is authorized until terminated or converted to a permanent program.

D. AIP Option to Offer

Since this is a 508(h) submission, AIPs are not required to offer the MBE to producers. Accordingly, each AIP must determine whether it will offer the MBE in the approved pilot area. AIPs that elect to offer the MBE must offer it to all eligible producers in the approved pilot area, and must administer the program according to the procedures in this handbook.

E. Approved Area

The MBE is available in selected counties in Alaska, Colorado, Idaho, Minnesota, Montana, Nebraska, North Dakota, Oregon, South Dakota, Washington, and Wyoming where applicable information is filed in the actuarial documents for the county.

F. Applying for Malting Barley Coverage

Use the standard application or policy change form to add coverage to an existing policy or to transfer the policy from another AIP. The document must indicate the insured has selected the MBE along with the other required information.

1. General Information (Continued)

G. Related Handbooks

The following table lists handbooks related to the MBE Program.

Important: Not all sections of related handbooks or all procedures in a section apply to the MBE Program. See Part 3 for more information.

Handbook	Purpose
CIH	General underwriting procedures
GSH	General Standards Handbook
LAM	General loss procedures
Small Grains LASH	Crop specific loss procedures
Prevented Planting LASH	General procedures for administering prevented planting losses

2. Responsibilities

A. AIP's Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any program issues or concerns to the Product Administration and Standards Division (PASD) of RMA.

B. Insured's Responsibilities

To be eligible for the MBE, insured must comply with all terms and conditions of the BP, Small Grains CP and the MBE.

3-20 (Reserved)

PART 2 INSURABILITY

21. MBE Insurability Requirements

A. Acreage Insured and Contract Required

All acreage in the county planted to malting barley that is insurable under the Small Grains CP must be insured under the MBE if it is elected by the insured by the deadline and all its requirements are met.

Yield protection, revenue protection, and revenue protection with harvest price exclusion are available. The same insurance plan must be elected for all types.

Eligible contracts include a malting barley contract, malting barley price agreement or a malting barley seed contract. The contract must specify the amount of contracted production; the purchase price or a method to determine such price; and establish the obligations of each party to the agreement. The term contract is used when the specific reference is not needed. Refer to the definitions for requirements for each type of contract.

Contracted malting barley – The quantity of malting barley production the producer agrees to grow and deliver, and the buyer agrees to accept if the malting barley meets contract terms, under the terms of the producer's contract(s).

The insured must provide the AIP with copies of all contracts on or before the acreage reporting date applicable for the insured acres. Failure to provide at least one contract by the acreage reporting date requires that all planted acres be insured under the terms of the Small Grains CP without the additional coverage provided by MBE.

For the crop to be considered as being under contract, in most instances the contract must contain the name or names of each individual whose production will be accepted under the malting barley contract. However, in some cases a person's name may not be listed on the contract even though their share of the production is considered to be under contract by the buyer. In these instances, if the AIP can verify that the production will be accepted under the contract, then the AIP can consider all production under this contract as insurable. Verification that the production is under contract should be documented and maintained in the insurance file.

Additionally, some malting barley contracts are executed with crop share included upfront. For example, Landlord Smith has a one third crop share with Operator Jones on 100 acres. The share was accounted for when the contract was initiated for Landlord Smith's malt barley acreage by only contracting 30 acres. If the AIP can verify that share was accounted for and addressed in the insured's malting barley contract, then share can be adjusted out upfront (use 100 percent share when determining the contracted and non-contracted acres and the projected price for MBE) and applied as the last step when determining the initial and final revenue guarantee.

Example: The revenue guarantee = 55 bushels x 0.70 coverage level x max (\$4.45 projected price, \$4.95 harvest price) x 100 acres x 0.3333 share = \$6,351.86.

21. MBE Insurability Requirements (Continued)

A. Acreage Insured and Contract Required (continued)

The AIP must document and maintain in the insured's file verification that the share was accounted for in the contract and its subsequent removal to determine contracted vs non-contracted acres and the MBE projected price.

If there are multiple eligible contracts and one or more of the contracts are not provided by the acreage reporting date, the malting barley acreage determined for the missing contract(s) are considered non-contracted acres.

If there are separate contracts for organic and conventional malting barley, all projected price calculations and contracted and non-contracted acreage calculations are completed separately (in accordance with this handbook) for organic acreage (using the organic contract(s)) and conventional acreage (using the conventional contract(s)).

There are no minimum acres required for malting barley to be insured under MBE and the contract(s) are not required to include all planted acreage of malting barley in which the insured has a share.

The maximum acreage that will be considered to be contracted acres will be the lowest of (a) the number of bushels specified in a contract divided by the APH yield, (b) the number of acres in the contract or (c) the number of **insurable** acres planted to malting barley.

Insurable planted acreage that exceeds the number of acres needed to produce the contracted quantity also is insurable under the MBE. Those acres would be considered non-contracted acreage and to which the barley projected price applies for purposes of determining a weighted average projected price.

All malting barley acreage is not required to be under contract to be insured; therefore, eligible prevented planting acres are determined in accordance with section 17(e)(1)(i) of the BP. Replant and prevented planting payments are based on the projected price as determined in section 4 of MBE. **Prevented planting acres are charged the MBE rate.** Weighted average prices are all based on **insurable** planted acres, so prevented planting acres are not considered when calculating the weighted average **projected** price.

B. Eligibility Requirements

To be eligible for the MBE, the insured must have a contract and comply with all terms and conditions of the MBE in addition to the BP and the Small Grains CP that are not in conflict with the MBE.

The insured must elect MBE in writing on or before the sales closing date for the first crop year they wish to insure malting barley under this Endorsement.

21. MBE Insurability Requirements (Continued)

B. Eligibility Requirements (continued)

In counties with both fall and spring sales closing dates, the insured may elect MBE until the spring sales closing date only if they do not have any fall planted acreage of malting barley. Thereafter, the MBE will continue from year to year subject to the terms of section 2 of the BP.

See the insurance documents for other terms and conditions for an insured crop and insured acreage.

22. Insurable Types and Practices

A. Types and Practices Insurable *

Types insured are: Malting (Spring) 873 and Malting (Winter) 973
Insurable practices are: Irrigated 002 and Non-irrigated 003
Continuous Cropping 004 and Summerfallow 005
Organic (Certified) Irrigated 702
Organic (Certified) Non-irrigated 713
Organic (Transitional) Irrigated 712
Organic (Transitional) Non-irrigated 714
Continuous Cropping (OC) 715 and Summerfallow (OC) 717
Continuous Cropping (OT) 716 and Summerfallow (OT) 718

*refer to the actuarial documents for types and practices by county.

(RESERVED)