

Processing Beans Fact Sheet



National Crop Insurance Services®

1. Pennsylvania Crop Insurance Webinars

The objective of the Pennsylvania Crop Insurance Webinar series is to help Pennsylvania farmers and ranchers manage risk understand a variety of crop insurance products to make informed insurance decisions.

2. Pennsylvania Processing Bean and Fresh Market and Processing Sweet Corn and Tomatoes – Scheduled for February 7, 2019

Webinar objectives:

- a. Review the Federal crop insurance structure and key basic provision tenets and forms, as well as the primary processing bean and fresh market and processing sweet corn and tomato plans of insurance.
- b. Discuss where coverage is available for these fresh market and processing crops.
- c. Review types and practices insured and policy provisions and options available.
- d. Discuss documents and your duties when a loss occurs.

3. The Insured Crop

Processing beans are snap or lima beans grown for canning or freezing for human consumption. To have insurance, the

crop must be produced under one or more commercial processor contract. The farmer must have all contracts in place by the crop insurance acreage reporting date.

In Pennsylvania, processing beans are insured under the Actual Production History plan of insurance, which is based on the farmer's historic production and provides a yield-based guarantee. Your crop is measured in tons produced and the coverage provided uses information such as price and tons to be delivered found in the processor contract(s).

4. Coverage Availability

For the 2019 crop year, processing beans are insurable in Adams, Centre, Clinton, Columbia, Erie, Huntingdon, Lancaster, Luzerne, Lycoming, Montour, Northumberland, Potter, Snyder, Union, and York counties in Pennsylvania. Lima beans are only insurable in Adams, Lancaster, and York counties. Insurance may be available in other counties through a written agreement if specific criteria are met.

Details of the coverage offered in each county, including types, practices, rates, prices, dates, options, coverage levels, and special provisions of insurance, are available through the Risk Management Agency's **Actuarial Information Browser** at <https://bit.ly/2NZo44f>. Work with a licensed crop insurance agent to explore your coverage options.

5. Select Policy Definitions

Base Contract Price

The price on the processor contract without regard to discounts or incentives. For beans, price may be by grade factor or sieve size.

Broker

An enterprise with appropriate licenses and permits in Pennsylvania that has a long-term agreement in writing with a processor to purchase and deliver the processing beans grown under the processor's contract.

Bypassed Acreage

Land on which production is ready for harvest but the processor elects not to accept such production, so that acreage is not harvested.

Processor

Any business enterprise regularly engaged in canning or freezing processing beans for human consumption. The processor must possess all licenses and permits for canning, and freezing the crop in Pennsylvania, and must possess facilities or has contractual access to facilities, with enough equipment to accept and process the contracted crop within a reasonable amount of time after harvest.

Processor Contract

A written agreement between you and a processor that must contain, at a minimum:

- Your commitment to plant and grow the processing crop and deliver that production to the processor (or broker);
- The processor's (or broker's) commitment to purchase all the production stated in the processor contract; and
- A base contract price.

Multiple contracts with the same processor that specify amounts of production are considered a single processor contract unless the contracts are for different types.

6. Insurance Period

Insurance on processing beans begins when the crop is planted and ends the earliest of:

- Date the processing beans are destroyed, abandoned, harvested, or should have been harvested but were not (may have been bypassed);
- Date you harvest enough beans to fulfill your contract;
- Final loss adjustment; or

- September 20 for snap beans or October 5 for lima beans.

7. 2019 Crop Year Important Dates

- Sales Closing Date = 3/15/2019
- Production Reporting Date = 4/29/2019
- Lima Bean Final Planting Date = 7/10/2019
- All Other Types Final Planting Date = 7/25/2019
- Acreage Reporting Date = 8/15/2019 (with contracts)
- Premium Billing Date = 9/15/2019
- Premium Due = 10/31/2019

8. Prices

The price election is the price published in the actuarial documents or the contract price stated in your processor contract.

2019 Prices for Lima Type

- Established price = \$470/ton
- Catastrophic (CAT) price = \$258.50/ton
- Conventional maximum contract price = \$705/ton
- Organic maximum contract price = \$940/ton

2019 Prices for All Other Types

- Conventional/Transitional established price = \$245/ton
- Certified Organic established price = \$430/ton
- Conventional/Transitional CAT price = \$134.75/ton
- Certified Organic CAT price = \$236.50/ton
- Conventional maximum contract price = \$367.50/ton
- Transitional Organic max contract price = \$490/ton
- Certified Organic max contract price = \$860/ton

9. Coverage Levels and Premium Discounts

Coverage levels range from 50% to 75% of your average yield and are subsidized as shown in the table below.

Item	Percent					
Coverage Level	50	55	60	65	70	75
Premium Subsidy	67	64	64	59	59	55
Your Premium Share	33	36	36	41	41	45

Catastrophic Risk Protection (CAT) coverage is fixed at 50% of your average yield and 55% of the price election. The 2019 cost for CAT coverage is an administrative fee of \$300.

10. Available Unit Structure

Processing beans can have a basic or optional unit structure depending on whether the processor contract stipulates an amount of production or number of acres to be planted.

A basic unit is always available and covers all acreage in a county under contract by processor (not by processor contract).

An optional unit is allowed if a processor's contract(s) stipulate the number of acres to be planted.

11. Optional Coverages

Supplemental Coverage Option (SCO) is available for processing beans in some counties. If elected, SCO provides additional coverage for a portion of your underlying crop insurance policy deductible.

Actual Production History (APH) Yield Exclusion Yield Exclusion (YE) is available in some processing bean counties. YE allows you to exclude yields in exceptionally bad years from your production history when calculating yields used to establish your crop insurance coverage.

12. Perils Protected Against

You are protected against the following:

- Adverse weather conditions, including natural perils such as hail, frost, freeze, wind, drought, and excess precipitation;
- Failure of irrigation water supply, if caused by an insured peril during the insurance period;
- Fire, if caused by an insured peril during the insurance period;
- Insect damage and plant disease, except for insufficient or improper application of control measures; or
- Wildlife.

This policy does not cover any loss of production due to bypassed acreage because of the breakdown or non-operation of equipment or facilities, or your failure to follow the requirements contained in the processor contract.

13. Acreage Reporting Requirements

An acreage report is a report of all insured acreage of processing beans. A report and a copy of all your processor contracts must be submitted to your crop insurance agent on or before the acreage reporting date.

14. Losses

The processing bean policy covers replanting reimbursements, prevented planting payments, and production loss indemnities.

If you believe you have a loss, you should:

- Protect the crop from further damage by providing sufficient care;
- Notify your crop insurance agent within:
 - 48 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period);
 - Within 3 days after the date harvest should have started on any acreage that will not be harvested; or
 - At least 15 days before starting harvest or immediately if damage is discovered *during* harvest;
- Provide any documentation the adjuster needs and allow access to your fields; and
- Leave representative samples intact for each field of the damaged unit.

Your Adjuster's Actions

Your crop insurance adjuster will determine the loss using RMA Loss Adjustment procedures, and your crop insurance company will ensure timely payment after you and the company reach an agreement.

Your adjuster will:

- Set up an appointment to visit your farm location(s) to inspect the damaged acreage
- Determine the causes of loss and how many acres are damaged by each
- Determine the percentage of damage and will defer the loss adjustment if can't determine percent of loss; will revisit and reinspect after deferral period
- Take actual plant counts from representative parts of the field to determine the amount of damage
- Consider different factors based on the crop and the stage of growth
- Photograph the damage, often with a ruler or other measurable object in the picture for scale
- Your adjuster may request paperwork from you (contract, production records and sales, etc.)
- Complete all needed paperwork
- Explain what he or she did and the findings and walk you through the adjustment worksheet
- You and the adjuster will sign documents in agreement of the loss adjustment findings

Indemnity Calculation Components

- Acres
- Total production guarantee (in tons)
- Price
- Your share in the crop
- Production to count (PTC)

Indemnity Calculation (by type, then sum for unit)

1. Total guarantee x price = value of guarantee
2. Total PTC x price = value of PTC
3. Value of guarantee – value of PTC = gross loss
4. Gross loss x your share = indemnity payment

Indemnity Calculation Example

75% share in 80 acres of lima beans

168 tons total production guarantee for the unit

\$470 price per ton

147 tons harvested from the unit

1. $168 \times \$470 = \$78,960$ value of guarantee
2. $147 \times \$470 = \$69,090$ value of PTC

3. $\$78,960 - \$69,090 = \$9,870$ gross loss
4. $\$9,870 \times 0.75 \text{ share} = \$7,403$ indemnity payment

15. Get Covered: Find an Agent

A crop insurance agent is your local expert and best resource on how, when, and what kind of crop insurance coverage to add to your risk management toolkit.

Crop insurance is available through independent crop insurance agents licensed in your state. Most Federal crop insurance agents also offer private crop-hail and other named peril policies. If you need an agent, review the Risk Management Agency's Agent Locator (<https://bit.ly/2sohz1f>).

16. View the Recorded Webinar

A recording of this Pennsylvania Processing Bean and Fresh Market and Processing Sweet Corn and Tomatoes webinar will be viewable after the live presentation concludes. To view the recording, visit <https://cropinsuranceinamerica.org/pennsylvaniacrop-insurance-webinars/>