

## **Actual Production History Yield Exclusion**

### **What is the Actual Production History (APH) Yield Exclusion (YE)?**

The APH YE is a provision of the 2014 Farm Bill that allows for the exclusion of an actual yield for a crop year when RMA determines the county per planted acre yield for a crop year was at least 50 percent below the simple average of the per planted acre yield for the crop in the county for the previous 10 consecutive crop years. When a crop year is determined to be eligible for YE for a crop in a county, producers in contiguous counties will also be eligible to exclude their actual yield for that crop year under YE. Separate determinations will be made for irrigated and non-irrigated acreage, when data is available. The YE option will be listed in the county actuarial documents showing the crop and eligible crop year(s) for exclusion.

### **How can YE help me?**

YE allows a producer to exclude an actual yield(s) from an eligible crop year for the county (such as a year in which a natural disaster or other extreme weather event occurs) from their production history when calculating approved APH yields used to establish their crop insurance coverage. The level of insurance coverage available to a producer is based on the producer's average yields over the four to ten most recent crop years and excluding lower yielding eligible crop years can increase the producer's approved APH yield.

### **Where will YE be available?**

YE will be available nationwide for counties where the actuarial documents identify the crop and eligible crop years beginning with spring 2015 crops.

### **How do I get this benefit?**

To get this benefit, you must elect the YE option on a crop insurance application or policy change form by the sales closing date. Consult with your crop insurance agent to make this election.

### **If I have a yield that is less than 50 percent of my approved APH yield can I exclude it?**

A crop year is only eligible to be excluded when county yields are at least 50 percent below the county average for the last 10 consecutive crop years. Only an actual yield(s) for an eligible crop year identified in the county actuarial documents for the crop can be excluded from calculation of your approved APH yield. A producer cannot simply exclude a crop year just because the producer's individual yield is low that crop year.

### **What is an Eligible Crop Year?**

An eligible crop year is a crop year determined by RMA to be eligible for yield exclusion for a crop in a county. For a crop year to be eligible for yield exclusion, the average per planted acre yield for the county must be at least 50 percent below the simple average for the previous 10 consecutive crop years. A crop year determined eligible for exclusion for a crop in a county, will also be eligible for exclusion in contiguous counties. Eligible crops and crop years will be listed on the county actuarial documents.

### **How does RMA determine that a crop year is eligible for exclusion?**

RMA data will be the primary data used to determine the average per planted acre yield for the county and the simple average for the previous 10 consecutive crop years, if sufficient RMA data exists. If RMA data is not sufficient for any given crop year, RMA will use NASS data if there is sufficient NASS data available at the appropriate irrigated/non-irrigated level for the crop year. If neither sufficient RMA nor NASS data is available, RMA may use, in a limited number of situations, the transitional yield from the county to complete the 10 year average. A crop year will not be eligible if there is not sufficient information to determine the average per planted acre yield for the county, or the 10 year average did not have enough years of sufficient data. Due to limited data availability, the earliest year that RMA may identify as being eligible to be excluded will be 1995, which will use data from 1985 thru 1994 to determine the 10 year average.

### **Why will the immediately preceding crop year not be eligible to exclude for the YE option?**

The production reporting date of the immediately preceding crop year falls within the current crop year. Since this overlap occurs, the analysis needed to determine if that crop year is eligible to be excluded cannot be completed prior to the timeframe required to publish eligible crop years for the YE option, thus creating a lag year.

### **What if I have a high yield in a year when the county average would qualify for exclusion? Do I have to exclude my high yield?**

No. Although YE universally applies to all actual yields in eligible crop years for exclusion as identified in the actuarial documents when it is elected, if you do not want to exclude an actual yield for an eligible crop year you must notify your agent by the production reporting date.

### **If a crop year is eligible for exclusion, can I choose by APH database whether or not to exclude that crop year?**

Yes. Although YE universally applies to all actual yields for an eligible crop year to be excluded as identified in the actuarial documents when elected, you can choose by APH database if you want to retain an actual yield eligible for exclusion by notifying your agent by the production reporting date.

### **Do I have to elect YE every year?**

No. The YE option is continuous (it does not have to be re-elected) and will continue to apply until you cancel it. Keep in mind that any new actual yields that are eligible for exclusion (such as a new crop year becomes available for exclusion) will be automatically excluded unless you notify your agent by the production reporting date that you do not want to exclude the actual yield(s).

### **How many crop years can I exclude?**

There is no limit to the number of actual yields in eligible crop years that can be excluded from an APH database. However, additional steps must be taken if less than 4 years of yields occur in your APH database (see following question and answer).

### **What happens if I exclude crop years and end up with less than 4 years of yields in my APH database?**

If the exclusion of actual yields for eligible crop year(s) results in less than four years of yields in the APH database, the applicable T-Yield is used to maintain the minimum base period of four years.

### **Can I cancel this option at any time?**

You can cancel the YE option in writing on or before the cancellation date for the crop to be effective for the current crop year.

## **What if I change my mind about whether I want a specific yield excluded or not?**

You can change each crop year whether you want to exclude or retain an actual yield in an eligible crop year, as long as you notify your agent by the production reporting date for the current crop year the change is to be in effect.

## **What happens if I change my approved insurance provider (AIP)?**

When you transfer your policy to a different AIP, the YE option is cancelled. If you wish to have YE, you must elect YE on your policy with the new AIP on or before the SCD.

## **How does this impact my premium?**

An increased approved yield results in a higher insurance guarantee, and greater indemnity payments, than would otherwise have occurred. This requires an increase in the premium rate charged to producers using YE in order to account for the increased risk of loss. For example, a grower with a 65 percent coverage level may, through the use of YE, get a yield guarantee equivalent to a higher level of coverage, such as 70 percent. The amount of premium charged will reflect the higher effective level of coverage (i.e., 70 percent), and higher risk of loss, provided by your decision to use the YE option. Only producers who elect and use the YE option will have premium adjusted due to APH YE, and other producers will not be affected. Additional information on the premium rating approach to YE is available on RMA's website.

## **If I elect YE can I still have yield substitutions?**

Yes. You can elect and apply both yield substitutions (YA) and YE on a policy and within an APH database. However, only one option, either YE or YA, can be applied to an actual yield for an eligible crop year within an APH database.

## **What kind of yields can be excluded?**

Only actual yields in an APH database, which are based on the actual production reported by the producer, are eligible for exclusion when an eligible crop year is identified in the actuarial documents.

## **What if I have Trend Adjustment (TA) for my crop? Can I still have YE?**

Yes. However, when an actual yield for an eligible crop year is excluded, an excluded actual yield is not considered for TA purposes.