



United States Department of Agriculture

Farm and Foreign Agricultural Services  
Risk Management Agency

January 10, 2000

**INFORMATIONAL MEMORANDUM: R&D-00-003**

TO: All Reinsured Companies  
All Risk Management Agency Field Offices

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

SUBJECT: Continuous Rating Prototype

**ISSUE:**

Comments requested regarding the continuous rating prototype for crop year 2001.

**BACKGROUND:**

Under current rate presentation, the Risk Management Agency (RMA) shows premium rates for most major crops over a range of yields or 'R-spans'. For most 'spanned' crops, as few as nine rates for each county/type/practice combination cover a range from less than 50 percent to more than 150 percent of the county average yield.

The rate spans were needed when it was essential that premium rates be printed because there were no practical alternatives to hard copy presentation. The nine spans for most crops were a compromise between lessening the premium cost change from span to span and controlling the number of pages of actuarial materials produced and distributed. However, rate changes between spans can be substantial; thus, a change of 0.1 bushel in a producer's actual production history (APH) yield can trigger a significant change in rate and premium cost.



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

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**ACTION:**

RMA will introduce a new rate presentation method (referred to as continuous rating) beginning with the 2001 crop year (CY) for a number of crops. RMA believes that continuous rating will simplify the actuarial materials, reduce the amount of data stored on the actuarial data master, create a fairer rating process, and simplify updates.

To facilitate preparation for this change in the 2001 CY, RMA is providing an image of the continuous rating actuarial data master based on the 2000 CY rates, an example of the continuous rating FCI-35 document, the actuarial data master layouts, and supporting documents in the 'Continuous Rating' directory of the Reporting Organization Server. We would appreciate your review and comments concerning these prototypes by February 11, 2000. Please send your comments to [contrate@rm.fcic.usda.gov](mailto:contrate@rm.fcic.usda.gov).

**DISPOSAL DATE:**

This memorandum is for the purpose of transmitting information and the expiration date is February 11, 2000.