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Federal Crop
Insurance
Corporation



Risk
Management
Agency

Actuarial and
Product Design
Division

FCIC 24180
(11-2018)

APH SESAME (PILOT) CROP INSURANCE STANDARDS HANDBOOK

2019 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: APH Sesame Pilot Crop Insurance Standards Handbook	NUMBER: 24180
EFFECTIVE DATE: 2019 and succeeding crop years	ISSUE DATE: 11-29-2018
SUBJECT: Provides the insurance standards for administering the APH Sesame (Pilot) Program	OPI: Actuarial and Product Design Division
	APPROVED: <i>/s/ Richard Flournoy</i> Deputy Administrator for Product Management

REASON FOR ISSUANCE:

This handbook provides the official FCIC-approved 2019 and succeeding crop years' underwriting and administration standards for the Sesame Pilot Program. All approved insurance providers electing to offer the Sesame Pilot Program must utilize these standards.

SUMMARY OF CHANGES:

The following is a brief description of the changes to the APH Sesame Insurance Standards Handbook that will be effective for the 2019 crop year. Major Changes: Refer to changes or additions in text that have been **highlighted**. Three stars (***) identify the location where information has been removed from the handbook.

1. This handbook has been updated to reflect the new counties added to the pilot program for 2019 and succeeding crop years.
2. This handbook has been updated to reflect the expansion by written agreements in 252 counties for the 2019 and succeeding crop years. Only written agreements under Section 18(f)(2) of the Basic Provisions (for counties without actuarial documents for the crop) are applicable.

APH SESAME PILOT CROP INSURANCE STANDARDS HANDBOOK

CONTROL CHART:

APH Sesame Pilot Crop Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Numbers	Exhibit Page(s)	Date	Directive Number
Current Index	1-2	1	1-7	1-5	7-12	11-2018	FCIC-24180

FILING INSTRUCTIONS:

This handbook replaces the 2018 APH Sesame Pilot Crop Insurance Standards Handbook, FCIC-24180 (11-2017). This handbook is effective for the 2019 and succeeding crop years and is not retroactive to any 2018 or prior crop year determinations.

**APH SESAME PILOT CROP INSURANCE STANDARDS HANDBOOK
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PART 1 ELIGIBILITY REQUIREMENTS AND INSURABILITY

1 General Information

A. Purpose

This handbook provides procedure for administering the Sesame Pilot Program according to the Sesame Pilot Crop Provisions, and supplements the CIH, GSH, LAM and Sesame Pilot LASH via exceptions, changes, and additions.

If there is a conflict between this handbook and the CIH, GSH, LAM or Sesame Pilot LASH, this handbook controls.

B. Source of Authority

The Food, Conservation and Energy Act of 2008 require the Risk Management Agency to develop a pilot program for sesame. 7 U.S.C. 1523(g) requires that FCIC “. . . shall establish and carry out a pilot program under which a producer of non-dehiscent sesame under contract may elect to obtain multi-peril crop insurance, as determined by the Corporation.”

C. Duration

The Sesame Pilot Program is available beginning with the 2011 crop year and is authorized until terminated or converted to a permanent program by the FCIC Board of Directors.

D. Pilot Area

State	Counties
Kansas	Barber, Comanche, Cowley, Harper, Kingman, and Sedgwick, Sumner
Oklahoma	Alfalfa, Beckham, Blaine, Caddo, Canadian, Comanche, Cotton, Custer, Dewey, Ellis, Garfield, Grady, Grant, Greer, Harmon, Harper, Jackson, Kay, Kingfisher, Kiowa, Logan, Love, Major, Noble, Roger Mills, Tillman, Washita, Woods, and Woodward.
Texas	Atascosa, Baylor, Bee, Castro, Cameron, Colorado, Concho, Cooke, Crosby, Dawson, Fisher, Floyd, Foard, Frio, Gaines, Hale, Hardeman, Haskell, Hidalgo, Hill, Hockley, Jackson, Jim Wells, Jones, Karnes, Kleberg, Knox, Lamb, Live Oak, Lubbock, Martin, Matagorda, Medina, Nueces, Refugio, Robertson, Runnels, San Patricio, Shackelford, Starr, Swisher, Stonewall, Taylor, Terry, Throckmorton, Tom Green, Uvalde, Wharton, Wichita, Wilbarger, Willacy, Williamson, and Zavala.

E. Written Agreement Area

- (1) Only written agreements under Section 18(f)(2) of the Basic Provisions (for counties without actuarial documents for the crop) are applicable.

1 General Information (Continued)

E. Written Agreement Area (continued)

(2) Written agreements are only available in the 252 counties listed in the table below:

Kansas Counties	Oklahoma Counties	Texas Counties	Texas Counties	Texas Counties
Allen	Atoka	Anderson	Fort Bend	Midland
Anderson	Beaver	Andrews	Franklin	Milam
Barton	Bryan	Aransas	Garza	Mills
Bourbon	Carter	Archer	Gillespie	Mitchell
Butler	Choctaw	Armstrong	Glasscock	Montague
Chase	Cimarron	Austin	Goliad	Moore
Chautauqua	Cleveland	Bailey	Gonzales	Morris
Cherokee	Coal	Bastrop	Gray	Motley
Clark	Craig	Bell	Grayson	Navarro
Coffey	Creek	Bexar	Guadalupe	Nolan
Crawford	Delaware	Borden	Hall	Ochiltree
Dickinson	Garvin	Bosque	Hamilton	Oldham
Douglas	Haskell	Bowie	Hansford	Palo Pinto
Edwards	Hughes	Brazoria	Harris	Parker
Elk	Jefferson	Brazos	Hartley	Parmer
Ellsworth	Johnston	Briscoe	Hays	Pecos
Finney	Le Flore	Brooks	Hemphill	Potter
Ford	Lincoln	Brown	Henderson	Randall
Franklin	Marshall	Burleson	Hood	Reagan
Geary	Mayes	Burnet	Hopkins	Red River
Grant	McClain	Caldwell	Houston	Reeves
Gray	McCurtain	Calhoun	Howard	Roberts
Greenwood	Mcintosh	Callahan	Hudspeth	Rockwall
Hamilton	Murray	Carson	Hunt	San Saba
Harvey	Muskogee	Chambers	Hutchinson	Schleicher
Haskell	Nowata	Childress	Irion	Scurry
Hodgeman	Okfuskee	Clay	Jack	Sherman
Johnson	Oklahoma	Cochran	Jefferson	Stephens
Kearny	Okmulgee	Coke	Jim Hogg	Sterling
Kiowa	Osage	Coleman	Johnson	Sutton
Labette	Ottawa	Collin	Kaufman	Tarrant
Linn	Pawnee	Collingsworth	Kendall	Travis
Lyon	Payne	Comal	Kent	Upton
Marion	Pittsburg	Comanche	Kerr	Victoria
McPherson	Pontotoc	Coryell	Kimble	Walker
Meade	Pottawatomie	Cottle	King	Waller
Miami	Rogers	Culberson	Kinney	Ward
Montgomery	Seminole	Dallam	La Salle	Washington
Morris	Sequoyah	Dallas	Lamar	Webb
Morton	Stephens	Deaf Smith	Lampasas	Wheeler
Neosho	Texas	Delta	Lavaca	Wilson
Osage	Tulsa	Denton	Lee	Wise
Pawnee	Wagoner	DeWitt	Leon	Yoakum
Pratt	Washington	Dickens	Liberty	Young
Reno		Dimmit	Limestone	Zapata
Rice		Donley	Lipscomb	
Saline		Duval	Llano	
Seward		Eastland	Lynn	
Shawnee		El Paso	Mason	
Stafford		Ellis	Maverick	
Stanton		Erath	McCulloch	
Stevens		Falls	McLennan	
Wabaunsee		Fannin	McMullen	
Wilson		Fayette	Menard	
Woodson				

1 General Information (Continued)

F. Applying for Sesame Pilot Program

AIPs shall use the standard application for Sesame Pilot Program

2 Responsibilities

A. AIP 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 pilot program issues or concerns to APDD of RMA. AIPs must submit all yield records for APH databases for sesame.

B. Insured's Responsibilities

To be eligible for the Sesame Pilot Program, insureds must comply with all terms and conditions of the Sesame Pilot Crop Provisions, Basic Provisions, and all other applicable documents.

3-20 (Reserved)

PART 2 ELIGIBILITY REQUIREMENTS AND INSURABILITY

21 Eligibility Requirements

A. Production Experience

Production and yield data must be on the basis of the pounds of clean dry sesame seed for which a processor paid the producer.

B. Eligible Acreage and Crop

Insurance coverage is not authorized for any of the following, unless allowed by the Special Provisions:

- (1) Sesame inter-planted with another crop;
- (2) Sesame planted into an established grass or legume; or
- (3) Non-irrigated sesame planted on land on which any of the following occurred in the same calendar year:
 - (a) a hay crop was harvested, including a harvested small grain hay crop;
 - (b) a small grain crop reached the headed stage, regardless of the percentage of small grain plants that reached the headed stage; or
 - (c) a crop was grazed past March 15, or other date provided in Special Provisions.

22 Insurability

A. Insurable Types, Varieties and Practices

Types are specified for White Sesame and Black Sesame. No varieties are specified. Both irrigated and non-irrigated practices are insurable.

B. Insurable Coverage Levels, and Units

Eligible growers may select coverage from CAT levels through 75 percent of APH yield. Coverage levels greater than 75 percent are not offered in this program.

Coverage is available for basic and optional units. In addition to optional unit structure allowed under Section 34(c) of the Basic Provisions, the APH Sesame Pilot Crop Provisions Section 2 allows optional units to be established by type.

23-30 (Reserved)

PART 3 APPLICABILITY OF HANDBOOKS

31 General Overview

This Part identifies information specific to the applicability of the CIH, GSH, and LAM, and any other issuance that may require supplemental information with regard to sesame or to the APH plan of insurance. Unless specifically amended or supplemented by information in this handbook, all policy and procedure issuances apply to sesame and to the APH plan of insurance.

32 Specific Information Regarding the CIH, GSH, and LAM

The following table provides general information, changes, additions and modifications, termed supplemental instructions, regarding the CIH, GSH, and LAM, applicable to APH Sesame Pilot Program.

Handbook Reference	Supplemental Instructions
LAM	<u>Replanting</u> Sesame is added to the Crop Replanting Requirements table, but is not eligible for replanting payments.
CIH Part 10 Section 2	<u>Optional Units</u> Optional units by type are authorized for sesame if types are designated on the Special Provisions.
CIH Part 10 Section 3	<u>Enterprise Units</u> Sesame is not eligible for Enterprise units.
CIH Part 10 Section 4	<u>Whole Farm Units</u> Sesame is not eligible for Whole Farm units.
CIH Part 12 Section 2 Para. 1215	<u>Late Planting</u> Late planting provisions do not apply to sesame.
CIH Part 13	<u>Production Report</u> Acceptable Production Reports and Submission of Production Reports rules apply to sesame.
CIH Part 15 Section 3	<u>APH Yield Adjustment</u> Procedures set forth in CIH Section 3 regarding APH yield adjustment shall apply to the Sesame Pilot APH Program with the exception that yield floors do not apply.

32 Specific Information Regarding the CIH, GSH, and LAM (Continued)

Handbook Reference	Supplemental Instructions (continued)
CIH Part 15 Section 6	<u>Reviewing and Correcting APH Yields</u> Companies will follow APH review procedures as outlined in Section 6 of the CIH, as indicated in the event APH yield adjustment is required.
CIH Part 17	<u>Category B Crop Procedures</u> Sesame is added as a crop for which the Category B underwriting and APH responsibilities apply. Supporting Evidence and Appraisals and Field Visits for APH Purposes rules apply to sesame. Yield limitations shall apply to sesame with the exception that yield floors do not apply.
CIH Part 18	<u>Category C APH Crops (Perennial Crops)</u> Not applicable.
CIH Part 19	<u>Additional Provisions by Crop</u> Sesame. (a) Acceptable supporting records. A copy of the contract and settlement sheet is required. Statements or contract summaries from processors must indicate the quantity of clean dry sesame seed purchased, dollars received for product delivered, the base contract price, and the area planted. If farm management records are used to support production reports, they must be substantiated by records from a processor. (b) The insured crop. Non-dehiscent varieties of sesame adapted for mechanical harvesting are the only varieties insurable. The insured crop and the production to count are the clean dry sesame seed. Production and yield data must be recorded on the basis of the pounds of clean dry sesame seed paid for by the processor.
GSH Part 8 Section 2 Para.837	<u>Price</u> If there are multiple base contract prices within the same unit, each will be considered a separate price election that will be multiplied by the number of insurable acres under the applicable processor contract. These amounts will be totaled to determine the premium, liability and indemnity.
GSH Exhibit 8A	<u>Category B Crops</u> Sesame is added to the definition of Category B Crops.
GSH Exhibit 8A	<u>APH Yield Tolerance</u> The APH Yield Tolerance for sesame is 5%.
DSSH	Use APH form.

33 Prevented Planting Standards Handbook

The Prevented Planting Standard Handbooks is not applicable to the Sesame Pilot Program. Prevented planting coverage is not available for sesame.

34 Loss Adjustment Manual

The procedures identified in the LAM are adopted for the Sesame Pilot Program

35 Sesame Loss Adjustment Standards Handbook

The APH Sesame Pilot Program Loss Adjustment Standard Handbook applies to this pilot.

36 General Standards Handbook

The General Standards Handbook applies to this pilot.

Acronyms

Approved Acronyms	Term
AIP	Approved Insurance Provider
APH	Actual Production History
APDD	Actuarial and Product Design Division
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
DSSH	Document and Supplemental Standards Handbook
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook
LAM	Loss Adjustment Manual
LASH	Loss Adjustment Standards Handbook
RMA	Risk Management Agency

(Reserved)

(Reserved)

(Reserved)

Examples

Acres = 200
 Practice = Irrigated
 Producer average APH Yield = 640 lbs/acre
 Coverage level = 75 percent
 Production guarantee (producer average APH yield times x coverage level) = 480 lbs/acre
 Price election (Base contract price) = \$0.28 per lb
 Price election percentage = 100 percent
 Share = 100 percent
 County reference yield = 600 lbs/acre
 Reference rate = 0.186
 Exponent = -1.33
 Fixed rate = 0.036
 Ratio of producer average APH Yield to County reference yield = 1.07 (640 ÷ 600)
 Premium rate = 0.206 (0.036 + 0.186 x (1.07)^{-1.33})

A. Example 1 – Calculating a Premium

Sesame Pilot program premiums are calculated according to the Basic Provisions, section 7(c). Calculate the premium using the following formula:

[(Production guarantee per acre) x (price election) x (premium rate) x (insured acreage) x (share)]

The calculated premium is \$5,537 (480 x \$0.28 x 0.206 x 200 x 1.000)

B. Example 2- Calculating an indemnity with multiple contracts and multiple prices.

Jim Farmer has a contract with Company A for 50 acres of white sesame with a contract price of 25 cents per pound. He has a second contract with Company A for 30 acres of black sesame in the same unit at 30 cents per pound. His APH yield is 800 pounds per acre for white sesame and 500 pounds for black sesame and he has coverage at the 75% level. His production guarantee for white sesame is 800 pounds x 75 percent = 600 pounds and for black sesame 500 pounds x 75 percent = 375 pounds. His share in both cases is 100 percent. A minor drought damages both fields and the appraised yield is 400 pounds for the white sesame and 300 pounds for the black sesame. His settlement of claim would be calculated as follows:

Step 1)	50 acres x 600 pounds =	30,000 pounds
	30 acres x 375 pounds =	11,250 pounds
Step 2)	30,000 pounds x \$0.25 =	\$7,500
	11,250 pounds x \$0.30 =	\$3,375
Step 3)	\$7,500 + \$3,375 =	\$10,875
Step 4)	20,000 white PTC x \$0.25 =	\$5,000
	9,000 black PTC x \$0.30 =	\$2,700
Step 5)	\$5,000 + \$2,700 =	\$7,700
Step 6)	\$10,875 - \$7,700 =	\$3,175
Step 7)	\$3,175 x 100% share =	\$3,175 Indemnity