



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

January 7, 2000

INFORMATIONAL MEMORANDUM: R&D-00-002

TO: All Reinsured Companies
All Risk Management Agency Field Offices

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

SUBJECT: Clarification of Actual Production History Procedures for Crop Revenue Coverage
Spring Durum Wheat

BACKGROUND:

Beginning with the 2000 crop year, the base and harvest price definition shown in the Commodity Exchange Endorsement - Wheat (CEE) for Crop Revenue Coverage (CRC) spring durum wheat was withdrawn in Montana, South Dakota, and several counties in North Dakota. In these affected counties, durum wheat is now insured as spring wheat (type 012). However, a separate CRC durum wheat price is available in 15 North Dakota counties. Several questions have been raised regarding actual production history (APH) yields for CRC durum and other wheat types for the 2000 crop year.

ACTION:

RMA is providing the following answers to questions regarding APH yields for CRC durum and other wheat types.

Question 1: How are APH yields established for CRC durum wheat in counties with a CRC durum base and harvest price definition shown on the CEE?

Answer: The APH yield is determined for insureds with **EXISTING** CRC durum wheat databases in accordance with the procedure contained in the Crop Insurance Handbook (CIH) and the 2000 - Wheat CRC UNDERWRITING RULES - Q/A[Ed. 11/02/99]).



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Question 2: How is a **NEW** APH yield established for new CRC durum wheat insureds (with CEE) who cannot provide 4 years of durum wheat production reports or separate production reports according to crop and type (i.e., production records consist of both spring and durum wheat)?

Answer: To establish a CRC durum wheat database, the insured must provide durum wheat production records. If durum wheat has been produced previously and no production records or less than 4 years of actual records are provided, a variable transitional (“T”) yield will be used (according to CIH procedure) to complete the database. For producers with only spring wheat records, the APH database for durum wheat will consist of four 100 percent durum wheat “T” yields. Spring wheat production records cannot be used (i.e., duplicated) to establish a CRC durum wheat database.

Question 3: If an insured requests establishment of a CRC durum wheat database and has a spring wheat database that consists of 2 years or less, how is the CRC durum wheat database established?

Answer: The CRC durum wheat database is established according to new producer or added P/T/V procedures, whichever is applicable.

Question 4: How are APH yields established for CRC durum wheat in Montana and South Dakota dual counties that were filed June 30, showing durum as a separate type on the actuarial table but without a durum base and harvest price definition on the CEE?

Answer:

- 1) Insureds with existing durum wheat databases will continue to report production by practice, type, and variety according to procedures contained in the CIH.
- 2) If a CRC durum wheat database is required (if separate durum and spring types are shown on the actuarial table), the insured may use the production records for durum wheat to establish the APH yield. If less than 4 years of actual durum wheat records are provided:
 - a) A “T” yield will be used (according to CIH procedure) to complete the database, or
 - b) The insured may choose to use spring wheat records to establish the durum database and update it with durum records in subsequent years according to procedures contained in the CIH.

Question 5: How are APH yields determined in counties without a CRC durum wheat base and harvest price definition on the CEE, and in which the spring and durum types have been combined into a spring type only?

Answer: Separate databases must be combined by unit and practice for durum and spring wheat. Follow approved procedures contained in the CIH (Exhibit 15) for combining APH databases. Note: Insureds may maintain separate durum and spring wheat databases for the multiple peril crop insurance plan of insurance if separate durum and spring wheat types are shown on the actuarial for that plan.

DISPOSAL:

This Informational Memorandum is for the purpose of transmitting information. The expiration date is June 30, 2000.