



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

November 3, 1999

INFORMATIONAL MEMORANDUM: R&D-99-056

TO: All Reinsured Companies
All Risk Management Field Offices

FROM: Tim B. Witt
Deputy Administrator

SUBJECT: Actual Production History (APH) Procedure for Multiple Transitional Yield Map Areas

ISSUE:

The Risk Management Agency (RMA) has received questions concerning how to establish actual production history (APH) yields if multiple transitional yield (T-yield) map areas are contained in a single unit.

BACKGROUND:

Producers with acreage located in different T-yield map areas are required to report and maintain APH yields separately for each T-yield map area. In 1998, RMA stopped determining T-yields based on Farm Service Agency (FSA) program yields for certain crops, to publishing T-yields on county actuarial documents. Crops converted included corn, cotton, ELS cotton, barley, grain sorghum, oats, rice, rye, soybeans, and wheat. Also, multiple T-yield maps were initially implemented in some counties for those crops.

Use of T-yield maps resulted in established units containing land from more than one T-yield map area. To separate previously reported acres and production would have caused an increased paperwork burden for insureds and companies. Therefore, a simple average T-yield method was authorized which resulted in blended yields between different T-yield map areas within a unit.



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The simple average T-yield method was removed from the 2000, FCIC 18010, Crop Insurance Handbook (CIH). This change resulted in separate APH yields being required for added land and practice/type/variety (added land/P/T/V's) for each T- yield map area contained in the same unit. Insurance providers have requested reinstatement of the simple average T-yield method for 2000 and succeeding crop years.

The 2000 CIH also allows approved APH yields from reference unit databases to be used to establish initial databases for added land/P/T/V's that are in the same T-yield map area. Insurance providers have also asked for clarification regarding the use of databases as reference units that were established using blended yields under the simple average T-yield method.

ACTION:

For the 2000 and succeeding crop years, for crops and counties in which 1) RMA stopped using FSA program yields to establish T-yields, and 2) multiple T-yield map areas were also implemented for those crops in 1998, continue to use the following procedures:

- 1 **Simple Average T-yields.** Except for land assigned a high-risk T-yield, when a unit's database contains more than one T-yield map area and a T-yield is necessary, the T-yield may be determined by using a simple average of the applicable T-yields. Separate APH databases **are not** required.

NOTE: For data acceptance purposes, enter on the Type 15 Record:

- A "W" in the yield indicator field (20).
- The simple average T-yield in the transitional yield field (21).

- 2 **Reference Unit Databases.** Refer to the CIH, Exhibit 36, Par. 1A, for the definition of a reference unit database, and to Par. 2C(3)(c) for reference unit instructions, and apply the following procedure:

- A **Reference unit databases for a single T-yield map area.** A reference unit database for a single T-yield map area, by P/T/V if applicable, may only be used for added land/P/T/V's located in the same T-yield map area.

Example: An insured has existing units 00101 and 00102. Unit 00101 is located entirely in T-yield map area 1. Unit 00102 is located in T-yield map areas 1 and 2 and its APH database was established using a blended yield. The producer adds land located in T-yield map area 1 as a separate optional unit, 00103. The approved APH yield, by P/T/V if applicable, from unit 00101 is used as the reference unit to establish the initial database for the added land/P/T/V in unit 00103.

- B Reference unit databases containing more than one T-yield map area.** A reference unit database, by P/T/V if applicable, containing blended yields for more than one T-yield map area, may only be used as a reference unit database for added land/P/T/V located in the same T-yield map areas.

Example: An insured has existing units 00101, 00102, and 00103. Unit 00101 is located entirely in T-yield map area 1. Unit 00102 is located in T-yield map areas 1 and 2 and was established using a blended yield. Unit 00103 is located in T-yield map areas 2 and 3 and was established using a blended yield for those areas. The producer adds land located in T-yield map areas 2 and 3. The added land will be a separate optional unit (00104) and a blended yield will be calculated. The approved APH yield, by P/T/V if applicable, from reference unit 00103 is used to establish the initial database for the added land/P/T/V in unit 00104.

- C Added land/P/T/V's located in a different T-yield map area.** If the added land/P/T/V is located in a different T-yield map area than existing units, then the added land/P/T/V's database must be established using the applicable variable T-yield procedures. Refer to the CIH, Exhibit 36, Par. 2A for variable T-yield procedures.

For example: An insured has existing units 00101 and 00102. Unit 00101 is located entirely in T-yield map area 1. Unit 00102 is located in T-yield map areas 2 and 3 and was established using a blended yield for the two areas. The producer adds land located entirely in T-yield map area 3, which will be a separate optional unit (00103). Because a blended yield was calculated for T-yield map areas 2 and 3, a reference unit is not available for T-yield map area 3. Variable T-yield procedures will apply to unit 00103.

DISPOSAL:

This memorandum will remain active until incorporated into the FCIC 18010, Crop Insurance Handbook. The estimated disposal date is December 1, 2000.