

United States  
Department of  
Agriculture



Product  
Administration and  
Standards Division

FCIC 20210U-1

# **DRY BEAN REVENUE INSURANCE STANDARDS HANDBOOK**

## **2014 and Succeeding Crop Years**

**UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>TITLE: DRY BEAN REVENUE INSURANCE STANDARDS HANDBOOK</b>	<b>NUMBER: 20210U-1</b>
<b>EFFECTIVE DATE: 2014 and succeeding crop years</b>	<b>ISSUE DATE: 11-26-2013</b>
<b>SUBJECT:</b>  <b>Provides the Insurance Standards and instructions for the Dry Bean Revenue Insurance Program.</b>	<b>OPI: Actuarial and Product Design Division</b>
	<b>APPROVED:</b>  <i>/s/ Tim B Witt</i> <b>Deputy Administrator for Product Management</b>

**Reason for Issuance**

This handbook provides the official FCIC-approved 2014 and succeeding crop years underwriting and administration standards for the Dry Bean Revenue Crop Provisions under the Dry Bean Revenue Endorsement. All approved insurance providers electing to offer the Dry Bean Revenue Endorsement must utilize these standards.

<b>Dry Bean Revenue Insurance Standards Handbook Control Chart</b>							
	TP Page (s)	TC Page (s)	Text Page (s)	Exhibit Number	Exhibit Page (s)	Date	Directive Number
Insert							
Michigan			2			MM-2013	20210U
Small Red			2, 5, 6			MM-2013	20210U
85 percent			3			MM-2013	20210U

**Reason for Amendment**

This updated handbook was issued to include Michigan in the Dry Bean Revenue Endorsement, to include small red beans under the Dry Bean Revenue Endorsement coverage, and to include coverage levels up to 85 percent. Major changes have been **highlighted**.

**DRY BEAN REVENUE PROGRAM**  
**INSURANCE STANDARDS HANDBOOK**

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## Part 1 General Information and Responsibilities

### 1 General Information

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#### A. Purpose

The Dry Bean Revenue Insurance Standards Handbook provides instructions for establishing coverage in accordance with the Dry Bean Revenue Endorsement. In general, the FCIC 18010 Crop Insurance Handbook (CIH), FCIC 25010 Loss Adjustment Manual (LAM) Standards Handbook, FCIC 11-0047 Dry Bean Revenue Loss Adjustment Standards Handbook (LASH), and FCIC 25370 Prevented Planting Loss Adjustment Standards Handbook (PP LASH) apply to Dry Bean Revenue. Exceptions, changes, and additions necessary for and unique to Dry Bean Revenue are included in this Insurance Standards Handbook. If there is a conflict between the Insurance Standards Handbook and the CIH, LAM, or the PP LASH, the Insurance Standards Handbook will control.

The Dry Bean Revenue Endorsement is a component of the Dry Bean Revenue development project under the Pulse Crop Revenue Endorsement Submission Package.

#### B. Source of Authority

The Dry Bean Revenue Endorsement is a product based on approval by the FCIC Board of Directors of a submitted development to extend and enhance the coverage for producers of dry beans by providing revenue protection (plan code 02) and revenue protection with harvest price exclusion (plan code 03) under the Basic Provisions (11-BR) in addition to yield protection (plan code 01 in lieu of APH coverage). This handbook provides the FCIC-approved procedures for administering the Dry Bean Revenue Endorsement.

#### C. Duration

The Dry Bean Revenue Endorsement will terminate at the end of the 2016 crop year, unless cancelled earlier or extended by FCIC.

#### D. AIP Option to Offer

Since this is a 508(h) submission, AIPs are not required to offer the Dry Bean Revenue Endorsement to producers. Accordingly, each AIP must determine whether it will offer the Dry Bean Revenue Endorsement in the approved area. AIPs that elect to offer the Dry Bean Revenue Endorsement must offer it to all eligible producers in the approved area, and must administer the program according to the procedures in this handbook.

**E. Approved Area**

The Dry Bean Revenue Endorsement is available for selected types of dry beans (Black, Dark Red Kidney, Pea (Navy), Pinto, and Small Red where premium rates and other actuarial materials are included in the actuarial documents for the county. Counties in North Dakota, Minnesota, and Michigan are included in the pilot.

**F. Applying for Dry Bean Revenue**

Use the standard application. The application must indicate the insured has selected the Dry Bean Revenue Endorsement along with the other required information.

**G. AIPs and Agents**

For the purposes of the Dry Bean Revenue Endorsement, AIPs may authorize contracted agents to perform all functions and actions authorized by the Crop Insurance Handbook as supplemented by the instructions in this Insurance Standards Handbook.

**2 Responsibilities**

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**A. AIP Responsibilities**

AIPs electing to offer the Dry Bean Revenue Endorsement must:

- Offer it to all eligible producers in the approved area.
- Provide each insured a copy of the insurance documents

**B. Insured's Responsibilities**

To be eligible for the Dry Bean Revenue Endorsement, insureds must:

- Elect the Crop Provisions on an application.
- Comply with all terms and conditions of the Crop Provisions.

**3-20 (Reserved)**

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## Part 2 Eligibility

### 21 Dry Bean Revenue

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#### A. Applicability

All acreage that meets the requirements for insurability under the Crop Provisions is eligible for Dry Bean Revenue Endorsement coverage. The acreage of dry beans must meet insurability requirements (see 21B).

#### B. Eligibility Requirements

To be eligible for the Dry Bean Revenue Endorsement, the insured must comply with all terms and conditions of the Crop Provisions. In particular, acreage is not eligible for insurance if the insured chooses the catastrophic level of coverage. See the Crop Provisions for other terms and conditions for an insured crop and insured acreage.

#### C. Insurable Types

Insurable types are specified on the actuarial documents.

#### D. Insurable Practices

Insurable practices are specified on the actuarial documents.

#### E. Units

See the unit division section of the Crop Provisions for complete rules for basic and optional units.

#### F. Coverage Levels

Coverage will be available in five percent (5%) increments from 50 percent (50%) to 85 percent (85%) unless specified otherwise on the actuarial documents. The catastrophic (CAT) level of coverage is not offered.

#### G. Insurance Dates

The Dry Bean Revenue Endorsement must be selected by the insured on or before the sales closing date for the first year it is to be effective. Thereafter, it renews automatically unless the selection is cancelled by the insured or by the AIP or the policy terminates. All dates applicable to Dry Bean Revenue Endorsement are specified on the actuarial documents or in the Crop Provisions.

## **H. Insurable and Uninsurable Causes of Loss**

In accordance with section 12 of the Basic Provisions and the Endorsement, insurance is provided only against the following causes of loss that occur during the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption;
- (h) Failure of the irrigation water supply, if caused by a cause of loss specified in items (a) through (g) that occurs during the insurance period; or
- (i) A change in the harvest price from the projected price, unless FCIC can prove the price change was the direct result of an uninsured cause of loss specified in section 12(a) of the Basic Provisions.

## **I. Premium Rates**

Premium rates are established in the actuarial documents.

## **J. T-yields**

T-yields are provided in the actuarial documents.

## **K. Quality Adjustment**

Quality adjustment is allowed for dry beans insured under the Dry Bean Revenue program and is to be performed in accordance with section 13(e) of the Crop Provisions or in accordance with the Special Provisions, if applicable.

## **L. Projected Price and Harvest Price**

The projected price for black beans, dark red kidney beans, navy beans, pinto beans, and **small red beans** (see the actuarial documents for type availability in each state) will be a value approved by RMA determined from analyses of the contracts for purchase of dry beans of the insurable type offered by business enterprises in the region for the current crop year unless the terms of section 3(c) of the Endorsement apply. The projected price will be released not later than the third business day in the month of March.

The harvest price for black beans, dark red kidney beans, navy beans, pinto beans, and **small red beans** (see the actuarial documents for type availability in each state) will be a value approved by RMA determined from analysis of prices received by growers for each week of publication beginning on the first business day of September and ending on the last business day of November as reported by the Bean Market News, a publication of the Agricultural Marketing Service, USDA. The harvest price will be released no later than December 15 of the crop year.

The projected price for all other types of dry beans will be the higher of the projected price announced by RMA on or before the contract change date or an additional projected price that will be announced not later than the third business day of March.

The Dry Bean Revenue Endorsement is offered at the county level. Although true price movement coverage is only available on select types (black, dark red kidney, navy, pinto, **and small red**), revenue protection (plan 02) and revenue protection with harvest price exclusion (plan 03) are considered to be available for all types. APH coverage (plan 90) is not offered in counties where the Dry Bean Revenue Endorsement is offered; instead yield protection (plan 01) is available. Although plan 90 and plan 01 provide the same coverage, a renaming of terms is required. The term price election becomes projected price and the term additional price election becomes additional projected price. The projected price for types with true price movement will be announced in the spring, not later than the third business day of March. The projected price for all other types will be announced not later than the contract change date and an additional projected price may be announced not later than the third business day of March. For these types the projected price will equal the harvest price and the volatility factor (used for premium rating) is zero.

The base price will be the projected price and the harvest price for contract seed beans.

## **M. Inability to Determine a Projected Price**

The language of section 3(c)(5) of the Basic Provisions has been modified for the Dry Bean Revenue Endorsement. If a projected price cannot be determined for black beans, dark red kidney beans, navy beans, pinto beans, and **small red beans**



(see the actuarial documents for type availability in each state) as described by its definition, RMA will establish a projected price. That amount will be used to determine the revenue protection guarantee (per acre). That price also will be the harvest price. The price volatility will be zero; hence, the premium rate will be the rate that applies to yield protection under the Dry Bean Crop Provisions.

**N. Inability to Determine a Harvest Price but a Projected Price was Established as Defined**

The language of section 3(c)(5) of the Basic Provisions has been modified for the Dry Bean Revenue Endorsement. If a harvest price cannot be determined for black beans, dark red kidney beans, navy beans, pinto beans, or small red beans (see the actuarial documents for type availability in each state) as described by its definition but a projected price was established according to its definition, RMA will establish the harvest price.

**22 – 30 (Reserved)**

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## **Part 3 Applicability of Handbooks**

**Part 3 of this Insurance Standards Handbook identifies information specific to the applicability of the CIH, PP LASH, LAM Standards Handbook, and Dry Bean Revenue LASH, and any other issuance that may require supplemental information with regard to Dry Bean Revenue. Unless specifically amended or supplemented by information in this Insurance Standards Handbook, all policy and procedure issuances apply.**

### **Section 1 CIH**

#### **31 Specific Information Regarding the CIH**

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All references to written agreements do not apply to the Dry Bean Revenue Endorsement. All other instructions in the CIH that apply to dry beans apply to the Dry Bean Revenue Endorsement without change.

#### **32-35 (Reserved)**

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### **Section 2 PP LASH**

#### **36 Specific Information Regarding the PP LASH**

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There are no additions or modifications to this Handbook. All instructions in the PP LASH that apply to dry beans apply to the Dry Bean Revenue Endorsement without change.

### **Section 3 LAM Standards Handbook**

#### **37 Specific Information Regarding the LAM Standards Handbook**

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There are no additions or modifications to this Handbook. All instructions in the LAM Standards Handbook that apply to dry beans apply to the Dry Bean Revenue Endorsement without change.

### **Section 4 Dry Bean Revenue LASH**

#### **38 Specific Information Regarding the Dry Bean LASH**

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The Dry Bean LASH applies.

#### **39-99 (Reserved)**

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