United States
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MALTING BARLEY ENDORSEMENT Insurance Standards Handbook

Federal Crop
Insurance
Corporation

FCIC-20240 (05-2015)

2016 and Succeeding Crop Years

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

TITLE: MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK	**NUMBER: 20240**
EFFECTIVE DATE: 2016 and Succeeding Crop Years	**ISSUE DATE: May 26, 2015**
SUBJECT: **Provides the procedures and instructions for the Malting Barley Endorsement crop insurance program**	**OPI: Product Administration and Standards Division** **APPROVED:** **/s/ Tim B. Witt** **Deputy Administrator for Product Management**

Reason for Issuance

This handbook is issued to provide official FCIC-issued underwriting instructions for administering the Malting Barley Endorsement for the 2016 and subsequent crop years. It is effective until reissued or until the program is terminated by FCIC.

In the absence of industry developed, FCIC-approved procedure for this crop, all reinsured companies will utilize these standards for both underwriting and training.

MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Control Chart For: Malting Barley Endorsement Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Numbers	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
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FILING INSTRUCTIONS

This handbook is effective for the 2016 and succeeding crop years

MALTING BARLEY ENDORSEMENT INSURANCE STANDARDS HANDBOOK

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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1. General Information

A. Purpose

This handbook provides procedure for administering the Malting Barley Endorsement (MBE) in accordance with the Basic Provisions and the Small Grains Crop Provisions and supplements the Crop Insurance Handbook (CIH), the Loss Adjustment Manual (LAM) Standards Handbook, the Prevented Planting Loss Adjustment Standards Handbook, the Small Grains Loss Adjustment Standards Handbook (Small Grains LASH) and any other procedural issuance via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH or LAM or other issuance, this handbook controls. If there is a conflict between this handbook and the policy, the policy controls.

B. Source of Authority

The MBE is a privately-developed product submitted and approved, by the FCIC Board of Directors, in accordance with section 508(h) of the Federal Crop Insurance Act to extend and enhance yield and revenue coverage to producers of malting barley. This handbook provides the FCIC-approved procedures for administering the MBE in the approved areas.

C. Duration

The MBE is available beginning with the 2016 crop year and is authorized until terminated or converted to a permanent program.

D. AIP Option to Offer

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

E. Approved Area

The MBE is available in selected counties in Alaska, Colorado, Idaho, Minnesota, Montana, Nebraska, North Dakota, Oregon, South Dakota, Washington, and Wyoming where applicable information is filed in the actuarial documents for the county.

F. Applying for Malting Barley Coverage

Use the standard application or policy change form to add coverage to an existing policy or to transfer the policy from another AIP. The document must indicate the insured has selected the MBE along with the other required information.

1. General Information (Continued)

G. Related Handbooks

The following table lists handbooks related to the MBE Program.
Important: Not all sections of related handbooks or all procedures in a section apply to the MBE Program. See Part 3 for more information.

Handbook	Purpose
CIH	General underwriting procedures
LAM	General loss procedures
Small Grains LASH	Crop specific loss procedures
Prevented Planting LASH	General procedures for administering prevented planting losses

2. Responsibilities

A. AIP's Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any program issues or concerns to the Product Administration and Standards Division (PASD) of RMA.

B. Insured's Responsibilities

To be eligible for the MBE, insured must comply with all terms and conditions of the Basic Provisions, Small Grains Crop Provisions and the MBE.

3-20 (Reserved)

PART 2 INSURABILITY

21. MBE Insurability Requirements

A. Acreage Insured and Contract Required

All acreage in the county planted to malting barley that is insurable under the Small Grains Crop Provisions must be insured under the MBE if it is elected by the insured by the deadline and all its requirements are met.

Eligible contracts include a malting barley contract, malting barley price agreement or a malting barley seed contract. The contract must specify the amount of contracted production, the purchase price or a method to determine such price; and establish the obligations of each party to the agreement. The term contract is used when the specific reference is not needed. Refer to the definitions for requirements for each type of contract.

Contracted malting barley – The quantity of malting barley production the producer agrees to grow and deliver, and the buyer agrees to accept if the malting barley meets contract terms, under the terms of the producer's contract(s).

The insured must provide the AIP with copies of all contracts on or before the acreage reporting date applicable for the insured acres. Failure to provide at least one contract by the acreage reporting date requires that all planted acres be insured under the terms of the Small Grains Crop Provisions without the additional coverage provided by MBE.

If there are multiple eligible contracts and one or more of the contracts are not provided by the acreage reporting date, the malting barley acreage determined for the missing contract(s) are considered non-contracted acres.

There are no minimum acres required for malting barley to be insured under MBE and the contract(s) are not required to include all planted acreage of malting barley in which the insured has a share.

Planted acreage that exceeds the number of acres needed to produce the contracted quantity also is insurable under the MBE. Those acres would be considered non-contracted acreage and to which the barley projected price applies for purposes of determining a weighted average projected price.

B. Eligibility Requirements

To be eligible for the MBE, the insured must have a contract and comply with all terms and conditions of the MBE in addition to the Basic Provisions and the Small Grains Crop Provisions that are not in conflict with the MBE.

The insured must elect MBE in writing on or before the sales closing date for the first crop year they wish to insure malting barley under this Endorsement.

21. MBE Insurability Requirements (continued)

In counties with both fall and spring sales closing dates, the insured may elect MBE until the spring sales closing date only if they do not have any fall planted acreage of malting barley. Thereafter, the MBE will continue from year to year subject to the terms of section 2 of the Basic Provisions.

See the insurance documents for other terms and conditions for an insured crop and insured acreage.

22. Insurable Types and Practices

A. Types and Practices Insurable *

Types insured are:	Malting (Spring) 873 Malting (Winter) 973
Insurable practices are:	Irrigated 002 Non-irrigated 003 Continuous Cropping 004 Summerfallow 005 Organic (Certified) Irrigated 702 Organic (Certified) Non-irrigated 713 Organic (Transitional) Irrigated 712 Organic (Transitional) Non-irrigated 714 Continuous Cropping (OC) 715 Summerfallow (OC) 717 Continuous Cropping (OT) 716 Summerfallow (OT) 718

*refer to the actuarial documents for types and practices by county.

23. Units and Coverage Levels

A. Units

(1) Basic units are allowed.

(2) Optional units are allowed.

(3) Enterprise units are allowed.

(4) Whole farm units are not allowed. If the underlying Small Grains Crop Provision policy is insured under a whole farm unit in accordance with section 34 of the Basic Provisions, the insured is not eligible for MBE.

23. Units and Coverage Levels (continued)

B. Coverage Levels

The insured must elect an additional coverage level on the underlying Small Grains Crop Provision policy to be eligible for MBE. Coverage is 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 available only when taken in accordance with the terms of section 3(b)(2)(ii) of the Basic Provisions (high risk land exclusion).

24. Insurable and Uninsurable Causes of Loss

A. Insurable Causes of Loss

In addition to the causes of loss contained in the Small Grains Crop Provisions, rejection of any production by the buyer for failure to meet the standards contained in a malting barley contract is an insured cause of loss provided said rejection is due to a condition resulting from an insurable cause as specified in the Small Grains Crop Provision and the conditions specified in the MBE are met.

Rejection of production by the buyer under a malting barley price agreement for failure to meet the standards contained in the Special Provisions is also an insured cause of loss provided such rejection is due to a condition resulting from an insurable cause of loss as specified in the Small Grains Crop Provisions. However, in the case of a malting barley price agreement, if rejected the relevant standards are specified in the Special Provisions, not the standards in the malting barley price agreement.

The buyer must cooperate with the AIP and the AIP must have evidence that the rejection was due to an insurable cause of loss and that the condition resulting in rejection is in accordance with the malting barley contract or price agreement. See Paragraph 54 of this Guide for detailed responsibilities of the loss adjuster with respect to rejected production.

Rejection of production is not an insured cause of loss for a malting barley seed contract.

B. Uninsurable Causes of Loss

Uninsurable causes of loss contained in the Basic Provisions and the Small Grains Crop Provisions apply.

25. Premium Rates

Base premium rates are established in the actuarial documents. In addition, a load for revenue protection and a load for the probability that production will be rejected are added to the base premium rate.

26. Approved Yields and Transitional Yields

Approved APH yields are based on the malting barley type APH databases following APH rules in the CIH. Transitional yields are published in the actuarial documents for the malting barley type.

27. Projected Price and Harvest Price

Determination of the projected price and the harvest price are similar to the rules for determining those prices under the Contract Price Addendum.

Base price is the price determined in the insured's contract using the reference market and reference commodity for a specific futures market option month and year.

If the malting barley contract provides a fixed price for the contracted production, the base price for that malting barley contract is the contract price.[1]

Item	Priced	Commodity	Quantity	Date	Price
DO1	Yes	US 2016 ABI Voyager 2Row	10,000.000	12/02/2015	6.00

Example: The contract states that the price to be paid to the producer is $6.00 per bushel. The base price is $6.00 per bushel for that malting barley contract.

If the contract provides for a premium amount (assume minus $1.00 per bushel (-$1.00)) relative to a base price to be determined (i.e., for soft red winter wheat) and:

Pricing	
Price Lock Begin Date:	12/02/2015
Price Lock End Date:	07/31/2016
Reference Market:	Chicago Board of Trade
Basis Amount:	1.00 (Less)
Option Year:	2016
Option Month:	September

Item	Priced	Commodity	Quantity	Date	Price
001	No	US 2016 Conrad 2Row	10,000.000		

(i) The contract price is set on or before the acreage reporting date, the base price for that malting barley contract is the contract price;

[1] The contract specifications shown are examples only and are not intended to be inclusive of all buyer's purchasing terminology

Example: The producer chooses to price the malting barley contract on February 15. Since this is before the acreage reporting date, the base price is the contract price determined on that date. The closing price for soft red winter wheat on that date is $7.25 per bushel. The base price for that malting barley contract is ($7.25 - $1.00) = $6.25 per bushel. [This determination is made by the buyer and documented in the malting barley contract the producer must submit under the terms of the MBE.]

(ii) The base price is not available by the acreage reporting date; the base price for that contract is the result of adding the premium amount to the projected price for soft red winter wheat.

Example: The contract provides for a premium amount of minus $1.00 (-$1.00) per bushel from a future price for soft red winter wheat.

Producer has not established the contract price on or before the acreage reporting date. The projected price for soft red winter wheat in the county is $6.75 per bushel. The base price is $6.75 - $1.00 = $5.75 per bushel. [This determination is made by the AIP based on the contract and the projected price in effect for the soft red winter wheat in accordance with Section 10 of the MBE.]

The base price as defined above is used to determine the projected price for malt barley.

If there is one malting barley contract, the base price will be the projected price. If there are multiple malting barley contracts, a weighted average of the projected price will be calculated by multiplying each contract price by the quantity applicable to the contract; adding those results; and, dividing the by the total contracted quantity. The result is the production weighted average of the base prices applicable to each contract.

Example: There are two malting barley contracts, one for 5,000 bushel and one for 7,500 bushel. The base price for the 5,000 bushel contract is $5.75; the base price for the 7,500 bushel contract is $6.00. The projected price is

($5.75 x 5,000 bushel + 7,500 bushel x $6.00) ÷ 12,500 bushel = $5.90

If there are both contracted and non-contracted acres, a weighted average projected price must be calculated by multiplying the contracted acreage by its applicable projected price(s); multiplying the non-contracted acreage by the projected price for barley determined by the CEPP; adding those results; and, dividing by the total planted acres.

Example: The producer’s contracts call for delivery of 12,500 bushel. The APH applicable to the insured acreage is 50 bushel. The minimum acreage to produce the contracted quantity is 12,500 ÷ 50 bushel = 250 acres. The producer plants 260 acres of malting barley so there are contracted (250) and non-contracted (10) acres. The barley projected price from the CEPP is $4.25 per bushel. The weighted average projected price is

[($5.90 x 250 acres) + ($4.25 x (260.0 – 250.0 acres))] ÷ 260 acres = $5.84

This weighted average projected price is applicable to all planted acres.

The harvest price for revenue protection is determined by subtracting the projected price for wheat in accordance with section 10 of the MBE from the projected price determined in section 4(a), and adding that result to the harvest price for wheat in accordance with section 10 of the MBE. For yield protection, the harvest price is the projected price as there is no price change coverage.

Example: Continuing the previous example, we determined the weighted average projected price to be $5.84 per bushel. The harvest price for the soft red winter wheat (in accordance with section 10 of the MBE) is $9.00 per bushel. The harvest price for malting barley under MBE is determined as follows:

Subtract the projected price for soft red winter wheat from the projected price established for malting barley:

$5.84 per bushel - $8.00 per bushel = -$2.16 per bushel.

Add the result of the previous calculation to the harvest price for soft red winter wheat:

$9.00 per bushel - $2.16 per bushel = $6.84 per bushel.

The projected price for malting barley under MBE may not exceed the applicable projected price for barley under the Commodity Exchange Price Provisions multiplied by 2.50.

Note: The provisions of section 3(c)(5)(i) and (ii) of the Basic Provisions apply if the projected price or harvest price cannot be calculated for the current crop year under the provisions in section 10 of the MBE.

28. Quality Adjustment

Insured acreage could qualify for two types of quality adjustment (see A. and B. below).

Production meeting the minimum quality requirements contained in the malting barley contract or Special Provisions (whichever is applicable) or that is accepted by the buyer even if not meeting such quality requirements is not eligible for the additional quality adjustment in accordance with section 8(a)(5) of the MBE.

All samples of farm stored production used to determine insurable quality deficiencies under the MBE must be obtained in accordance with the Quality Adjustment Statements of the Special Provisions, but not later than 60 days after the EOIP, otherwise such production will not be adjusted for quality.

A. Quality Adjustment for Rejected Malting Barley (if proven due to insurable causes)

(1) <u>Production under malting barley contracts</u> may be adjusted based upon the failure to meet quality stated in the contract specifications.

(2) <u>Production under malting barley price agreements</u> may be adjusted upon the failure to meet the malting barley quality specifications in the Special Provisions.

(3) <u>Production under malting barley seed contracts</u> is not eligible for the additional quality adjustment under the MBE. Malting barley seed is only eligible for quality adjustment in accordance with the Small Grains Crop Provisions.

Eligible contracted malting barley production (under a malting barley contract or malting barley price agreement) rejected by the buyer that is determined to be rejected in accordance with the terms of the MBE is reduced by multiplying the amount of such production by the applicable harvest price of barley from the Commodity Exchange Price Provisions divided by the harvest price determined in accordance with section 4 of the MBE. This applies for both yield and revenue protection for purposes of quality adjustment on eligible rejected production only.

Eligible malting barley production that fails to meet the standards applicable to a malting barley contract, or a malting barley price agreement and is accepted by the buyer at a purchase price lower than the base price will be reduced by multiplying the amount of such production by the purchase price divided by the contract price.

Notwithstanding the AIP's initial acceptance of the buyer's decision to reject certain production and payment of an indemnity, the insured must document to the AIP the ultimate disposition of the production on or before the sales closing date for the next crop year. If adequate documentation of the disposition of such production is not provided, it will be considered to be production accepted by the buyer. Any indemnity previously paid will be recalculated. The insured must repay the amount of any over-paid indemnity determined as a result.

28. Quality Adjustment (continued)

Acceptable evidence of ultimate disposition is a bill of sale from a non-related third party that is not involved in the procurement of barley for malting purposes. Said bill of sale must include the quantity sold and the amount paid for the production. Other acceptable evidence for APH purposes is described in the Crop Insurance Handbook.

B. Quality Adjustment in Accordance with the Small Grains Crop Provisions

Production of malting barley that is eligible for quality adjustment under 8(a)(5) and 8(a)(6) and 8(a)(7) of the MBE and all production under a malting barley seed contract, is also eligible for quality adjustment under the terms of the Small Grains Crop Provisions. For example, if malting barley was rejected due to a low germination percentage, the quantity first can be reduced to account for the rejection. This reduction adjusts the quantity of the malting barley so that its value is equivalent to the price of "all other" barley. The premise of the quality adjustment for malting type barley is that, after the quality adjustment, the production now is suitable for sale as "all other" (feed) barley. However, if the production does not meet the quality standards contained in the Special Provisions for barley, it fails to be marketable at the "all other" barley market price. The quality factors specified in the Special Provisions are intended to compensate for failure of barley production to meet the market standard for that price.

29. Transfer of Policy

If the policy is transferred to a different AIP, the MBE must be included on the Policy Transfer/Application or Application form submitted to the AIP to which the transfer is effective on or before the applicable SCD.

30. Approved Malting Barley Varieties

In accordance with the Special Provisions, approved malting barley varieties will include all varieties approved for malting by the American Malting Barley Association for the current crop year or any variety grown under the terms of a malting barley contract.

31. Proration of Acres Reportable as Contracted Acres and Non-contracted Acres when the Acreage to Fulfill the Contract is Located in Multiple Counties or Multiple Units/APH Databases

When the contract specifies bushels and the acreage to fulfill the contract is located in more than one county or more than one unit, determine the acres to be reported as contracted malting barley and the acreage to be reported as non-contracted malting barley) as follows:

Example 1: Two Counties (or multiple units) and One Contract

(1) Determine the malting barley bushels for each county (unit).

(a) Multiply the planted acres intended to fulfill the contracts with each buyer by the approved APH yield (by unit, type, and practice) for each county (unit) to determine the bushels per county (unit) (if barley is not insured in all counties covered by the malting barley contract, use the county T-Yield as a substitute for approved APH yields for the counties in which barley is not insured).

Example:
282.0 acres planted in County A (unit 0001-0001OU) with APH X 70 bushels = 19,740 bushels

219.3 acres planted in County B (unit 0001-0002OU) with APH X 60 bushels = 13,158 bushels

(b) Sum the bushels for each county (unit) (the example assumes a single practice in each county (unit)).

County A (unit 0001-0001OU) bushels = 19,740 bushels
County B (unit 0001-0002OU) bushels = 13,158 bushels

(2) Total the bushels for all counties (units) by summing the bushels for the individual counties (units).

Example
19,740 + 13,158 = 32,898 total bushels.

(3) Determine the proration factor for each county by dividing the bushels per county determined in 1 by the total bushels determined in 2 (0.xxx).

Example
19,740/32,898 = 0.600; 13,158/32,898 = 0.400.

(4) Prorate contracted bushels for each county (unit) by multiplying the factor determined in 3 by the total contracted bushels.

Example (The total bushels included under the contract are 25,000)
25,000 X 0.600 = 15,000 prorated contracted bushels in County A (unit 0001-0001OU)
25,000 X 0.400 = 10,000 prorated contracted bushels in County B (unit 0001-0002OU).

(5) Determine the contracted acres by dividing by the APH yield

Example
County A (unit 0001-0001OU) 15,000 / 70 = 214.3 acres
County B (unit 0001-0001OU) 10,000 / 60 = 166.7 acres

31. Proration of Acres Reportable as Contracted Acres and Non-contracted Acres when the Acreage to Fulfill the Contract is Located in Multiple Counties or Multiple Units/APH Databases (continued)

(1) Determine the non-contracted acres

Example
County A (unit 0001-0001OU) 282.0 – 214.3 = 67.7 acres
County B (unit 0001-0002OU) 219.3 – 166.7 = 52.6 acres

The calculations must be documented on a worksheet, and approved by the AIP. It becomes part of the APH file and is subject to verification during the APH review process.

Example 2: Three Units and One Contract

Planting 100 Acres — Planting 35 acres — Planting 20 acres

2016	Crop: Barley (0091)			**2016**	Crop: Barley (0091)			**2016**	Crop: Barley (0091)		
UNIT #	Practice: NI (003)			UNIT #	Practice: NI (003)			UNIT #	Practice: NI (003)		
0001OU	Type: **Malting (873)**			0002OU	Type: **Malting (873)**			0003OU	Type: **Malting (873)**		
Year	Production	Acres	Yield	Year	Production	Acres	Yield	Year	Production	Acres	Yield
2011	0	0	Z	2011	2066	30	A69	2011	0	0	Z
2012	4040	105	A38	2012	0	0	Z	2012	1200	12	A100
2013	0	0	Z	2013	966	10	A97	2013	0	0	Z
2014	2720	40	A68	2014	2220	36	A62	2014	0	0	Z
2015	5520	80	A69	2015	2090	35	A60	2015	1134	14.8	A77
T-YLD 45	Approved Yield 55			T-YLD 45	Approved Yield 72			T-YLD 35	Approved Yield 60		

100 X 55 Bu = 5,500 — 35 X 72 Bu = 2,520 — 20 X 60 = 1,200

Total Bushels all three units = 9,220

Proration Factors
5,500/9,220 = 60% — 2,520/9,220 = 27% — 1,200/9220 = 13%

Prorate contracted bushels for each unit by multiplying the above factor by the total contracted bushels.

Total bushels included under the contract are 9,000
9,000 X .60 = 5,400 — 9,000 X .27 = 2,430 — 9,000 x .13 = 1,170

Determine the contracted acres by dividing by the APH Yield
5,400/55 = 98.2 acres — 2,430/72 = 33.8 acres — 1,170/60 = 19.5 acres

31. Proration of Acres Reportable as Contracted Acres and Non-contracted Acres when the Acreage to Fulfill the Contract is Located in Multiple Counties or Multiple Units/APH Databases (continued)

Determine the non-contracted acres by subtracting contracted acres from total acres by unit

100 – 98.2 = 1.8	35 – 33.8 = 1.2	20 – 19.5 = 0.5

32. Production in Excess of Amount under Contract

For contracts that stipulate the amount of production to be delivered, all production from any unit in excess of the amount under contract will be included as production to count if such production is applied to any other unit for which the contracted amount has NOT been fulfilled.

33-39 (Reserved)

40. Example of Guarantee Calculation

Assume the malting barley APH is 60 bushels per acre. The projected price is established as $6.00 per bushel based on the terms of the producer's contract(s) and the planted acreage (see section 27).

The insured chooses the 70 percent coverage level and reports 100 acres in the county. Share is 100 percent.

The guarantee is calculated as APH x Coverage Level x Projected Price x Acres x Share. The guarantee for malting barley is 60.0 x 0.70 x $6.00 x 100 acres x 1.000 share = $25,200.

41-43 (Reserved)

44. Example of Premium Calculation

The premium amount applicable to malting barley is composed of two elements for yield protection and three elements for revenue protection. The total premium rate for yield protection is composed of the base premium rate plus an add-on load for the potential that production is rejected by the buyer. The total premium rate for revenue protection is the base premium rate plus a revenue protection add-on load plus an add-on load for the potential that production is rejected by the buyer (same add-on rate as for yield protection). The add-on rate for potential rejection does not apply to malting barley seed contracts.

Assume the base premium rate for the 70 percent coverage level is 0.104, plus an additive rate of 0.010 for the rejection potential. The add-on amount for revenue protection is 0.025. The producer elects optional units. The premium is calculated as follows:

The guarantee is = $ 25,200

44. Example of Premium Calculation (Continued)

For yield protection:

The premium rate = 0.104 + 0.010 = 0.114
The total premium is $25,200 x 0.114 = $2,873
The subsidy rate is 59%
The producer's premium is $2,873 x 0.41 = $1,178

For revenue protection:

The premium rate = 0.104 + 0.025 + 0.010 = 0.139
The total premium is $25,200 x 0.139 = $3,503
The producer has elected optional units; therefore the subsidy rate is 59%
The producer's premium is $3.503 x 0.41 = $1,436

45-47 (Reserved)

48. Example of Indemnity Calculations

Assume the production to count for 100 acres of malting barley is 3,000 bushels. The projected price for malting barley is $6.00 and the harvest price is calculated as $5.00. The indemnity will be determined as follows.

The harvest guarantee for yield protection is APH x Coverage Level x projected price x Acres x Share = 60 bushels x 0.70 (coverage level) x $6.00 x 100 acres x 1.000 share = $25,200.

The harvest guarantee for revenue protection is APH x Coverage Level x max (projected price, harvest price) x Acres x Share = 60 bushels x 0.70 x max ($6.00, $5.00) x 100 acres x 1.000 share = $25,200.

The value of production to count for yield protection = Production to Count x Projected Price = 3,000 x $6.00 = $18,000.

The value of production to count for revenue protection = Production to Count x Harvest Price = 3,000 x $5.00 = $15,000.

The indemnity for yield protection is (Guarantee – Value of Production to Count) x Share = ($22,500 - $18,000) x 1.000 = $4,500 indemnity.

The indemnity for revenue protection is Guarantee – Value of Production to Count x Share = ($22,500 - $15,000) x 1.000 = $7,500 indemnity.

49. Conditioning

If the quantity of malting barley that meets the terms of the contract can be increased by conditioning, the AIP will compensate the insured for the cost of the conditioning but the payment for conditioning will not exceed the increase in the value of the production to count.

Example: It cost $90.00 to condition 1,000 bushels of production. The insured sold 900 bushels of conditioned malting barley. The conditioning cost per bushel is ($90.00 ÷ 1,000 bushels) = $0.09 per bushel.

The conditioning cost per bushel is subtracted from the harvest price for the insured malting barley. The harvest price for the insured malting barley from the CEPP is $5.50. Harvest price minus average conditioning cost = $5.41.

The cost of conditioning cannot exceed the discount the insured would have received had they sold the barley without conditioning. For example, if the price per bushel of the production without conditioning is $6.40 and the price for such production after conditioning is $6.50, the cost of conditioning cannot exceed $0.10 per bushel.

In the case of conditioning, the total amount of production to count is determined as follows:

Assume that 900 out of 1,000 bushels delivered were conditioned. The barley harvest price from the CEPP is $5.50 and the harvest price determined in accordance with Section 4 of the MBE is $7.41.

(1) Damaged production that is not reconditioned: 100 bushels x $5.50 ÷ $7.41 = 74 bushels.
(2) Damaged production that is reconditioned: 900 bushels X $5.41 ÷ $7.41 = 657 bushels.
(3) Total production to count against the malting barley guarantee: 731 bushels (74 + 657).

50. Example of Settlement of Claim

Production from acreage insured under the MBE and any production of any other barley types must not be commingled prior to making loss determinations.

Example 1:

The insured has a malting barley contract for delivery of 5,000 bushels of malting barley. The approved yield is 60 bushels per acre. The share is 1.000. The insured plants 90 acres to malting barley. The contracted acres are the lesser of the 5,000 bushels divided by 60 bushels or the 90 planted acres. The result of this comparison is 83.3 acres of contracted acres. The remaining 6.7 acres are non-contracted acres and must be insured at the barley projected price.

The malting barley contract provides premium amount of minus $1.50 per bushel. The base price is not available by the acreage reporting date. The projected price for wheat (see Section 10 of the MBE) is $8.00 per bushel. Accordingly, the contract price for the contracted malting barley acreage is $8.00 + (-$1.50) = $6.50 per bushel. The projected price for barley in accordance with the CEPP is $5.25 per bushel.

Because the insured has both contracted and non-contracted acres in the unit, the weighted average projected price for the 90 acres planted to malting barley is determined as follows:

> [(83.3 acres x $6.50) + (6.7 acres x $5.25)] ÷ 90 acres = ($541.45 + $35.18) ÷ 90 acres = $6.41 per bushel.

The insured chose revenue protection and the 70 percent coverage level. The revenue guarantee is:

> 60.0 bushels/ac. x 0.70 x $6.41 = $269.22 per acre x 90.0 acres x 1.000 share = $24,229.80.

The harvest price for wheat (see Section 10 of the MBE) is $9.00 per bushels. The harvest price is determined as follows:

> $6.41 per bushel - $8.00 per bushel = minus $1.59 per bushel
> $9.00 per bushel - $1.59 per bushel = $7.41 per bushel.
>
> The revenue guarantee is 60 bushels per acre x 0.70 x max($6.41 projected price, $7.42 harvest price) = $311.22 per acre x 90 acres x 1.000 share = $28,009.80

Due to drought, only 3,000 bushels are produced, all of which are accepted by the buyer.

The insured's indemnity will be determined as follows:

Following the steps specified in the Small Grains Crop Provisions:

(1) The revenue protection guarantee is (60 bushels per acre x 0.70 x max ($6.41, $7.41)) = $311.22 per acre; $311.22 per acre x 90.0 acres = $28,009.80.

(2) The revenue guarantee for the unit is $28,009.80.

(3) Revenue to count = 3,000 bushels x $7.41 per bushel = $22,230.00;

(4) There is only one type; thus the total value of the production to count is $22,230.00;

(5) $28,009.80 - $22,230.00 = $5,779.80 and

(6) $5,779.80 x 1.000 (share insured) = $5,780 indemnity.

Example 1(A):

The conditions stated in example 1 are changed only to the extent that the buyer rejects 1,000 bushels of harvested production due to an insurable cause. All the conditions from section 6 of the MBE that allow the AIP to accept the rejection of these 1,000 bushels are met. The revenue guarantee for the purpose of determining the loss is unchanged. The 1,000 bushels of rejected production plus the 2,000 bushels of delivered production are less than the 5,000 bushels contracted; hence, the 1,000 bushels are eligible for quality adjustment.

The harvest price for barley according to the CEPP is $5.50. The adjusted quantity is 1,000 bushels x $5.50 ÷ $7.41 = 742.2 bushels. The quantity of production to count is 2,000 bushels + 742.2 bushels = 2,742.2 bushels.

To calculate an indemnity (following the steps specified in the Small Grains Crop Provisions):

(1) $311.22 x 90.0 acres = $28,009.80;
(2) There is only one type; thus, the revenue guarantee is $28,009.80;
(3) 2,742.2 bushels x $7.41 = $20,319.70;
(4) There is only one type; thus the value of the production to count is $20,319.70;
(5) $28,009.80 - $20,319.70 = $7,690.10; and
(6) $7,690.10 x 1.000 = $7,690 indemnity.

Example 1(B):

Assume the production to count is 5,100 bushels, of which the buyer rejects 2,000 bushels due to an insurable cause. The revenue guarantee for the purpose of determining the loss is unchanged. The 2,000 bushels of rejected production plus the 3,100 bushels of delivered production exceed the 5,000 bushels contracted; hence, only 1,900 bushels are eligible for quality adjustment. The harvest price for barley according to the CEPP is $5.50. The adjusted quantity is 1,900 bushels x $5.50 ÷ $7.41 = 1,410.3 bushels. The quantity of production to count is 3,100 bushels delivered + 1,410.3 bushels rejected production to count + 100.0 bushels in excess of the contracted quantity = 4,610.3 bushels.

To calculate an indemnity (following the steps specified in the Small Grains Crop Provisions):

(1) $311.22 x 90.0 acres = $28,009.80;
(2) There is only one type; thus, the revenue guarantee is $28,009.80;
(3) 4,610.3 bushels x $7.41 = $34,162.32;
(4) There is only one type; thus the value of the production to count is $34,162.32;
(5) $34,162 is higher than $28,010, there is no indemnity payable.

Example 1(C)

Using the same scenario with the exception that production to count is 5,000 bushels, of which the buyer rejects all of it due to an insurable cause and the production also qualifies for quality under the Small Grains Crop Provisions. The revenue guarantee for the purpose of determining the loss is unchanged. The 5,000 bushels of rejected production are eligible for quality adjustment for failing to meet the contract specifications and also for grading at U.S. No. 5 due to weather.

The harvest price for barley according to the CEPP is $5.50.

The adjusted quantity under the MBE is:

5,000 bushels x $5.50 ÷ $7.41 = 3,711.2 bushels.

The adjusted quantity from the MBE is also then further adjusted for quality under the Small Grains Crop Provisions. The discount for the barley grading U.S. No. 5 from the quality statement in the Special Provisions is:

(1 – 0.262)

3,711.2 Adjusted Bushels under MBE X (1 – 0.262) = 2,738.9 bushels

To calculate an indemnity (following the steps specified in the Small Grains Crop Provisions):

(1) The revenue guarantee is $28,009.80;
(2) 2,738.9 bushels x $7.41 = $20,295.25;
(3) The value of the production to count is $20,295.25;
(4) $28,009.80 - $20,295.25 = $7,715 indemnity payable.

Example 2:

The insured has a malting barley price agreement for delivery of 5,000 bushels of malting barley. The approved yield is 60 bushels per acre and share is 1.000. The insured plants 90 acres to malting barley. The contracted acres are the lesser of the 5,000 bushels divided by 60 bushels or the 90 planted acres. The result of this comparison is 83.3 acres of contracted acres. The remaining 6.7 acres are non-contracted acres and must be insured at the barley projected price.

The malting barley price agreement provides a premium amount of minus $1.50 per bushel. The base price is not available by the acreage reporting date. The projected price for wheat (see Section 10 of the MBE) is $8.00 per bushel. Accordingly, the contract price for the contracted malting barley acreage is $8.00 + (-$1.50) = $6.50 per bushel. The projected price for barley is $5.25 per bushel.

The insured has both contracted and non-contracted acres in the unit. Hence, the weighted average projected price for the 90 acres planted to malting barley is determined as follows:

(83.3 acres. x $6.50 + 6.7 acres x $5.25) ÷ 90 acres = ($541.45 + $35.18) ÷ 90 acres = $6.41 per bushel.

The insured chose revenue protection and the 70 percent coverage level. The revenue guarantee is:

60.0 bushels per acre x 0.70 x $6.41 = $269.22 per acre x 90.0 acres x 1.000 share = $24,229.80.

The harvest price for the appropriate type of wheat is $9.00 per bushel. The harvest price is determined as follows:

$6.41 per bushel - $8.00 per bushel = minus $1.59 per bushel;
$9.00 per bushel - $1.59 per bushel = $7.41 per bushel.

The revenue guarantee is 60 bushels per acre x 0.70 x max($6.41 projected price, $7.41 harvest price) = $311.22 per acre x 90 acres x 1.000 share = $28,009.80.

Due to drought, only 3,000 bushels are produced, all of which are accepted by the buyer.

The insured's indemnity will be determined as follows:

Following the steps specified in the Small Grains Crop Provisions):

(1) The revenue protection guarantee is 60 bushels per acre x 0.70 x max ($6.41 projected price, $7.41 harvest price) = $311.22 per acre x 90 acres x 1.000 share = $28,009.80;

(2) There is only one type; thus, the revenue guarantee for the unit is $28,009.80;

(3) 3,000 bushels x $7.41 per bushel = $22,230;

(4) There is only one type; thus, the total value of the production to count is $22,230;

(5) $28,009.80 - $22,230 = $5,779.80; and

(6) $5,779.80 x 1.000 = $5,780 indemnity.

Example 2(A):

The conditions stated in example 2 above are changed only to the extent that the buyer rejects 1,000 bushels of harvested production due to an insurable cause. The rejection was based upon rejection by the buyer and the malting barley production failing to meet one or more quality requirements as shown in the Special Provisions.

All the conditions of the MBE that allow rejection of these 1,000 bushels are met. The revenue guarantee for the purpose of determining the loss is unchanged. The 1,000 bushels of rejected production plus the 2,000 bushels of delivered production are less than the 5,000 bushels contracted; hence, the 1,000 bushels are eligible for quality adjustment. The harvest price for barley in accordance with the CEPP is $5.50. The adjusted quantity is 1,000 bushels x $5.50 ÷ $7.41 = 742.2 bushels. The quantity of production to count is 2,000 bushels + 742.2 bushels = 2,742.2 bushels.

To calculate an indemnity (following the steps specified in the Small Grains Crop Provisions):

(1) $311.22 x 90.0 acres = $28,009.80;
(2) There is only one type; thus, the revenue guarantee is $28,009.80;
(3) 2,742.2 bushels x $7.41 = $20,319.70;
(4) There is only one type; thus the value of the production to count is $20,319.70;
(5) $28,009.80 - $20,319.70= $7,690.10; and
(6) $7,690.10 x 1.000 = $7,690 indemnity.

Example 2(B)

The conditions in example 2(A) are changed only to the extent that the buyer who rejected the 1,000 bushels of harvested production because it failed one or more of the quality standards applicable to the contract decides to accept the production but at a purchase price lower than the contract price.

All the conditions of the MBE that allow rejection of these 1,000 bushels are met. The revenue guarantee for the purpose of determining the loss is unchanged. The 1,000 bushels of initially rejected production plus the 2,000 bushels of delivered production are less than the 5,000 bushels contracted; hence, the 1,000 bushels are eligible for quality adjustment.

The 1,000 bushels will be reduced by multiplying by the purchase price divided by the contract price. The contract price for the contracted malting barley acreage is $8.00 + (-$1.50) = $6.50 per bushel. The purchase price agreed upon by the buyer is $5.75 per bushel.

The adjusted quantity is 1,000 bushel x $5.75 ÷ $6.50 = 884.6 bushels. The quantity of production to count is 2,000 bushels + 884.6 bushel = 2,884.6 bushels.

To calculate an indemnity (following the steps specified in the Small Grains Crop Provisions):

(1) $311.22 x 90.0 acres = $28,009.80;
(2) There is only one type; thus, the revenue guarantee is $28,009.80;
(3) 2,884.6 bushels x $7.41 = $21,374.89;
(4) There is only one type; thus the value of the production to count is $21,374.89;
(5) $28,009.80 - $21,374.89 = $6,634.91; and
(6) $6,634.91 x 1.000 = $6,635 indemnity.

Example 3:

The insured has a malting barley seed contract for delivery of 5,000 bushels of malting barley. Their approved yield is 60 bushels per acre and the share is 1.000. The insured plants 90 acres to malting barley. The contracted acres are the lesser of the 5,000 bushels divided by 60 bushels or the 90 planted acres. The result of this comparison is 83.3 acres of contracted acres. The remaining 6.7 acres are non-contracted acres and must be insured at the barley projected price.

The seed contract provides a fixed contract price of $6.50 per bushel for malting barley seed production. The projected price is $6.50, since the contract had a fixed price. The projected price for barley in accordance with the CEPP is $5.25 per bushel.

The insured has both contracted and non-contracted acres in the unit. Hence, the weighted average projected price for the 90 acres planted to malting barley is determined as follows:

(83.3 acres. x $6.50 + 6.7 acres x $5.25) ÷ 90 acres = ($541.45 + $35.18) ÷ 90 acres = $6.41 per bushel.

The insured chose the 70 percent coverage level. The revenue guarantee is:

60.0 bushels per acre x 0.70 x $6.41 = $269.22 per acre x 90.0 acres x 1.000 share = $24,229.80.

The harvest price for wheat (see Section 10 of the MBE) is $9.00 per bushel. The harvest price is determined as follows:

$6.41 per bushel - $8.00 per bushel = minus $1.59 per bushel.
$9.00 per bushel - $1.59 per bushel = $7.41 per bushel.

The revenue guarantee is 60 bushels per acre x 0.70 x max($6.41 projected price, $7.41 harvest price) = $311.22 per acre x 90 acres x 1.000 share = $28,009.80.

Due to drought, only 3,000 bushels are produced. The indemnity will be determined as follows:

Following the steps specified in the Small Grains Crop Provisions:

(1) The revenue protection guarantee is (60 bushels per acre x 0.70 x max($6.41, $7.41)) = $311.22 per acre; $311.22 per acre x 90.0 acres = $28,009.80;

(2) There is only one type; thus, the revenue guarantee for the unit is $28,009.80;

(3) Revenue to count = 3,000 bushels x $7.41 per bushel = $22,230;

(4) There is only one type; thus, the total value of the production to count is $22,230;

(5) $28,009.80 - $22,230 = $5,779.80; and

(6) $5,779.80 x 1.000 share = $5,780 indemnity.

Seed contracts are not eligible for quality adjustment except as barley under the Small Grains Crop provisions.

Example 4

This example shows how to allocate production in excess of the amount under contract for a particular unit(s).

The MBE states that all production from any unit of malting barley in excess of the amount under contract for that unit will be included as production to count for another unit if such production meets the terms of the contract for the other unit.

50. Example of Settlement of Claim (continued)

Using the example from Par 31: The insured plants acreage to fulfill a contract in 3 units. The acres of contracted and non-contracted were in proportion to the acres planted and average approved yield in each unit or in each county.

Planting 100 Acres				Planting 35 acres				Planting 20 acres			
2016	Crop: Barley (0091)			**2016**	Crop: Barley (0091)			**2016**	Crop: Barley (0091)		
UNIT #	Practice: NI (003)			UNIT #	Practice: NI (003)			UNIT #	Practice: NI (003)		
0001OU	Type: **Malting (873)**			0002OU	Type: **Malting (873)**			0003OU	Type: **Malting (873)**		
Year	Production	Acres	Yield	Year	Production	Acres	Yield	Year	Production	Acres	Yield
2011	0	0	Z	2011	2066	30	A69	2011	0	0	Z
2012	4040	105	A38	2012	0	0	Z	2012	1200	12	A100
2013	0	0	Z	2013	966	10	A97	2013	0	0	Z
2014	2720	40	A68	2014	2220	36	A62	2014	0	0	Z
2015	5520	80	A69	2015	2090	35	A60	2015	1134	14.8	A77
T-YLD 45	Approved Yield 55			T-YLD 45	Approved Yield 72			T-YLD 35	Approved Yield 60		

Example:

Total bushels included under the contract are 9,000

Determine the contracted acres by dividing by the APH Yield
5,400/55 = 98.2 acres   2,430/72 = 33.8 acres   1,170/60 = 19.5 acres

Determine the non-contracted acres
100 – 98.2 = 1.8   35 – 33.8 = 1.2   20 – 19.5 = 0.5

The weighted average projected price for each unit is as follows:

Unit 0001 (98.2 acres x $6.50 + 1.8 acres x $5.25) ÷ 100 acres = ($638.30 + $9.45) ÷ 100 acres = $6.48 per bushel.

Unit 0002 (33.8 acres x $6.50 + 1.2 acres x $5.25) ÷ 35 acres = ($219.70 + $6.30) ÷ 35 acres = $6.46 per bushel.

Unit 0003 (19.5 acres x $6.50 + 0.5 acres x $5.25) ÷ 20 acres = ($126.75 + $2.63) ÷ 20 acres = $6.47 per bushel.

Unit 0001: The insured delivered 5,500 bushels of accepted malting barley so there is no loss and excess contracted bushels.

Unit 0002: The insured delivered only 1,000 bushels of acceptable malting barley due to a hail storm.

Unit 0003: The insured delivered 1,200 bushels of acceptable malting barley so there is no loss and excess contracted bushels.

The insured is short bushels of production to count for unit 0002 but both units 0001 and 0003 produced excess bushels of acceptable malting barley. The total excess malting barley delivered is 130 bushels which must be allocated to unit 0002. Unit 0002 now has 1,130 bushels of accepted malting barley.

Unit 0002's loss would be calculated as follows:

The insured chose revenue protection and the 70 percent coverage level. The revenue guarantee is:

72.0 bushels/ac. x 0.70 x $6.46 = $325.58 per acre x 35.0 acres x 1.000 share = $11,395.30.

The harvest price for the appropriate type of wheat is $9.00 per bushel. The harvest price is determined as follows:

$6.46 per bushel - $8.00 per bushel = minus $1.54 per bushel.
$9.00 per bushel - $1.54 per bushel = $7.46 per bushel.

The revenue guarantee is 72 bushels per acre x 0.70 x max($6.46 projected price, $7.46 harvest price) = $375.98 per acre x 35 acres x 1.000 share = $13,159.30.

All 1,000 bushels produced from unit 0002 are accepted by the buyer. 130 bushels of excess contracted production is added from units 0001 and 0003 so a total of 1,130 bushels of production will be counted against unit 0002. The insured's indemnity will be determined as follows:

Following the steps specified in the Small Grains Crop Provisions:

(1) The revenue protection guarantee is $13,159.30;
(2) Revenue to count = 1,130 bushels x $7.46 per bushel = $8,429.80;
(3) There is only one type; thus, the total value of the production to count is $8,429.80;
(4) $13,159.30 - $8,429.80 = $4,729.50; and
(5) $4,729.50 x 1.000 (share insured) = $4,730 indemnity.

PART 3 APPLICABILITY OF HANDBOOKS

51. General Overview

This part identifies information specific to the applicability of the CIH, LAM, Small Grains LASH and any other procedural issuance that may require supplemental information with regard to the malting barley insured under the MBE. Unless specifically amended, supplemented, or deleted by information in this handbook, all procedural issuances apply to the MBE Program.

52. Specific Information – CIH

The general rules of crop insurance as provided in the CIH apply to the MBE.

The following table provides general information, changes, additions, deletions and/or modifications termed as supplemental instructions regarding the applicability of the CIH to the MBE Program.

Throughout the CIH the following exception applies:

Written agreements that alter the terms of the MBE not allowed.

CIH Section Reference	Supplemental Instructions
515	The Malting Barley Endorsement replaces the Malting Barley Price and Quality Endorsement. Follow the instructions in this Handbook for the MBE.
1011(B)(2)	Exceptions are amended to add (e) barley claims for acreage where production was adjusted for quality and the MBE was in force.
1621(b)(3)	Applies to contracted malting barley production rejected by the buyer and accepted by the AIP for quality adjustment.
Exhibit 2	Definition of Base Period: Malting barley insured under the MBE is not included in the exceptions to the definition of base period.
Exhibit 5	Add MBE as an Endorsement.

53 Loss Adjustment Manual

The duties and responsibilities identified in the LAM are adopted for the MBE Program with the following additions.

53	Loss Adjustment Manual
LAM Section Reference	**Supplemental Instructions**
232C(1)(d)(i)(a)	A blended sample is allowed for a field or subfield containing contracted and non-contracted acres.
232D(2)(a)	Blended samples are not allowed for contracted malting barley rejected by the buyer and accepted by the AIP for quality adjustment.
232E(1)	The buyer may determine the quality of malting barley delivered under a malting barley contract. The AIP may, at its discretion, submit sample(s) of the rejected production to an entity as further described in subparagraph (1) of 232E(1).
232H	The procedures specified in paragraph 232H apply to malting barley that is rejected by the buyer and the AIP has determined the rejection was due to an insurable cause and failure to meet production contract terms.
232H(4)	Footnote 1/ is amended to read as follows: The procedures in this subparagraph apply for malting barley that is rejected by the buyer, the AIP has determined the rejection was due to an insurable cause and failure to meet production contract terms, and the production has defects that qualify it for quality adjustment under the terms of the Special Provisions.

54. Small Grains Loss Adjustment Standards Handbook (LASH)

The Small Grains Loss Adjustment Standards Handbook [LASH] (FCIC 25430) applies to the MBE with the exception of the changes and additions contained in this Handbook.

LASH Reference	Supplemental Instructions
13A(13)	For specialty use barley, quality adjustment will be provided as specified in the Crop Provisions and Special Provisions. Specialty trait barley, other than malting type covered under the MBE, will be quality adjusted as All Others barley. The discount factor charts in the Special Provisions, or the reduction in value and local market price for All Others barley, as applicable, will be used for quality adjustment purposes, without regard to any contract price for the specialty type insured. No additional quality adjustment will be made for any specialty type.
13C	The Malting Barley Price and Quality Endorsement is no longer available for purchase. Malting barley may be insured under the MBE. The following information applies for the MBE.

LASH Reference	Supplemental Instructions
13 C (continued)	Production from all acreage insured under the MBE and any production of other barley types must not be commingled prior to making loss determinations. (1) The MBE requires that the producer must have a contract to produce and sell a malting variety to a buyer. See the MBE terms for the definition of a buyer and definition of a contract. If the producer does not have a contract for malting barley, that person is not eligible to purchase the MBE. (2) All planted acreage of malting barley in the county in which the producer has an interest must be insured under the MBE if the producer meets the requirement stated in item (1) and the MBE is elected. Yield protection, revenue protection, and revenue protection with harvest price exclusion are available. The same insurance plan must be elected for all types. (3) The maximum acreage that will be considered to be contracted acres will be the lesser of (a) the number of bushels specified in a contract divided by the APH yield, (b) the number of acres in the contract or (c) the number of acres planted to malting barley. (4) Malting barley insured under the MBE is under the same unit division rules for basic, optional and enterprise units as defined by Section 34 of the Common Crop Insurance Provisions. (5) If the insured's underlying Small Grains Crop Provision policy is under a whole farm unit in accordance with section 34 of the Basic Provisions, the insured is not eligible for MBE. (6) The projected and harvest prices will be established as follows: (a) If the producer's contract is a fixed price: (1) The projected price will be the contract price; (b) If the contract provides for a premium amount over a base price; and

LASH Reference	Supplemental Instructions
13C (continued)	(1) The base price is set on or before the acreage reporting date, the projected price is the contract price; (2) The base price is not available by the acreage reporting date; the projected price is the result of adding the premium amount to the projected price for wheat. (c) Whenever there are multiple contracts or the planted acreage contains both contracted and non-contracted acres, a blended projected price must be determined as follows: (1) Whenever there are more than one contract price, calculate a weighted average of those prices by: (i) Multiply each contract price by the quantity applicable to each contract; (ii) Adding the results from (i); and (iii) Dividing the result from (ii) by the total contracted quantity. (2) Whenever there are contracted and non-contracted acres, calculate a weighted average projected price applicable to all acres by: (i) Multiply the contracted acreage by the projected price determined in section 6(a) or 6(b) above as applicable; (ii) Multiply the non-contracted acreage by the projected price for barley determined by the CEPP; (iii) Adding the results from (i) and (ii); and (iv) Dividing the result from (iii) by the total planted acres

LASH Reference	**Supplemental Instructions**
13C (continued)	(d) The harvest price for revenue protection will be determined by subtracting the projected price for soft red winter wheat on the Chicago Board of Trade from the projected price established for malting barley under the MBE as determined in section 4(a) of the MBE, and then adding the result to the harvest price for soft red winter wheat. (7) The projected price for non-contracted acres will be the projected price for barley as determined under the Commodity Exchange Price Provisions. (8) Example of establishing a revenue guarantee for malting barley. (a) Malting barley APH = 55 bushels per acre (b) Selected insurance Coverage Level = 75% (c) Malting production guarantee per acre = 55.0 bushel x 0.75 = 41.3 bushel (d) Contracted quantity = 10,000 bushels (e) Contract has a premium amount = -$1.50 per bushel (f) Projected price for soft red winter wheat = $7.50 per bushel (g) Projected price for barley from the CEPP = $4.00 (h) Insured plants 210.0 acres of the malting barley variety The number of contracted acres is 10,000 bushel contracted divided by 55 bushel APH = 181.8 acres The number of non-contracted acres is 210.0 – 181.8 = 28.2 acres

LASH Reference	Supplemental Instructions
13C (continued)	The projected price for contracted acres is $7.50 + (- $1.50) = $6.00 per bushel. The projected price for non-contracted acres is $4.00 per bushel. Unit revenue guarantee: Projected Price (blended for contract and non-contract acreage) is ((181.8 x $6.00) + (28.2 x $4.00)) / 210 acres = $5.73. Per acre revenue guarantee is ($5.73 x 55.0 x 0.75) = $236.36 * *for RP this would be the higher of the projected or harvest price. Unit revenue guarantee is $236.36 x 210.0 = $49,635.60 (9) Malting barley production to count is malting barley accepted by the buyer under the standards contained in the contract or Special Provisions (whichever is applicable) or that is accepted by the buyer even if not meeting such quality requirements. (10) All malting barley rejected by the buyer for failure to meet the standards contained in the contract or Special Provisions (whichever is applicable) and such rejection is accepted by the AIP and all malting barley that exceeds the quantity specified in the production contract is eligible for quality adjustment. (11) Example of determining the indemnity for malting barley. (a) Production accepted by the buyer: 6,000 bushel (b) Production rejected by the buyer: 1,000 bushel (c) Projected price for soft red winter wheat = $7.50 per bushel

LASH Reference	Supplemental Instructions
13C (continued)	(d) The blended projected price for malting barley is $5.73. (e) Harvest price of soft red winter wheat: $8.50 per bushel The harvest price for malting barley is (d) $5.73 – (c) $7.50 = -$1.77; (e) $8.50 + (-$1.77) = $6.73 Revenue guarantee malting barley = ($6.73 x 55 x .75) = $277.61 per acre guarantee; Unit revenue guarantee is $277.61 x 210 = $58,298.10 (f) The harvest price for barley (from the CEPP) is $4.25. (g) The value of the production to count = 1,000 bushels x ($4.25 ÷ $6.73) = 631.5 bushels (6,000 bushels + 631.5 bushels) x $6.73 per bushel = $44,630.00 Unit indemnity $58,298.10 - $44,630.00 = $13,668 (12) Duties and responsibilities of the insured in addition to those contained in the Basic Provisions and the Small Grains Crop Provisions. Notify the AIP within 72 hours if any production is rejected by the buyer for failure to meet the quality standards contained in the contract. However in the case of a price agreement the AIP will use the quality standards contained in the Special Provisions to determine whether or not any quality adjustment can be done in accordance with the MBE. (13) Duties and responsibilities of the loss adjuster in the event production is rejected by the buyer for failure to meet the quality standards in the production contract. (a) Verify that the decision to reject was based on a determination made following established procedures of the buyer. To be considered established procedures, there must be a reference manual, reference slides, compact discs, computer files, or other media that identify rejection levels or conditions.

LASH Reference	**Supplemental Instructions**
13C (continued)	(b) Verify that the decision to reject was made by a person trained in the use of established procedures and that the person did follow those procedures. (c) Verify that the specific cause leading to the decision to reject has been documented in writing. (d) Verify that the sample used to make the decision to reject has been preserved and that an adequate quantity is available for review by the AIP. (e) Determine whether it is necessary to send a portion of the sample to a third party for review. (f) If it cannot be demonstrated to the loss adjuster's satisfaction that the rejection was based on valid, supportable reasons, the quantity of malting barley in question is not eligible for quality adjustment due to rejection.
Exhibit 6	Small Grains Loss Adjustment Standards Form Standards - Production Worksheet SECTION I – DETERMINED ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS
Element 31	Appraised Potential MALTING BARLEY: For any acreage that is appraised BEFORE the grain is mature, the entire appraisal will be counted. Any acreage that is appraised AFTER the grain reaches maturity may be adjusted as specified in section 8(a)(5) of the MBE. The quantity of any mature unharvested production that exceeds the difference between the contracted quantity and the accepted quantity is not eligible for adjustment under section 8(a)(5) but does qualify under section 8(a)(6).
Element 32a	MALTING BARLEY: MAKE NO ENTRY for malting barley insured under the MBE.

LASH Reference	Supplemental Instructions
Element 35	MALTING BARLEY: a. Enter the ratio of the harvest price of barley from the Commodity Exchange Price Provisions divided by the harvest price determined in accordance with section 4 of the MBE. (to three decimal places) for mature, unharvested malting barley production which, due to insurable causes, WILL NOT meet the quality standards contained in the production contract or the Special Provisions, as applicable, and does not qualify for additional quality adjustment in accordance with the quality provisions of the Small Grains Crop Provisions for barley. b. Enter the result of multiplying the quality factor determined for (a) above by the QAF when the malting barley does not meet the quality standards for malting barley contained in the contract or the Special Provisions, as applicable, and as allowed by the quality adjustment statement for barley contained in the Special Provisions. c. Make no entry if the mature, unharvested production meets the malting barley quality standards contained in the contract or the Special Provisions, as applicable.
Additional Requirements	NARRATIVE INSTRUCTIONS MALTING BARLEY ADDITIONAL REQUIREMENTS a. Indicate if more than one contract price is applicable. Indicate the number of bushels of production to count and the associated contract prices. b. Explain any uninsured causes, (including rejection of production by the buyer that is not accepted by the loss adjuster), or unusual or controversial cases in this item, or on an attachment. c. Explain any harvested production that is not accepted by a malting barley buyer and state the factors that make the production unacceptable. d. Identify whether barley is two-rowed or six-rowed (by line, if differing), and indicate the variety name. Verify that the variety is an approved malting variety as specified in a production contract.
Exhibit 6 Forms	Standards Production Worksheet SECTION II – DETERMINED HARVESTED PRODUCTION

LASH Reference	Supplemental Instructions
Element 64a	MALTING BARLEY: If the malting barley initially fails any quality standards in the MBE but is accepted by a buyer and has been conditioned, enter the result of subtracting the conditioning cost per bushel from the harvest price for malting barley. The conditioning costs will be shown in the narrative. The cost incurred for any conditioning required to improve the quality of production so that it is marketable as malting barley may be allowed, provided the failure of such production to meet the standards is due to insurable causes. EXAMPLE: It cost \$90.00 to condition 1,000 bushels of production. The insured sold 900 bushels of conditioned malting barley. The conditioning cost per bushel is (\$90.00 ÷ 1,000 bushels) = \$0.09 per bushel. The conditioning cost per bushel is subtracted from the harvest price for the insured malting barley. The harvest price for the insured malting barley from the CEPP is \$5.50. Harvest price minus average conditioning cost = \$5.41 (entered in column “64a”). The cost of conditioning cannot exceed the discount the insured would have received had they sold the barley without conditioning. For example, if the price per bushel of the production without conditioning is \$6.40 and the price for such production after conditioning is \$6.50, the cost of conditioning cannot exceed \$0.10 per bushel. In the case of conditioning, the total amount of production to count is determined as follows: Assume that 900 out of 1,000 bushels delivered was conditioned. The barley harvest price from the CEPP is \$5.50 and the harvest price determined in accordance with Section 4 of the MBE is \$7.41. 1 Damaged production that is not reconditioned: (i) 100 bushel x \$5.50 ÷ \$7.41 = 74 bushel 2 Damaged production that is reconditioned: (i) 900 bushel X \$5.41 ÷ \$7.41 = 657 bushel

LASH Reference	**Supplemental Instructions**
Element 64a (continued)	3 Total production to count against the malting barley guarantee is 731 bushels (74 + 657)
Element 64b	MALTING BARLEY: Enter the harvest price for malting barley.
Element 65	MALTING BARLEY: If the production listed in item 63 is not eligible for quality adjustment, MAKE NO ENTRY. If the production listed in item 63 is eligible for quality adjustment, enter the applicable result of 1) dividing item 64a by 64b; or 2) the result of dividing item 64a by 64b multiplied by the QAF determined from the Special Provisions.

55-59 (Reserved)

Acronyms

The following table provides approved acronyms used in this handbook.

Approved Acronym	Term
AIP	Approved Insurance Provider
APH	Actual Production History
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
EOIP	End of the Insurance Period
FCIC	Federal Crop Insurance Corporation
LASH	Loss Adjustment Standards Handbook
LAM	Loss Adjustment Manual
MBE	Malt Barley Endorsement
PASD	Product Administration and Standards Division
RMA	Risk Management Agency

Definitions

The following are definitions of terms used in this handbook.

Approved Insurance Provider has the same meaning as the term “approved insurance provider” in the Federal Crop Insurance Act. For the purposes of this handbook, Approved Insurance Provider includes managing general agents as defined in the Standard Reinsurance Agreement.

Base price – A price determined in your contract using a reference market and reference commodity for a specific futures market option month and year.

Contract – A malting barley contract, a malting barley price agreement or a malting barley seed contract.

Contract Price – The price contained in a contract between you and a buyer. The contract price is the amount specified without regard to incentives or discounts, and may be a fixed price or a base price with a premium amount.

Contracted acres – The smallest number of acres found by comparing:
(a) The result determined by dividing the quantity stated in your contract by the approved yield;
(b) The sum, if applicable, of the number of acres specified in your contract(s); or
(c) The number of planted acres.

Malting barley contract – A document in writing:
(a) Between you and a buyer that is a brewery or any other buyer that produces or sells malt or malt products to a brewery, or a business enterprise owned by such brewery or business,
(b) That specifies the amount of contracted production, the purchase price or a method to determine such price; and
(c) That establishes the obligations of each party to the agreement.

Malting barley price agreement – A document in writing that meets all conditions required for a malting barley contract except that it is executed with a buyer who is not described in the definition of a malting barley contract, but who normally contracts to purchase malting barley production.

Malting barley seed contract – A document in writing between you and a buyer under which you agree to produce malting barley seed and that meets all the conditions to otherwise be considered a malting barley contract. Malting barley seed is only eligible for quality adjustment in accordance with the small grains crop provisions

Non-contracted acres – The total planted acres minus the contracted acres.

Premium amount – The additional price above or below the base price for planted production and is not an incentive that is related to the performance of the crop production (e.g. quality, timing, etc.). The premium amount must be converted to an amount per bushel if a different unit of measurement (cwt., tons) is stated in the contract. The premium amount can be positive or negative.

Qualified representative – An employee or agent of the buyer who has been trained in evaluating malting barley production to determine if such production meets the standards contained in a contract.