

March 14, 2016

Tim Witt, Deputy Administrator, Product Management  
Tim Hoffmann, Director, Product Administration & Standards  
USDA Risk Management Agency  
6501 Beacon Drive  
Kansas City, MO 64133

Dear Mr. Witt and Mr. Hoffmann:

We are writing to urge your support for changes to the new Malt Barley Endorsement insurance policy submitted by Watts & Associates, the MBE policy developer. We would like to explain why we feel strongly that all of the changes are necessary improvements to help make this policy a more attractive and workable option to insure higher valued malting barley.

**Sampling period:** The current 60 day sampling requirement places an unreasonable burden on insurance agents, adjusters, growers and their malting barley buyers. It typically takes about 90 to 120 days for the malting companies to complete bin sampling for the new crop year because of the large number of individual producers across a wide production region. In addition, many of our growers will complete their grain harvest and move quickly into potato and sugar beet harvest which adds greatly to the burden of making sure their malting barley samples have been pulled per the conditions of their MBE policy. Your managerial bulletin allowing a 60 day sampling period in 2016 was greatly appreciated but we respectfully request this sampling period be expanded to 90 days to more closely mirror industry practices. We believe growers and insurance agents will make every effort to obtain samples as quickly after harvest as reasonably feasible but the flexibility of a 90 sampling period will ensure that growers will not be denied coverage they thought they purchased because of a sampling backlog or bottleneck which can easily happen during a very busy harvest season.

**Time period to make grade determination:** It is routine practice in the malting barley industry for the majority of the barley to remain in farm storage for an extended period of time after harvest, including right up to the next harvest before being called for delivery to a local elevator or malt processing facility. We strongly support a provision to allow quality deficiencies be determined no later than the spring sales closing date of the calendar year immediately following the calendar year the barley is harvested. If forced to make a final grade determination within the current 60 days there is a very high probability that marginal quality barley will be rejected, but might have been accepted later in the year after the quality of the total crop is better understood. This short grade determination period will likely result in higher overall losses and higher indemnities.

**Excess production:** Current policy limits the volume of barley eligible for reduction under the MBE quality provisions to the contracted amount. In years of high yields but poor quality due to adverse environmental conditions that results in some or all of malting barley being rejected, the higher yields above the contracted amount could render the reduction calculation meaningless. We request that all malting barley produced in an insured unit be eligible for reduction to count against the insurance guarantee.

**Optional units:** We request the optional units provision be modified to more accurately mirror optional unit coverage available on other crops like wheat. Currently, excess production above the contracted amount in a specific unit is used to count as production against another unit. We believe this punishes producers who are willing to pay additional premiums to purchase optional unit coverage because of its value in managing risks in their unique farming situations. Malting barley should not be treated differently under optional unit coverage.

We strongly urge your favorable consideration of these important improvements to the Malt Barley Endorsement insurance policy.

Sincerely,

*Scott Brown*

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