



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-01-013

TO: All Reinsured Companies
All Risk Management Agency Field Offices

FROM: Phyllis W. Honor /s/ Phyllis W. Honor 3-14-01
Acting Administrator

SUBJECT: Coverage on Dry Beans

BACKGROUND:

Late in the 2000 crop year, questions were raised to the Risk Management Agency (RMA) with respect to whether certain bean types or varieties such as pinkeye, purplehull, crowder, or cream varieties were insurable under the dry bean policy. The actuarial documents only contained rates for the blackeye variety of dry beans but RMA learned that some producers had planted a variety known as pinkeyed beans. The dry bean policy defined "dry beans" as the "crop defined by The United States Standards for Beans excluding contract seed beans." According to the United States Standards for Beans, published by the Grain Inspection, Packers and Stockyards Administration (GIPSA), blackeye beans only includes "cowpeas of the Blackeye variety."

As a result, on December 15, 2000, RMA issued an Informational Bulletin stating that any dry bean not listed in the United States Standards for Beans was not insurable and that those dry beans listed in the United States Standards for Beans but not listed in the actuarial documents could only be insured by written agreement. Subsequent to the issuance of that Informational Memorandum, GIPSA was consulted to determine whether pinkeye beans would meet the classification of "miscellaneous beans" in the United States Standards for Beans. They stated that they would meet the standards for miscellaneous beans, making them insurable but only by written agreement because they were not included on the actuarial documents.

After issuance of the Informational Bulletin, RMA learned that some agents had insured the pinkeye beans under a written agreement and other agents had insured the pinkeye beans as blackeye beans and did not obtain a written agreement.



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On February 27, 2001, RMA was notified by GIPSA that GIPSA had graded the beans that were of the pinkeye variety and found that they graded no differently than blackeye beans. Accordingly, GIPSA indicated that they would grade these beans as blackeye beans.

ACTION:

The December 15, 2000, Informational Bulletin remains in effect. Therefore, dry beans types that are not listed in the United States Standards for Beans are not insurable. Dry beans types that are listed in the United States Standards for Beans are insurable as long as they are listed in the actuarial document or insured by written agreement.

To resolve the questions regarding the effect of the February 27, 2001 GIPSA letter, the following apply:

- (1) For the 2000 crop year pinkeye beans that were reported using standard county rates for blackeye beans or insured by written agreement are insurable, and will be reinsured, provided that all other policy provisions and procedures were followed; and
- (2) For the 2001 crop year, pinkeye beans can be insured using the standard rates for blackeye beans in any county actuarial document where blackeye beans are listed as an insurable type and there is no need for a written agreement.

RMA has under consideration what actions, if any, should be taken concerning the failure of the companies and agents to follow crop insurance policies and procedures.

DISPOSAL:

This memorandum does not change existing policy or procedure and is solely for the purpose of transmitting information. The expiration date is December 31, 2001.