



United States
Department of
Agriculture

Risk
Management
Agency

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BULLETIN NO.: MGR-06-012

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Eldon Gould /s/ *Eldon Gould* 10/26/2006
Administrator

SUBJECT: Unharvested Sugar Beet Acreage Due to Lack of Processing Capacity

BACKGROUND:

The Risk Management Agency (RMA) has been notified that a sugar beet processor will require contracted producers to reduce harvested acreage by eight percent due to a record sugar beet crop, and thus the processor's inability to process all the sugar beets.

The Common Crop Insurance Policy Basic Provision (Basic Provisions), Section 14, provides that the insured must notify and obtain consent from the approved insurance provider (AIP) before abandonment of any portion of the insured crop, and that the AIP will not provide consent until they have made an appraisal of the crop's potential production to count. Section 11 further provides that insurance will cease at the time any portion of the insured crop is abandoned. 7 C.F.R., Subpart G, actual production history (APH) regulations provide, in part, that the production report for APH purposes includes both harvested and appraised potential production to count for the insured acreage for the crop year.

Since a large area in North Dakota and Minnesota may be affected, AIPs have requested relief from performing appraisals for APH purposes. For instance, when a field or portion of a field from which production will not be accepted by the processor because its storage or processing capacity has been exceeded.

ACTION:

Effective for the 2006 sugar beet crop year and only for non-loss units, when acreage will not be harvested due to the processor's lack of capacity to process the sugar beets, harvested production from acreage within the same unit may be used as the appraisal for APH purposes if: 1) more than 50 percent of the sugar beet acreage within a field is harvested, or 2) more than 50 percent of the insured entity's unit is harvested when more than one entity is operating in the same field.

In accordance with the Basic Provisions, the insured must notify the AIP if any portion of the insured crop will be abandoned.



The Risk Management Agency Administrators
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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The AIP must verify that the applicable acreage requirement (more than 50 percent) is met and with the insured's consent, the AIP may use the harvested acreage's actual yield per acre calculated in standardized tons according to the Sugar Beet Crop Provisions (section 13(d) or (e) as applicable), including the sugar content of the harvested acreage, as the appraisal for the unharvested acreage. The insured must provide the AIP with a legible map or photo identifying the unharvested and abandoned sugar beet acreage. The AIP will use the map or photo and the insured's notification of abandonment as documentation of the unharvested acreage.

In accordance with the Basic Provisions, coverage ends with the abandonment of the crop on the unit. Therefore, once acreage has been left unharvested because the production will not be accepted by the processor due to storage or processing capacity, insurance on the abandoned acreage ceases.

AIPs must notify the insured of the requirements contained in this bulletin and ensure that harvested production from one policyholder is not used to establish a yield for the unharvested acreage of any other policyholder.

An appraisal to determine the potential production is required if 50 percent or less of the sugar beet acreage for the field is harvested; if 50 percent or less of the unit is harvested when the field consists of more than one insurable entity; or if acceptable records for the harvested acreage are not provided by the insured.

DISPOSAL

This memorandum is for transmitting information and will expire December 31, 2006.