



United States  
Department of  
Agriculture

Farm Production  
and Conservation

Risk  
Management  
Agency

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February 4, 2019

**INFORMATIONAL MEMORANDUM: PM-19-009**

**TO:** All Approved Insurance Providers  
All Risk Management Agency Field Offices  
All Other Interested Parties

**FROM:** Richard H. Flournoy /s/*Richard H. Flournoy*  
Deputy Administrator

**SUBJECT:** Sugar Beet Crop Insurance Underwriting, Loss Adjustment Procedures,  
and Frequently Asked Questions (FAQ)

**BACKGROUND:**

The Risk Management Agency (RMA) revised the Sugar Beet Crop Provisions to incorporate changes made in the Final Rule published in the Federal Register on September 10, 2018. The Sugar Beet Underwriting procedures and Loss Adjustment Standards Handbook are effective for the 2019 and succeeding crop years in states with a November 30 contract change date, and for the 2020 and succeeding crop years in all other states. The intended effect of the underwriting and loss procedures is to reflect changes in the revised Sugar Beet Crop Provisions.

**ACTION:**

Attached are the Sugar Beet Underwriting Procedures and FAQs. RMA will post the Sugar Beet Loss Adjustment Standards Handbook (LASH) for the 2019 and succeeding crop years in states with a November 30 contract change date and for the 2020 and succeeding crop years in all other states on the RMA website at [www.rma.usda.gov/](http://www.rma.usda.gov/).

Interested producers should contact a crop insurance agent for further information. A list of agents can be found on the Risk Management Agency (RMA) website at [www.rma.usda.gov/](http://www.rma.usda.gov/).

**DISPOSAL DATE:**

December 31, 2019

# Sugar Beet Frequently Asked Questions

## February 4, 2019

### 1. The sugar beet unit of measure changed from standardized tons to raw pounds of sugar. How is that calculated?

- A. Pounds of raw sugar calculation is the insured's net paid tons multiplied by 2,000 pounds multiplied by the insured's average percent of sugar (determined from processor test).

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

### 2. What happens to the insured's existing Actual Production History (APH)?

- A. The insured's existing APH must be converted from standardized tons to raw pounds of sugar. The conversion calculation for pounds of raw sugar is the insured's actual production in standardized tons multiplied by 2,000 pounds multiplied by the county's percent sugar factor located in the actuarial documents (AD).

Example: The insured has 100 standardized tons and the county's percent sugar factor is 15 percent.  
[(100 standardized tons \* 2,000 pounds) \* 0.150 county's percent of sugar factor] = 30,000 pounds of raw sugar

### 3. What is the early harvest factor?

- A. The early harvest factor increases the current crop year's early harvested yield by one percent per day to a maximum of the APH database's approved APH yield. The factor is only applied when early harvest is requested by the processor. The purpose of the early harvest factor is to accommodate processor requests for early harvest of beets and to provide a yield increase to insureds who harvest early before the crop has potentially reached its full yield capacity.

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

- A. If the percentage of insured acreage in the unit, that is requested by the processor to be harvested early, exceeds the threshold specified in the actuarial documents, production to count from such acreage will be increased by one percent per day for each day the sugar beets were harvested prior to the date the sugar beets would have reached full maturity. The date the sugar beets would have reached full maturity is considered to be 45 days prior to the calendar date for the end of the insurance period, unless otherwise specified

in the actuarial documents. This adjustment will not be made if the sugar beets are damaged by an insurable cause of loss (COL) and leaving the crop in the field would reduce production.

5. **The policy states that the early harvest factor will not apply if the sugar beets are damaged by an insurable cause and “leaving the crop in the field would reduce production.” How will this determination be made?**
  - A. The determination if there is an insurable COL will be made by the loss adjuster on a case-by-case basis. The loss adjuster should work with the sugar processor and local agricultural experts to make the case-by-case determination as to the condition of the sugar beets in the field, whether the beets will be accepted for processing, and if they should be harvested early to avoid further damage.
  
6. **What if an insured wants to convert their net paid tons to raw pounds of sugar based on their average percent of sugar over each of the past individual years, if they have this information available to do so, rather than the factor from the 2018 Actuarial Documents?**
  - A. The insured may recertify prior years’ APH production instead of converting standardized tons to raw pounds of sugar; however, the insured will be required to, submit acceptable production reports for prior years by the applicable production reporting date for the current year, maintain continuity of the production reports for the prior years and all production reports are subject for APH field reviews.
  
7. **When an insured reports their 2018 sugar beet production, on their 2019 crop year production report, should they report tons of sugar beets or raw pounds of sugar?**
  - A. The insured will report their 2018 sugar beet production in 2019 as pounds of raw sugar. Except for Imperial county in California; the policy will be in effect for the 2020 crop year and insured’s will report their 2018 production in standardized tons for the 2019 crop year.
  
8. **If we had late season loss after full maturity, do we still add pounds to the production that was taken in early harvest?**
  - A. Yes, section (13)(f) of the Sugar Beet Crop Provisions (CP) states that only production qualifying for the early harvest factor will be adjusted using this factor. Production harvested after full maturity will not be adjusted using this factor.

**Example:**

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

- Production from those acres will have the early harvest factor applied (increasing PTC).

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

- Production from those acres is documented accordingly.

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

**9. Who will make the determination for paragraph 16(3) of the 2019 Sugar Beet Loss Adjustment Standards Handbook (LASH), which states the early harvest factor adjustment will not be made if the sugar beets are damaged by an insurable COL and leaving the crop in the field would reduce production?**

- A. Per paragraph 16(3) of the 2019 Sugar Beet LASH, “The adjuster should consult with the sugar processor and/or other agricultural experts to make this determination,” which must be made on a case-by-case basis.

**10. Who will collect truckload records for the insured’s production for the days prior full maturity?**

- A. The insured will need to obtain and provide the truckload records to their AIP.

**11. Will the application of the early harvest factor adjustment be considered loss adjustment and require an adjuster to do the field inspection?**

- A. The application of the early harvest factor will be considered a loss adjustment function. Field inspections are required to verify if the early harvest acreage exceeds the threshold specified in the actuarial documents. The AIP will also determine if the beets were damaged by an insurable COL that will reduce production.

**12. If considered loss adjustment, will we need to enter this information on the Production Worksheet (PW)? If so, will there be guidelines in the 2019 Sugar Beet LASH on how to make these entries on the PW?**

- A. Yes, a new item has been added in Exhibit 4, item 56 addressing early harvest.

“For sugar beets harvested prior to full maturity, increase the amount of harvested production by 1 percent per day for each day the sugar beets were harvested prior to the date the sugar beets would have reached full maturity. Refer to paragraph 16 for more

information on adjustments made to production harvested prior to full maturity, including when this type of adjustment will not be made.”

**13. Will Notice of Loss (NOL) procedures be used?**

- A. Yes. For the early harvest factor to apply, the insured must notify their AIP that they intend to harvest acreage early at the request of the processor, prior to the beginning of early harvest.

**14. Who determines the 10-percent harvested acreage of the unit requirement is met? Is the Processor not considered a disinterested third party, can they measure the fields since they are not a company whose sole purpose is a measurement service?**

- A. The threshold percentage will be specified in the actuarial documents (not necessarily 10-percent). Any time the threshold may be exceeded and the insured is intending to have the early harvest factor applied, the AIP will need to verify that the processor requested early harvest, the amount of acreage that was requested to be harvested early, and the amount of acreage actually harvested early.

**15. If the processor starts full harvest prior to October 1<sup>st</sup>, would the early harvest apply to units that meet the 10-percent harvested acres threshold?**

- A. Assuming the actuarial documents specify 10-percent, the early harvest factor applies to production lost due to harvest prior to full maturity, as outlined in section (13)(f) of the Sugar Beet CPs. The date the sugar beets would have reached full maturity will be considered to be 45 days prior to the calendar date for the end of the insurance period, unless otherwise specified in the Special Provisions.

**16. What if my sugar beets are rejected by the processor?**

- A. For sugar beets damaged due to an insurable COL that are rejected by the processor, but are purchased by a salvage buyer at a reduced price, compute pounds of raw sugar using the following example:
- The insured harvested 100 tons of damaged sugar beets that were rejected by the processor.
  - The salvage buyer quoted price per ton for such damaged sugar beets is \$10.00.
  - $100 \text{ tons} \times \$10.00/\text{ton} = \$1,000.00$  gross dollar amount for the damaged beets.
  - The contract price for raw sugar is \$.18\* per pound.
  - $\$1,000.00 \div \$.18/\text{lb} = 5,556$  raw sugar equivalent.

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

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

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

## 1921 Sugar Beets

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### A. Converting APH Production to Pounds of Raw Sugar

Adjust sugar beet production for APH purposes by multiplying the insured's net paid tons by 2,000 pounds multiplied by the insured's average percent of raw sugar (determined from processor test). Round pounds of raw sugar to a whole number (no decimal points).

$(\text{Net paid tons} * 2,000) * \text{average percent of raw sugar} = \text{pounds of raw sugar}$

**Example:**  $(20 \text{ net paid tons} * 2,000 \text{ lbs.}) * 0.180 \text{ insured's average percent of raw sugar} = 7,200 \text{ pounds of raw sugar}$

**Note:** If the insured's production evidence from the processor is already in net pounds, then conversion of net paid tons to net pounds can be skipped. Multiply the insured's net pounds by the insured's percent of raw sugar (determined from processor test).

**Note:** For the 2018 crop year, the calculation for the prior year's approved APH yield is 2018 approved APH yield in standardized tons multiplied by 2,000 multiplied by 2018 percent sugar factor in the actuarial documents (AD). This calculation will only be applicable for the 2019 crop year for sugar beets with the exception of Imperial county, California which it will be applicable for the 2020 crop year.

### B. Converting APH History from Standardized Tons to Pounds of Raw Sugar

#### (1) Actual yields in an APH database

Previous crop years' actual production contained in each APH database (including the master yield (MY) summary APH database, if applicable) must be converted from standardized tons to pounds of raw sugar. The conversion is actual production in standardized tons multiplied by 2,000 pounds multiplied by the percent sugar factor from the 2018 AD for each crop year in the APH database. Round pounds of raw sugar to a whole number (no decimal points). Divide pounds of raw sugar by the number of acres to determine the actual yield (also rounded to a whole number). See Exh. 19B for an APH database conversion example.

$(\text{Actual production in standardized tons} * 2,000) * 2018 \text{ sugar factor from the AD} = \text{pounds of raw sugar}$

## 1921 Sugar Beets (Continued)

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### B. Converting APH History from Standardized Tons to Pounds of Raw Sugar (Continued)

**Example:**  $(20 \text{ standardized tons} * 2,000 \text{ pounds}) * 0.170 \text{ percent sugar factor from AD} = 6,800 \text{ lbs. of raw sugar.}$

#### (2) Assigned yields and non-actual yields

Insured's previous crop years' non-actual yields contained in each APH database (including the master yield (MY) summary APH database, if applicable) must be converted from standardized tons to pounds of raw sugar. The conversion is assigned yield or non-actual yield in standardized tons multiplied by 2,000 pounds multiplied by the percent sugar factor from the 2018 AD for each crop year in the APH database. Round pounds of raw sugar to a whole number (no decimal points). See Exh. 19B for an APH database conversion example.

$(\text{Assigned yield or non-actual yield in standardized tons} * 2,000 \text{ pounds}) * 2018 \text{ sugar factor from the AD} = \text{pounds of raw sugar}$

### C. Determining APH Production on Non-loss Units when Unharvested Due to Processor's Lack of Capacity

When acreage in non-loss units will not be harvested due to the processor's lack of capacity to process the sugar beets, harvested production from acreage within the same unit may be used as the appraisal for APH purposes for the unharvested acres, if:

- more than 50 percent of the sugar beet acreage within a field is harvested; or
  - more than 50 percent of a person's unit is harvested when more than one person is operating in the same field.
- (1) The insured must notify the AIP if any portion of the insured crop will be abandoned.
  - (2) The AIP must verify that the applicable acreage requirement (more than 50 percent) is met and, with the insured's consent, the AIP may use the harvested acreage's actual yield per acre calculated in pounds of raw sugar, including the sugar content of the harvested acreage, as the appraisal for the unharvested acreage.



## 1921 Sugar Beets (Continued)

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### **C. Determining APH Production on Non-loss Units when Unharvested Due to Processor's Lack of Capacity (Continued)**

- (a) The insured must provide the AIP with a legible map or photo identifying the unharvested and abandoned sugar beet acreage; and
  - (b) The AIP will use the map or photo and the insured's notification of abandonment as documentation of the unharvested acreage.
- (3) An appraisal to determine the potential production is required if:
- (a) 50 percent or less of the sugar beet acreage for the field is harvested; or
  - (b) 50 percent or less of the unit is harvested when the field consists of more than one insurable entity.
- (4) Coverage ends with the abandonment of the crop on the unit. Therefore, once the acreage has been left unharvested because the production will not be accepted by the processor due to storage or processing capacity, insurance on the abandoned acreage ends.
- (5) AIPs must notify the insured of these requirements and ensure harvested production from one insured is not used to establish a yield for the unharvested acreage of any other insured.

### **D. Determining APH Production Lost Due to Harvest Prior to Full Maturity**

If the percentage of insured acreage in the unit harvested prior to full maturity (early harvest) exceeds the threshold specified in the ADs for the same crop year as the acreage is planted, production from early harvested acreage will be determined by increasing the amount of harvested production by one percent per day for each day the sugar beets were harvested prior to the date the sugar beets would have reached full maturity.

- (1) This adjustment will only be made when early harvest has been requested by the processor.
- (2) The date the sugar beets would have reached full maturity will be considered to be 45 days prior to the calendar date for the end of the insurance period, unless otherwise specified in the SP.
- (3) This adjustment will not be made if the sugar beets are damaged by an insurable cause of loss and leaving the crop in the field would reduce production.

## 1921 Sugar Beets (Continued)

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### **D. Determining APH Production Lost Due to Harvest Prior to Full Maturity (Continued)**

- (4) The adjusted production from the early harvest acreage cannot exceed the APH database's approved APH yield;

**Example:** The end of insurance is November 15 and the sugar beets will reach full maturity on October 1 (45 days prior to the end of insurance date). The threshold in the SP is 10 percent and the insured harvested 50 acres of their 250 acres in the unit prior to October 1. The threshold has been met with the insured harvesting 20 percent of their insured acres (250 acres \* 0.20 = 50 acres). The insured harvested 1,000 tons, harvesting 250 tons per day for 4 days prior to October 1 on this unit. The approved APH yield is 7,550 pounds of raw sugar an acre for the unit and the insured's average percent of raw sugar (determined from processor test) is 16.1 percent.

September 30: 250 tons + 1% = 252.5 tons x 2,000 = 505,000 lbs.

September 29: 250 tons + 2% = 255 tons x 2,000 = 510,000 lbs.

September 28: 250 tons + 3% = 257.5 tons x 2,000 = 515,00 lbs.

September 27: 250 tons + 4% = 260 tons x 2,000 = 520,000 lbs.

$(505,000 + 510,000 + 515,000 + 520,000) = 2,050,000$  lbs

$[(2,050,000 \text{ lbs.} * 0.161 \text{ avg raw sugar}) / 50 \text{ early-harvested acres}] = 6,601$  pounds of raw sugar

Since 6,601 is less than 7,550 Approved APH yield the production will not be capped.

- (5) The AIP must verify the processor required early harvest and the number of acres required to be harvested early for the early harvest factor to apply.

### **E. Acceptable Supporting Documentation**

To consider sugar company delivery records or settlement sheets as acceptable records, they must show net paid tons **or net pounds** of beets delivered and percent of sugar.

**B. Category B Crops-Multi-Purpose Production and Yield Worksheet**

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(6) Sugar Beets, used to express sugar beet production in terms of pounds of raw sugar:

Col. 1 – actual production of sugar beets in net tons

Col. 2 – 2,000 pounds

Col. 3 – % raw sugar (records) expressed in three decimal points 0.000

Col. 4 – pounds of raw sugar [(col. 1 x col. 2) x col. 3]

**A. Example Determining APH Production in Raw Pounds of Sugar**

In 2018, the insured harvested 7,840 net tons of sugar from 224 acres. The net tons of sugar must be converted into raw pounds of sugar. The insured’s percent of raw sugar is 18.1 percent determined from processor’s tests.

$$[(7,840 \text{ net paid tons} * 2,000 \text{ pounds}) * 0.181 \text{ insured's average percent of raw sugar}] = 2,838,080 \text{ total pounds of raw sugar}$$

$$2,838,080 \text{ pounds of raw sugar} / 224 \text{ acres} = \text{actual yield of } 12,670 \text{ pounds of raw sugar per acre}$$

**B. Converting Previous APH History from Standardized Tons to Pounds of Raw Sugar**

$$(\text{standardized tons} * 2,000 \text{ pounds}) * \text{percent sugar factor from AD} = \text{pounds of raw sugar}$$

**Example APH Database: APH Database Before Pounds of Raw Sugar**

The counties 2018 percent sugar factor is 17.3 from the AD.

In years 2008, 2009, and 2011-2017 the APH database has actual yields with actual production. In 2010, the MY APH database has an assigned yield that has no production associated with it. Since crop year 2010 doesn’t have any production, the conversion is standardized tons multiplied by 2,000 multiplied by the counties 2018 percent sugar factor from the AD.

Crop Year 2018		Yield Indicator: M	
Sugar Beets (0039)		NI (003)	
Unit # 0000-0000		NTS (997)	
Year	Production	Acres	Yield
2008	6,920	400.0	17.3
2009	3,529	222.0	15.9
2010	0	63.0	13.9
2011	1,830	64.0	28.6
2012	4,203	148.0	28.4
2013	3,497	141.0	24.8
2014	4,924	152.0	32.4
2015	3,232	143.0	22.6
2016	3,886	145.0	26.8
2017	5,510	168.0	32.8
Approved APH Yield			24.4

**Conversion Calculation**

$$[(6,920 * 2,000) * 0.173] / 400.0 = 5,986$$

$$[(3,529 * 2,000) * 0.173] / 222.0 = 5,500$$

$$[(13.9 * 2,000) * 0.173] = 4,809$$

$$[(1,830 * 2,000) * 0.173] / 64.0 = 9,893$$

$$[(4,203 * 2,000) * 0.173] / 148.0 = 9,826$$

$$[(3,497 * 2,000) * 0.173] / 141.0 = 8,581$$

$$[(4,924 * 2,000) * 0.173] / 152.0 = 11,209$$

$$[(3,232 * 2,000) * 0.173] / 143.0 = 7,820$$

$$[(3,886 * 2,000) * 0.173] / 145.0 = 9,273$$

$$[(5,510 * 2,000) * 0.173] / 168.0 = 11,348$$

**B. Converting ... Standardized Tons to Pounds of Raw Sugar(continued)****Resulting APH Database After Conversion from Standardized Tons to Pounds of Raw Sugar**

Crop Year: 2019		Yield Indicator: M	
Sugar Beets (0039)		NI (003)	
Unit # 0000-0000		NTS (997)	
Year	Production	Acres	Yield
2009	1,221,034	222.0	5,500
2010	0	63.3	4,809
2011	633,180	64.0	9,893
2012	1,454,238	148.0	9,826
2013	1,209,962	141.0	8,581
2014	1,703,704	152.0	11,209
2015	1,118,272	143.0	7,820
2016	1,344,556	145.0	9,273
2017	1,906,460	168.0	11,348
2018	2,838,080	224.0	12,670
Approved APH Yield			9,093