Sugar Beet

This is a working document in which more questions and answers are subject to be added.

What are the changes for crop year 2024?

For crop year 2024, the Sugar Beet Crop Provisions are being updated to add the Early Harvest Adjustment (EHA) Option. For Imperial County, California, the changes take effect in the 2025 crop year.

What is the early harvest adjustment (EHA)?

The purpose of the EHA is to provide a yield increase to insureds who harvest early to accommodate processor requests, before the crop has potentially reached its full yield capacity. The EHA is an option, elected by the insured, that allows them to select individual yields from their Actual Production History (APH) database and adjust them upwards by 1% per day for each day the sugar beets in the unit were early harvested. The option remains in effect until cancelled. In addition, the EHA increases the current crop year's early harvested yield by 1% per day for each day the sugar beets were early harvested, up to the higher of the insured's approved yield, the actual yield of the sugar beets harvested after full maturity from the unit, or the unadjusted actual yield of the early harvested acreage from the unit. The adjustment is only applied when early harvest is requested by the processor, the option is elected by the Sales Closing Date (SCD), and the minimum acreage threshold is met.

What date is production considered to be harvested early?

Any production harvested prior to the date the sugar beets would have reached full maturity is early harvested. The date the sugar beets would have reached full maturity is 45 days prior to the calendar date for the end of the insurance period, unless otherwise specified in the actuarial documents.

What is different about EHA from previous years?

There are several key differences between the EHA Option for the 2024 crop year (2025 crop year for Imperial County, California) and the mandatory EHA from crop years 2019-2023:

1. EHA is an electable option that must be elected by the SCD;
2. If the option is elected, the insured selects specific APH databases and yields to apply the upward adjustment;
3. The minimum acreage threshold to trigger the EHA is increased to 15% from 10% previously;
4. All insureds will have to recertify production from the crop years where EHA was mandatory; and
5. Only those producers electing the option will see their premium amount increase, based on the selected yields for adjustment.

Does an insured have to elect the Stage Removal Option?

The policy automatically includes stage guarantees. If an insured wants the Stage Removal Option, it must be elected by the applicable sales closing date.

What does recertification mean? Who is affected and what is required?

Because EHA was a mandatory feature of the Crop Provisions from crop years 2019-2023 (2020-2024 in Imperial County, California), all APH databases contain yields that were automatically adjusted upwards for early harvested production. Now that the EHA is an electable option, all databases and yields will need to be recertified to reflect unadjusted yields. Once the databases and yields have been recertified, they will be maintained on actual and adjusted bases separately, so the EHA Option can be applied and cancelled at the insured’s discretion.

How will an insured's production be determined if harvested early?

If the processor requests early harvest and the early harvested acreage exceeds the threshold specified in the Crop Provisions, production to count from such acreage will be increased by 1% per day for each day the sugar beets were early harvested. However, the adjustment cannot exceed a yield greater than the higher of the insured’s approved yield, the actual yield of the production harvested after full maturity from the unit, or the unadjusted actual yield of the early harvested acreage from the unit. The Approved Insurance Provider (AIP) may allow the insured to self-certify the number of acres harvested early. This adjustment will not be made if the sugar beets are damaged by an insurable Cause of Loss (COL) and leaving the crop in the field would reduce production.

Is there a limit to how high the early harvested production can be adjusted?

Yes, the EAH is subject to a cap. The EHA adjustment is limited to the higher of:

1. The insured’s approved yield;
2. The actual yield of the production harvested after full maturity from the unit; or
3. The unadjusted actual yield of the early harvested acreage from the unit.

Example 1: An insured early harvested 20 acres of a 100-acre unit. By applying an EHA adjustment of 1% per day to the early harvested production, the adjusted early harvest yield would be 13,420 pounds of raw sugar. The insured has an approved yield of 11,886 pounds of raw sugar, and the remaining 80 acres of the 100-acre unit are harvested at full maturity and had a yield of 11,995 pounds of raw sugar. In this example, the early harvested production exceeds the EHA cap. The yield will be limited to the higher of approved yield, the actual yield of the production harvested after full maturity from the unit, or the unadjusted actual yield of the early harvested acreage from the unit. In this case the actual yield will be equal to production harvested after full maturity, which would be 11,995 pounds of raw sugar because the actual yield of 11,995 pounds of raw sugar is greater than the approved yield of 11,886 pounds of raw sugar.

Example 2: An insured early harvested an entire unit of 50 acres. By applying an EHA adjustment of 1% per day to the early harvested production, the adjusted early harvest yield would be 13,420 pounds of raw sugar (the unadjusted actual yield was 12,295). The insured has an approved yield of 11,886 pounds of raw sugar. In this example, the early harvested production exceeds the EHA cap. The yield will be limited to the higher of approved yield, the actual yield of the production harvested after full maturity from the unit or, the unadjusted actual yield of the early harvested acreage from the unit. In this case the actual yield used will be equal to the unadjusted actual yield of the early harvested acreage from the unit, which would be 12,295 pounds of raw sugar.

If there is a late season loss after full maturity, does the insured still add pounds to the production that was taken in early harvest?

Yes, section 18(b)(3) of the Sugar Beet Crop Provisions (CP) states that only production lost due to harvest prior to full maturity qualifies for the early harvest adjustment. Production harvested after full maturity is not adjusted.

Example: There is no insurable COL before the full maturity date and the early harvest acreage exceeds the threshold for the unit.

- Production from those acres will have the early harvest adjustment applied (increasing production to count).

Then after the full maturity date, the unharvested beets experience an insurable COL.

- Production from those acres is documented accordingly.

Unit production to count will be the total of the early harvested adjusted production and later appraised or harvested actual production.

Who will make the determination for paragraph 16(3) of the 2024 Sugar Beet Loss Adjustment Standards Handbook (LASH) (or successor), which states the early harvest adjustment will not be made if the sugar beets are damaged by an insurable COL and leaving the crop in the field would reduce production?

Per paragraph 16(3) of the 2024 Sugar Beet LASH (or successor), “The adjuster may consult with agricultural experts in the area to make this determination,” which must be made on a case-by-case basis.

What is an "Agricultural Expert"?

The Risk Management Agency (RMA) defines “Agricultural Expert” as person(s) who are employed by the Cooperative Extension System or the agricultural departments of universities, or other persons approved by the Federal Crop Insurance Corporation (FCIC), whose research or occupation is related to the specific crop or practice for which such expertise is sought.

Who will collect truckload records for the insured's production for the days prior full maturity?

The insured will need to obtain and provide the truckload records to their AIP. The amount of production harvested early will be determined from production records provided to the insured from the processor.

Will the application of the EHA be considered loss adjustment and require a Notice of Loss (NOL) to be submitted and an adjuster to do the field inspection?

The application of the EHA will not be considered a loss adjustment function. The insured will not be required to submit a NOL to the AIP prior to the beginning of early harvest, provided there is no damage to the crop. If there is damage to the acreage intended to be early harvested, Section 18(c) of the Sugar Beet Crop Provisions will be applicable. The loss adjuster should work with agricultural experts in the area to make the case-by-case determination as to the condition of the sugar beets in the field, whether the beets will be accepted for processing, and if they should be harvested early to avoid further damage.

Will AIPs need to enter production adjusted for early harvest on the Production Worksheet (PW)? If so, will there be guidelines in the 2024 Sugar Beet LASH (or successor) on how to make these entries on the PW?

Yes, new items have been added in Exhibit 4, item 55 and 65, addressing early harvest.

Item 55: **EHA Option elected:**

If the EHA Option has been elected, make a separate line entry for the tons of harvested sugar beets delivered to the processor each day sugar beets are harvested prior to full maturity. Refer to Paragraph 16 for more information on adjustments made to production harvested prior to full maturity, including when this type of adjustment will not be made. Show all calculations in the Narrative or on a Special Report.

Item 65: **If the EHA Option has been elected:**

Line out “Quality Factor” and Enter “EHA Factor.” Enter the factor to increase the production by 1% per day for each day the production for the line was harvested prior to the date of full maturity. Example: If the production was harvested 5 days prior to full maturity, enter a factor of “1.05.”

Who determines if the 15-percent (threshold) early harvested acreage of the unit requirement is met? If the processor is not considered a disinterested third party, can they measure the fields since they are not a company whose sole purpose is a measurement service?

Any time the threshold may be exceeded, and the EHA Option is elected, the AIP will need to verify that the processor requested early harvest or early harvest is required in the production agreement. The AIP may allow the insured to self-certify the number of early harvested acres.

Would the early harvest adjustment be applied if an insured early harvests 5 percent of their unit acreage, all of which has a loss that would result in further deterioration, if left unharvested until full maturity? The threshold established in the Crop Provisions is 15 percent.

No, the early harvest adjustment would not be applied for two reasons: 1) the threshold was not met and 2) the policy states that the early harvest adjustment will not apply if the sugar beets are damaged by an insurable cause and leaving the crop in the field will reduce production.

Example: 100-acre unit; 5 acres harvested early (5 percent of the acreage in their unit). The insured did not early harvest enough acres to meet the 15 percent threshold to receive an early harvest adjustment. In addition, the early harvested acres suffered a loss that would result in further deterioration and thus do not qualify for the early harvest adjustment.

Parts of an unharvested field are frozen in and considered bypassed acreage. Will the early harvest adjustment still apply?

No. The early harvest adjustment will only apply to production that is harvested early.

The policy states that the early harvest adjustment will not apply if the sugar beets are damaged by an insurable cause and "leaving the crop in the field will reduce production." How will this determination be made?

The determination if there is an insurable COL will be made by the loss adjuster on a case-by-case basis. The loss adjuster should work with agricultural experts in the area, if needed, to make the case-by-case determination as to the condition of the sugar beets in the field, whether the beets will be accepted for processing, and if they should be harvested early to avoid further damage.

The loss adjuster is not required to obtain input from local agricultural experts in order to make the determination if the sugar beets are damaged by an insurable COL and leaving the crop in the field will reduce production. If the loss adjuster is uncertain or is unable to make these determinations, they should consult local agricultural experts.

Does a loss adjuster determine if the early harvest adjustment applies?

If there is a COL/NOL, Yes.

The loss adjuster will:

- Determine if damage is due to an insurable COL and leaving the crop in the field will reduce production. In such cases, if the damage will reduce production, the early harvest adjustment is not applied, and normal loss adjustment procedures apply.
- Determine if damage is due to an insurable COL and leaving the crop in the field will not reduce production. In such cases, if the damage will not reduce production, the early harvest adjustment will apply. The early harvest adjustment procedures as outlined in Section 18(c) of the Sugar Beet Crop Provisions apply, and adjustments will be made to production to count and APH.

Can a loss adjuster determine when a sugar beet is considered fully mature if they have contractual documentation that identifies the early harvest period, or are they bound by the period identified in the Crop Provisions?

The loss adjuster is bound by the date of full maturity in the Crop Provisions. Per the Sugar Beet Crop Provisions, the date of full maturity is 45-days prior to the calendar date for the end of the insurance period, unless otherwise specified in the Special Provisions.

Does the early harvest adjustment apply if the sugar beet processor did not request early harvest?

The factor is only applied when early harvest is requested by the processor. The purpose of the early harvest adjustment is to accommodate processor requests for early harvest of sugar beets and to provide a yield increase to insureds who harvest early before the crop has potentially reached its full yield capacity.

How did stage guarantees and the Stage Removal Option change for the 2023 crop year (2024 for Imperial County, California) from when they were included in the prior Crop Provisions?

Beginning with the 2023 crop year (2024 crop year for Imperial County, California), RMA reinstated stage guarantees into the Crop Provisions. The Stage Removal Option was added as a permanent new section of the Crop Provisions. Prior to the 2019 crop year, stage guarantees were included in the Crop Provisions. A separate endorsement provided a Stage Removal Option. Stage guarantees were removed for the 2019 crop year, which took away the stage removal endorsement.

Does an insured have to elect the EHA Option to receive the yield adjustment to early harvested production?

Yes, the insured must elect the EHA Option by the SCD if they want to apply the EHA to any of their applicable APH database(s) and yield(s).

In crop year 2019, the sugar beet unit of measure changed from standardized tons to pounds of raw sugar. How is that calculated?

Pounds of raw sugar is calculated by multiplying the insured’s net paid tons by 2,000 pounds by the insured’s average percent of sugar (determined from processor test).

Example: The insured has 100 net paid tons with a percent sugar of 18 percent. [(100 net tons × 2,000 pounds) × 0.180 insured’s percent of sugar] = 36,000 pounds of raw sugar

What happens to the insured's APH that was in standardized tons?

The insured’s prior APH must be converted from standardized tons to pounds of raw sugar. The conversion calculation for pounds of raw sugar is the insured’s actual production in standardized tons multiplied by 2,000 pounds multiplied by the county’s percent sugar factor located in the actuarial documents.

Example: The insured has 100 standardized tons and the county’s percent sugar factor is 15 percent.

[(100 standardized tons × 2,000 pounds) × 0.150 county’s percent of sugar factor] = 30,000 pounds of raw sugar

What if the insured's sugar beets are rejected by the processor?

For sugar beets damaged due to an insurable COL that are rejected by the processor, but are purchased by a salvage buyer at a reduced price, compute pounds of raw sugar using the following example:

- The insured harvested 100 tons of damaged sugar beets that were rejected by the processor.
- The salvage buyer paid $10.00 per ton for such damaged sugar beets.

- 100 tons × $10.00/ton = $1,000.00 gross dollar amount for the damaged beets.
- The established price in the actuarial documents for raw sugar is $.18* per pound.
- $1,000.00 ÷ $.18/lb. = 5,556 raw sugar equivalent.

*The established price referenced is for example purposes only; refer to the actuarial documents for current established price.

For sugar beets that are damaged due to an insurable COL to the extent the processor will not accept the beets and there are no salvage markets for the sugar beets, or acreage is bypassed due to an insurable COL, there will be no value for such beets and there will be no production to count.

For APH purposes, if more than 50 percent of acreage is harvested, can the average yield be used for APH purposes? How will it be handled if the production is over the guarantee with less than 50 percent harvested?

In non-loss situations where there is harvested and unharvested acreage in the unit, and more than 50 percent of a unit is harvested, the per acre production of the harvested acreage can be applied to the unharvested acreage. If under 50 percent of the acreage is unharvested then an appraisal is required to determine the APH production from the unharvested acreage. If it is a claim situation and the acres are bypassed, the bypassed acres would have a zero-appraisal applied to those acres. The APH yield for the unit would reflect the zero yield.