

PM-16-007

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Date

January 28, 2016

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Tim B. Witt, Deputy Administrator /s/ Tim B. Witt

Subject

2016 Spring Added Land Cropland Acreage Limitation

Background

The number of cropland acres added to an insured's farming operation within a county impacts the options available to the insured regarding the yield that may be used for the cropland acreage being added to an existing unit or as a separate optional unit. Currently, if an insured has added cropland acreage in a given crop year:

Added Land as a new BU or Separate OU is...

THEN establish the approved APH yield for the APH database using...

Less than 640 cropland
acres

The higher of the following: (1) applicable variable T-Yield; or (2) Simple Average (SA) T-Yield

Greater than or equal to
640 cropland acres and
less than 2,000 cropland
acres

The following: (1) applicable variable T-Yield; or (2) SA T-Yield or when applicable, if use of SA T-Yield is requested and is approved by the Risk Management Agency (RMA) Regional Office (RO)

Greater than or equal to
2,000 cropland acres

Applicable variable T-Yield

In those instances where the cropland acreage being added is a part of an existing unit, the same cropland acreage limitations apply as in the table above when determining whether the added land qualifies for use of the existing unit's approved Actual Production History (APH) yield or the applicable variable T-Yield. These cropland acreage limitations apply to both added land and new crop/practice (P)/types (T).

RMA reviewed added land and new crop/P/T requests and identified that the majority of the requests are approved to use the SA T-Yield, the existing unit's approved APH yield or, if applicable, the North Dakota Personal T-Yield (PTY). These requests require a large amount of processing time and effort for both the Approved Insurance Providers (AIP) and RMA with negligible benefit to the crop insurance program. After further review and discussion between the AIPs and RMA, a streamlined methodology will improve efficiency and service to the insured without sacrificing program integrity.

Action

Beginning with spring crops that have a sales closing date of January 31, 2016, or later, the cropland acreage limitation categories for added land and new crop/P/T are:

- total added land less than 2,000 cropland acres; and
- total added land of 2,000 cropland acres or greater.

Added land and new crop/P/T requests are no longer required to be submitted to RMA for approval.

When added land, or a new crop/P/T is grown on land added to the farming operation in the past five or fewer years, is less than 2,000 cropland acres, and is a separate basic (BU) or optional unit (OU), the higher of the applicable variable T-Yield or SA T-Yield (or where PTY is authorized and elected) is used to establish the approved APH yield for the added land or new crop/P/T APH databases.

The procedure for determining the approved APH yields for added land or new crop/P/T for land added as new units is as follows:

IF added land as a new BU or separate OU(s) is...	THEN establish the approved APH yield for the APH database using...
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less than 2,000 cropland acres	the higher of the following: (1) applicable variable T-Yield; or (2) SA T-Yield or PTY, where PTY is authorized and elected.
greater than or equal to 2,000 cropland acres	applicable variable T-Yield.

When added land, or a new crop/P/T is grown on land added to the farming operation in the past five or fewer years, is less than 2,000 cropland acres and is part of an existing unit, the existing unit's approved APH yield may be used for added land or new crop/P/T APH database(s), provided the requirements for added land and new crop/P/T in the 2016 FCIC 18010 Crop Insurance Handbook (CIH) Para. 1775 D(3) and Para. 1788, respectively, are met. The following charts, provide additional instruction when adding land to an existing unit.

IF the added land being added to an existing unit is...

AND...

THEN...

less than 2,000 cropland acres	<p>neither the added land nor the existing unit are physically located in a T-Yield Map Area (TMA), including a TMA identified as high-risk</p> <p>the added land is physically located in the same TMA as the existing unit</p> <p>the added land is physically located in a TMA identified as high-risk, and has the same high-risk T-Yield as the existing unit</p>	<p>the added land will be added to the APH database of the existing unit, and the production history of that unit, by crop/P/T, will apply to the added land.</p>
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**IF the added
land being
added to an
existing unit
is...**

AND...

THEN...

less than
2,000
cropland
acres (cont.)

the added land is not physically
located in the same TMA as the
existing unit

a separate APH database, by
crop/P/T, within the existing unit
must be established for the added
land using variable T-Yield of the
TMA where the added land is
physically located.

the added land is physically
located in a TMA identified as
high-risk with a different high-risk
T-Yield than the existing unit

a separate APH database, by
crop/P/T, within the existing unit
must be established for the added
land using 100% of the high-risk T-
Yield where the added land is
physically located.

the added land does not qualify
as a new BU or separate OU(s)

greater than
or equal to
2,000
cropland
acres

the added land qualifies as a
separate OU according to the CP;
however, the insured meets and
agrees to all requirements to
combine the added land unit and
the existing unit according to
Part 10 Section 7

a separate APH database, by
crop/P/T, within the existing unit
must be established for the added
land using the applicable variable
T-Yield.

the added land qualifies to be a
separate OU, and the insured
does not meet and agree to all
the requirements to combine the
added land unit with the existing
unit according to Part 10 Section
7

the insured must elect one of the
following: (1) separate OU,
according to Part 10 Section 2; or
(2) separate APH database, by
crop/P/T, within the existing unit
must be established for the added
land using the applicable variable
T-Yield.

This change does not impact use of another person's acreage and production history and use of variable T-Yield for added land as provided in CIH Para. 1774 C and D.

This change in cropland acreage limitations does not apply retroactively to requests that have already been reviewed and either approved or rejected by RMA, even if the crop/P/T has not been planted on the acreage. However, if a request was not made and rejected (meaning the APH database was established using the applicable variable T-Yield), and the crop/P/T has not yet been planted on the acreage, then the insured may request the variable T-Yield be replaced with the SA T-Yield or PTY, where PTY is authorized and elected.

Disposal Date:

July 1, 2016 or until incorporated into the applicable procedures.