

2008 FCIC 18010-02 Crop Insurance Handbook (CIH) Summary of Changes

Listed below are changes to the Peanut procedures [Section 6, Par. J(11)(f)] being made by slipsheet. Refer to the actual slipsheet to the 2006 CIH to identify clarifications/changes that have been made effective for 2008.

Reference	Description of additions, changes or clarifications:
Sec. 6J(11)(f)	Clarified that each Sheller contract must have a Peanut Warehouse code and the AIP requirements for reporting to RMA Data Acceptance System referenced in Appendix III.

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U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

FEDERAL CROP INSURANCE CORPORATION DIRECTIVE		NUMBER: 18010-02 (2-08) 18010-01 (6-06) 18010 (6-05)
SUBJECT: AMENDMENTS TO THE 2006 FCIC 18010 CROP INSURANCE HANDBOOK (CIH) FOR THE 2008 AND SUCCEEDING CROP YEARS	DATE: <i>February 04, 2008</i>	
	OPI: Product Administration and Standards Division	
	APPROVED: <i>Tim B. Witt /s/</i> Deputy Administrator, Product Management	

1 (SECTION 1) PURPOSE

To update and transmit clarifications to the 2006 FCIC 18010 Crop Insurance Handbook (CIH) for the 2008 crop year relating to Peanuts, Section 6 Par. J(11) (f). The CIH provides the underwriting instructions for Multiple Peril Crop Insurance (MPCI) Policies insured at the CATASTROPHIC AND ADDITIONAL COVERAGE levels.

1A Effective Date. Upon approval.

1B Series Replaced.

B(1) None.

B(2) Conversion of the above issuance will take place upon receipt of this amendment.

1C **Filing Instructions**

Remove Pages		Insert Pages	
127-128	dated June 2006	127-128	dated February 2008

DISTRIBUTION: Risk Management Agency Directors, Branch Chiefs, Washington, D.C., and Kansas City; Regional and Risk Compliance Field Offices; Reinsured Companies, National Appeals Division, National Crop Insurance Services and Crop Insurance Research Bureau.

- b Four classification yields when there was no acreage in 2002, 2003, 2004, 2005 or 2006 (i.e., a “Z” is entered when all crop years for the unit/P/T/V for the period 2002-2006 were zero planted).
- c If the unit/P/T/V already has at least four actual or assigned yields in the database prior to 2006, enter a “Z” for 2006 and apply standard APH procedures.
- 3 Submission of prior production records. In lieu of Section 6H(3), carryover insureds with classification yields in any database may not recertify acreage and production for such databases for crop years prior to the 2002 crop year.
- 4 Entity changes for insureds with classification (F) yields. If an insured with classification yields in the database(s) changes to a different entity (e.g., an individual insured incorporates the operation; two or more insureds with different classification yields in their respective databases merge their operations into one entity), standard APH procedures will be used to establish APH databases for the new entity.
- (11)(b) Use of Another Producer’s Records. Using another person’s records to establish databases will follow standard procedures contained in [Section 10E]. RMA RO Determined Yields identified as F-Yields (i.e., classification yields) will not qualify as actual yields for these purposes.
- (11)(c) Yield Adjustments, Limitations, and Edits. APH procedures regarding yield adjustments (substitutions) and limitations (cup and floor) will apply to peanuts with the following clarifications:
- 1 Yield Floor. Insureds with databases containing classification yields or that contained classification yields the prior year are considered to have at least five years of actual yields and qualify for the 80 percent yield floor.
- 2 Yield Substitution. Yield substitutions will not be applied to any actual yields for crop years prior to the 2002 crop year or to any classification yields in the database.
- 3 Yield Edits. The maximum yield edit process for peanuts will apply to actual and approved APH yields. The applicable T-Yield will be used to establish the edit levels.
- (11)(d) Acceptable Supporting Records. If farm management records are used to support production reports, they must be substantiated by acceptable records from a buyer, broker, processor, storage facility, or similar entity.
- 1 Acceptable production records must be provided by unit/P/T/V as shown on the actuarial documents, according to standard APH procedures.

- 2 Production data may be obtained from grading sheets, settlement sheets, ledger sheets, weight tickets, or other verifiable documentation from a buyer, broker, processor, or storage facility. Such records must show net pounds after adjusting for foreign matter, moisture, quality, etc.
- 3 Acreage and production data by farm serial number, practice, and type, may be available from documents on file at the FSA county office where the farm serial number is maintained. Examples of such acceptable documents include FSA-156 Farm Record Card, FSA-578 Report of Acreage, FSA-1002 Peanut Marketing Card ("smart card"), and FSA-1007 Inspection Certificate and Sales Memorandum. In addition, county offices may also maintain acreage and production data from these and other documents on computer spreadsheets by farm serial number.

(11)(e) Default Provisions. Any issues or provisions not specifically addressed above for peanuts will be covered by standard APH procedures, including the SPOI, the Peanut CP, and the BP.

(11)(f) Reporting Requirements for Peanut Sheller Contracts. Effective beginning with the 2008 crop year, the peanut policy provides insurance coverage based on the price contained in the Sheller contract, not to exceed 120 percent of the FCIC issued price election. Each Sheller contract must have a Peanut Sheller Warehouse code. [See FCIC Appendix III for a list of Peanut Sheller Warehouse Codes. AIP's should assure their agents have the most recent Peanut Sheller Warehouse Codes for properly coding acreage records by unit.]

For insureds choosing to insure peanuts grown under a Sheller Contract, the insured must provide a copy of the Sheller Contract to their AIP by the acreage reporting date. When contract price(s) are used for insurance purposes, the insured must allocate the contracted pounds to each applicable unit(s). The contract price(s) must be recorded on the acreage report by the applicable unit(s) and correspond to the Peanut Sheller Warehouse Code. Such information is required to report and calculate the total guarantee for the unit and to report and calculate the liability by price and premium rate for the unit. If conditions occur within the unit that requires additional records (i.e., late planting, prevented planting, type, practice or share), the total guarantee and liability/premium record must be reported (see Appendix III).