

has waived its review process required by Executive Order 12866.

This interim rule amends the Medfly regulations by removing a portion of San Diego County, CA, from quarantine for Medfly. This action affects the interstate movement of regulated articles from this area. We estimate that there are 26 entities in the quarantined area of San Diego County, CA, that sell, process, handle, or move regulated articles; this estimate includes 18 fruit sellers and 8 nurseries. The number of these entities that meet the U.S. Small Business Administration's (SBA) definition of a small entity is unknown, since the information needed to make that determination (i.e., each entity's gross receipts or number of employees) is not currently available. However, it is reasonable to assume that most of the 26 entities are small in size, since the overwhelming majority of businesses in California, as well as the rest of the United States, are small entities by SBA standards.

The effect of this action on small entities should be minimally positive, as they will no longer be required to treat articles to be moved interstate for Medfly.

Therefore, termination of the quarantine of that portion of San Diego County, CA, should have a minimal economic effect on the small entities operating in this area. We anticipate that the economic impact of lifting the quarantine, though positive, will be no more significant than was the minimal impact of its imposition.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 7 CFR part 3015, subpart V.)

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are inconsistent with this rule; (2) has no retroactive effect; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This rule contains no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 7 CFR Part 301

Agricultural commodities, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Transportation.

Accordingly, we are amending 7 CFR part 301 as follows:

PART 301—DOMESTIC QUARANTINE NOTICES

1. The authority citation for part 301 continues to read as follows:

Authority: 7 U.S.C. 147a, 150bb, 150dd, 150ee, 150ff, 161, 162, and 164–167; 7 CFR 2.22, 2.80, and 371.2(c).

§ 301.78–3 [Amended]

2. In § 301.78–3, paragraph (c), the entry for California is amended by removing the entry for San Diego County.

Done in Washington, DC, this 1st day of June 1999.

Craig A. Reed,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 99–14304 Filed 6–4–99; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 407

RIN 0563–AB06

Group Risk Plan of Insurance

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes the Group Risk Plan of Insurance Common Policy Basic Provisions and Crop Provisions for Barley, Corn, Cotton, Forage, Sorghum, Peanuts, Soybeans, and Wheat, to add regulations to provide for the operation of an alternative risk management tool to be known as the Group Risk Plan of Insurance (GRP). This plan will insure against the widespread loss of production of certain crops in a county. It is intended primarily for use by those producers whose yields tend to follow the county average yield. GRP pays only when the average yield of the entire county drops below the expected county yield for the

insured crop as set by FCIC. Payment is based on the percentage of decline in a county or area wide yield below the insured's trigger yield. The insured need not have a loss to collect an indemnity. Alternately, the insured may have a loss and not collect an indemnity.

EFFECTIVE DATE: July 7, 1999.

FOR FURTHER INFORMATION CONTACT: William Klein, Insurance Management Specialist, Research and Development, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131, telephone (816) 926–7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget (OMB) has determined this rule to be significant for the purposes of Executive Order 12866 and, therefore, has been reviewed by OMB.

Cost-Benefit Analysis

A Cost-Benefit Analysis has been completed and is available to interested persons at the address listed above. In summary, the analysis finds that the expected benefits of this action outweighs the costs. Clarification of the provisions and administrative changes that simplify program operations will benefit producers, FCIC, and insurance providers.

Paperwork Reduction Act of 1995

Under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have previously been approved by the Office of Management and Budget (OMB) under control number 0563–0053 through April 30, 2001. This rule will replace the pilot Group Risk Plan of Insurance Common Policy Basic Provisions and the crop provisions for Barley, Corn, Cotton, Forage, Sorghum, Peanuts, Soybeans, and Wheat. Therefore, the amendment set forth in this rule does not revise the content or alter the frequency of the information collection cleared under the above referenced docket.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995, (UMRA), establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of Title II of UMRA) for

State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 12612

It has been determined under section 6(a) of Executive Order 12612, Federalism, that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment. The provisions contained in this rule will not have a substantial direct effect on States or their political subdivisions or on the distribution of power and responsibilities among the various levels of government.

Regulatory Flexibility Act

This regulation will not have a significant impact on a substantial number of small entities. The effect of this regulation on small entities will be no greater than on larger entities. Under the GRP program, an insured is required to complete an application and an acreage report. Neither a notice of loss nor a claim for indemnity are required, since a loss is based on the county average yield falling below the expected county yield.

The amount of work required of the insurance companies and representatives of FCIC delivering and servicing these policies will not increase from the amount of work currently required to deliver previous policies to which this regulation applies. In fact, this action reduces the paperwork burden and there is a lesser impact on the insured and the reinsured company because the yield is based on National Agricultural Statistics Service (NASS) yields rather than individual insured's yields. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605) and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372 which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This rule had been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive

effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before action for judicial review of any determination made by FCIC may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

National Performance Review

This regulatory action is being taken as part of the National Performance Review Initiative to eliminate unnecessary or duplicative regulations and improve those that remain in force.

Background

On Tuesday, October 8, 1996, FCIC published a proposed rule in the **Federal Register** at 61 FR 52717-52727 to add a new part 407 to chapter IV of title 7 of the Code of Federal Regulations, Group Risk Plan of Insurance Common Policy Basic Provisions and Crop Provisions for Barley, Corn, Cotton, Forage, Sorghum, Peanuts, Soybeans, and Wheat. The new provisions will be effective for the 2000 and succeeding crop years for the Group Risk Plan of Insurance Common Policy Basic Provisions and Crop Provisions for Barley, Corn, Cotton, Forage, Sorghum, Peanuts, Soybeans, and Wheat Crop Provisions. These provisions will replace the pilot program provisions currently in effect for the 1999 crop year.

Following publication of the proposed rule, the public was afforded 45 days to submit written comments and opinions. A total of 45 comments were received from reinsured companies, an insurance service organization, and a producer. The comments received and FCIC's responses are as follows:

Comment: One commenter from a reinsured company recommended that GRP either remain a pilot program for further evaluation "since it has not yet shown itself to be a success" or that it be eliminated. The commenter cited no participation for GRP barley, minimal participation for GRP cotton, sorghum, peanuts, and wheat, and moderate interest in corn and soybeans, particularly in the Midwestern states of Iowa, Indiana, Minnesota, and Wisconsin. The commenter further noted that participation had decreased for both corn and soybeans between

1995 and 1996, but did acknowledge that participation in forage production had increased.

Response: While participation may be low for specific GRP programs in some areas, net acres insured grew by 32 percent and total premium grew 40 percent between 1995 and 1996. Wheat acreage, for example, increased by 300 percent and total wheat premium increased 370 percent. These statistics indicate a growing GRP program rather than one in decline. FCIC believes that participation can be significantly increased by additional changes. First, if CAT coverage is extended to all GRP crops, significant increases in participation, similar to what occurred with GRP forage in 1997, could occur. Secondly, there is evidence that agents have received limited information about the product. At recent meetings sponsored by the National Association of Professional Agents in Iowa and Minnesota, and attended by FCIC personnel, numerous agents stated that they had not been informed of the benefits of the GRP program. FCIC expects increased participation in GRP insurance programs in the future due to increased publicity, increased agent and producer awareness of the product, and perhaps expansion of CAT coverage. Therefore, FCIC will proceed with GRP as a risk management tool.

Comment: A reinsured company commented that CAT coverage and expansion of the Crop Revenue Coverage (CRC) and Income Protection (IP) programs may attract producers that might otherwise be interested in GRP. Secondly, expanding GRP only adds to the confusion introduced by several plans of coverage and adds expenses at a time when it is imperative to simplify and reduce expenses.

Response: New crop insurance programs, which includes Revenue Insurance, are providing necessary new risk management protection for producers, since no single insurance product meets the needs of all producers. Further, offering a variety of insurance products should significantly increase participation. Also, expanding GRP should not add to the confusion, add more expenses, or increase complexity. In fact, of all the insurance products available, GRP is the simplest, least costly to administer, and provides potentially greater protection for producers at a significantly reduced premium.

Comment: An insurance service organization questioned the need for the language in § 407.2 (b) which states that the contract " * * * may be offered directly to producers through agents of the Farm Service Agency (FSA)."

Response: The provision actually states that the contract may be offered "directly to producers through agents of the United States Department of Agriculture." This language is required as a fall back position if coverage in some areas is not available through the private sector.

Comment: An insurance service organization questioned language in § 407.2(c) that prohibits more than one insurance policy for a person on the same crop, county and crop year, unless approved in writing by FCIC. The commenter asks whether "insurance policy" refers to GRP, or to other multiple peril crop insurance policies (MPCI) as well, and if so, under what circumstances would multiple policies be acceptable.

Response: This provision applies to all federally approved crop insurance policies including MPCI and GRP. Since both the MPCI policy and the GRP policy require that all acreage of the insured crop in the county be insured under the same policy (except high risk land) the producer is prohibited from obtaining both MPCI coverage and GRP coverage on the same crop in the county.

Comment: An insurance service organization asked if a reinsured company representative is included in the language in §§ 407.6(a)(1) and (a)(2)(i) "an agent or employee of the Corporation."

Response: This provision was intended to distinguish between agents and employees of FCIC and agents and employees of the reinsured company. For clarification, FCIC has amended the language in the sections cited above from "agent or employee of the Corporation" to "a representative of a reinsured company or FCIC."

Comment: One commenter from an insurance service organization recommended moving the last phrase of § 407.6(a)(2)(iii), "* * * such insured shall be granted relief the same as if otherwise entitled thereto," to a separate finishing paragraph (a)(3) and moving "whenever" from § 407.6(a) to the beginning of § 407.6(a)(1).

Response: FCIC agrees that the above cited phrase is clearer as a separate paragraph and has accordingly redesignated it as § 407.6(a)(3). The word "whenever" applies to all the conditions and, therefore, must remain at § 407.6(a).

Comment: One commenter from an insurance service organization expressed concern that the language in § 407.6 (b) and (c) does not appear to provide a level playing field since reinsured companies are held liable for unauthorized acts of their agents, but

apparently no one pays for FCIC agent errors except the taxpayers.

Response: Under the terms of the Standard Reinsurance Agreement, reinsured companies are responsible for any error or omission on the part of their agents, loss adjusters, or other contractors. This provision simply ensures that such responsibility is not waived by this rule. The Government's oversight bodies ensure that FCIC's employees or agents are held accountable for their acts of omission.

Comment: One commenter from an insurance service organization expressed concern over the apparent contradiction between §§ 407.6 and 407.7. Section 407.6(c) indicates that companies may grant relief based on arbitration, but § 407.7 states that any exceptions under § 407.6 will be "at the sole discretion of the Corporation."

Response: The language in § 407.7 is not intended to involve FCIC in the arbitration process between the company and insureds. However, arbitration may not change the terms of the contract. Therefore the language, "at the sole discretion of the Corporation," remains in § 407.7.

Comment: An insurance service organization commented that using the term "person" in § 407.8 (a), instead of "entity" to include more than individuals can lead to confusion. They believe the term could suggest that no group entities may be insured.

Response: The term "person" is defined in the Common Crop Insurance Policy, Group Risk Plan of Insurance Common Policy, and other policies insured by or approved by the Corporation. It appropriately encompasses an individual, a partnership, an association, a corporation, an estate, a trust, or other legal entity. Therefore, no change has been made in the term or its use.

Comment: An insurance service organization recommended simplifying the language in the last sentence in § 407.8(a) as follows: "The application must be submitted to the insurance provider on or before the applicable sales closing date on file in the insurance provider's local office."

Response: FCIC agrees with the recommendation and has modified the language accordingly.

Comment: One comment from an insurance service organization addressed extension of sales closing dates and cessation of sales due to adverse conditions. The commenter expressed concern over the timeliness of such notification and the vehicle by which it would be made.

Response: The Manager of FCIC has the authority to extend fall sales closing

dates, and suspend sales under § 407.8 (b). Once a decision is made, electronic notification will be made to companies as soon as possible. In addition, FCIC will place a notice of the extended date in the **Federal Register**. Therefore, the provisions in § 407.8(b) will remain.

Comment: Several comments were received from insurance service organizations questioning the name, inclusion, and use of the GRP Disclaimer. One commenter suggested renaming the form, "Acknowledgment of Differences" because "disclaimer" suggested the need to bring flaws to the policyholder's attention. Another suggested removing the disclaimer or using one generic form. This commenter explained that § 407.8(c) was too detailed, that the disclaimer was not part of the application, and that GRP will no longer be a pilot program or "new and different." Another commenter questioned why the disclaimer was not listed as part of the policy in § 407.9.

Response: FCIC agrees that the name, "Acknowledgment of Differences," is more positive and has changed the form name accordingly. FCIC disagrees, however, that the form reference should be removed from § 407.8(c). A single generic disclaimer, as suggested, is provided as an exhibit in the revised crop year GRP procedure. The form is needed for clarity. GRP is different from other insurance programs in that an indemnity is triggered by a loss in the county and not by an individual's loss. It is imperative that insureds understand that they can sustain a loss on their crop and still not be indemnified if the county loss does not trigger an indemnity. This acknowledgment is not part of the policy as described in § 407.9. It does not add to or vary the terms of the policy. It merely highlights for the insured how the GRP risk management tool differs from traditional crop insurance. Therefore, the suggestion to list the disclaimer as part of the policy has not been adopted.

Comment: An insurance service organization asked whether the Proposed Rule for 1998 GRP Barley and Wheat crop provisions contains the same language as those currently in effect for the 1997 crop year. If the language is the same, they questioned whether the 1997 crop provisions would remain in effect for the 1998 crop year, or would new 1998 provisions be issued.

Response: On October 8, 1996, when GRP was published as a proposed rule, these crop provisions contained the same language as the 1997 GRP Barley and Wheat pilot program crop

provisions sent out prior to June 30, 1997. The 1997 GRP Barley and Wheat pilot program crop provisions remain in effect for the 1998 and 1999 crop years because the June 30 contract change date passed prior to final rule publication. Consequently, these Crop Provisions, set out in this final rule, will be effective for the 2000 crop year and will be issued following final rule publication. These Crop Provisions include language changes from the 1999 crop provisions under the pilot program.

Comment: An insurance service organization noted that the opening reference in § 407.9 incorrectly cites Provision 16 as containing continuous policy language rather than Provision 19.

Response: FCIC acknowledges the reference error. Based on additional edits to these provisions, the reference now correctly cites section 18.

Comment: An insurance service organization commented that the language in § 407.9 in the 3rd paragraph under "both policies" which states, "You may select any dollar amount * * * by the acreage reporting date," could be misunderstood by insureds to mean that this choice may be made at acreage reporting time. They noted that this information is more clearly provided in the sixth paragraph and asked whether it is necessary that the language be included in both places.

Response: FCIC believes that both references to acreage planted by the acreage reporting date are necessary. FCIC has clarified paragraph 3 to specify that the selection of the dollar amount of protection must occur by the sales closing date and that this protection will be provided for each acre of the crop planted on or before the acreage reporting date and shown on the acreage report.

Comment: An insurance service organization recommended that FCIC modify the definition for the term "Cancellation date" from "prior to that date" to "on or before that date" since it is possible to cancel a policy on the cancellation date.

Response: FCIC agrees with the recommendation and has modified the definition accordingly.

Comment: An insurance service organization recommended that the term "insurance provider" be expanded to include FSA. This makes the policy language clearer and less wordy by eliminating the need to keep referring to "companies or FSA offices".

Response: In the future FSA is not expected to deliver crop insurance, and will only be used as a fall back if the private sector cannot deliver the

program in an area. Based on this contingency "FSA" has been added to the definition of "insurance provider."

Comment: An insurance service organization expressed concern about language in section 3(b) of the GRP Basic Provisions which specifies that only acreage planted to the insured crop on or before the acreage reporting date will be insured. They are concerned about how insurance providers will verify the acreage.

Response: Companies are required to use the same procedures currently used to verify acreage planted on or before the final planting date under other insurance plans.

Comment: An insurance service organization commented that the language in section 3(d) of the GRP Basic Provisions, "* * * we will not insure acreage where the insured failed to follow good farming practices" is not necessary. They pointed out that good farming practices are not a "moral hazard" for GRP since losses are determined from the county average rather than an individual yield.

Response: Section 508(a)(3)(c) of the Federal Crop Insurance Act, as amended (Act), provides that failure to follow good farming practices will result in the acreage not being insurable. This provision applies to all policies insured or reinsured by FCIC. No change will be made in this provision.

Comment: An insurance service organization asked whether the CAT level of coverage referenced in section 4 of the GRP Basic Provisions and elsewhere, and currently available only for GRP forage, would be made available on all GRP crops.

Response: There are no plans to expand CAT coverage to other GRP crop programs for the 1999 crop year. However, the Manager of FCIC has the authority to expand CAT coverage for any or all of the other seven GRP crops.

Comment: An insurance service organization recommended modifying the language in section 7(a) of the GRP Basic Provisions to refer to "net acreage" instead of "all acreage" in which you have a share, or rearrange the various factors so it does not seem to refer to your share in the application.

Response: The insured is required to report all acreage of each insured crop in the county, both insurable and not insured, on or before the acreage reporting date shown in the Special Provisions. Therefore, FCIC has not modified this language. To prevent possible confusion of "share in the application," FCIC has moved the phrase "in which you have a share" to after "for each insured crop."

Comment: One commenter from an insurance service organization questioned whether it mattered if acreage was planted by the acreage reporting date, as required in section 7(a), since a GRP loss is triggered by the county yield.

Response: The crop must be planted before acreage can be accurately reported. Therefore, to protect the integrity of the program, this provision has not been changed.

Comment: An insurance service organization noted that section 8 of the GRP Basic Provisions, items (a)-(c), address the administrative fees and when they are due. They asked whether this provision should state that CAT and limited fees are due the first year even if zero acres are reported.

Response: The Agricultural Research, Extension, and Education Reform Act of 1998 was passed subsequent to the comment. This Act provided that the administrative fee will be due on the billing date. Payment of an administrative fee will not be required if a bona fide zero acreage report is filed on or before the acreage reporting date for the crop, as specified in paragraph 8(e).

Comment: An insurance service organization noted that section 8(d) of the GRP Basic Provisions addresses premium for limited and additional coverage levels, and asked whether there should be some reference to the subsidy equaling the imputed premium for CAT policies.

Response: FCIC does not believe adding imputed premium language is necessary and may in fact add detail that would only serve to confuse GRP policyholders.

Comment: An insurance service organization pointed out that sections 8(f) and (g) of the GRP Basic Provisions address delinquency and termination for non-payment of premium and asks whether there should also be some reference in this section to the consequences of failure to pay the administrative fees timely.

Response: FCIC agrees with the recommended change and has added new provisions in sections 8(g) and (h).

Comment: An insurance service organization expressed concern that the language in the proposed GRP Corn Crop Provisions provided that sweet corn, popcorn, and hybrid seed corn may be insured through a "written agreement" rather than through an "agreement in writing." Written agreements, referenced in section 9, have more rules and regulations and generally must be submitted to the RSO for approval. Companies would object to no longer having the authority to

approve the insuring of different kinds of corn. Response: FCIC disagrees with the recommendation of replacing the language "written agreement" with "agreement in writing" in the GRP Corn Crop Provisions because an "agreement in writing" alters the contract, but does not have the contractual structure and guidelines of a formal "written agreement." FCIC does agree that the written agreement requirement in both the GRP Corn and Sorghum Crop Provisions need not require Regional Service Office (RSO) approval. Therefore, while FCIC will leave the "written agreement" language in the crop provisions, it will provide in procedure that a written agreement for adding other types of GRP corn or sorghum to the contract be pre-approved by FCIC so that companies will be able to approve these written agreements without RSO approval.

Comment: An insurance service organization asked what GRP policy provisions would be subject to change by written agreement. For example, the current GRP handbook states that only land physically located in the insured county is insurable. The commenter questioned whether it will now be possible to insure land across the county line in the same manner as MPCCI (APH) policies. The commenter also asks whether such agreements require RSO approval.

Response: All requirements that may be revised by written agreement will specifically be provided in the provision for such requirement in the Group Risk Plan Common Policy or the Crop Provision. Section 3 of the proposed GRP Basic Provisions provides that, "Crops grown on acreage located in another county must be reported and insured separately." There are no plans at this time to alter that requirement by written agreement. Delegation of authority for approving written agreements is set out in FCIC procedure.

Comment: An insurance service organization commented that underwriting details do not belong in the policy but need to be resolved before the new policies are approved and issued. They expressed concern that the written agreement provisions may add to the administrative paperwork and that new GRP procedures should allow written agreements to be approved by the companies to the extent possible.

Response: FCIC's goal is to address underwriting details in procedure. The program must remain clean and relatively simple to administer. Written agreements are only used to temporarily deviate from the terms of the policy and should not pose any greater burden than for any other policy. Section 9 of the

GRP Basic Provisions, therefore, has not been amended to allow reinsured companies to approve written agreements.

Comment: An insurance service organization recommended that language be added to section 13 of the GRP Basic Provisions to make it similar to the MPCCI (APH) Basic Provisions which require that all policies be voided when more than one policy that insures the same interest is discovered, unless the duplication is determined to be inadvertent.

Response: FCIC agrees with the recommendations and has modified section 13 to make it more consistent with the provisions in the MPCCI (APH) Basic Provisions. A provision has also been added to provide the insurance provider with recourse in the event that an insured obtained the multiple policies intentionally.

Comment: One commenter from an insurance service organization questioned why section 15 of the GRP Basic Provisions still refers to the Food Security Act of 1985 since producers are no longer required to be in compliance with the Sodbuster/Swampbuster provisions of the Act.

Response: While producers are no longer required to be in compliance with the Sodbuster/Swampbuster provisions of the Food Security Act, the Controlled Substance provisions still apply. Therefore, no change will be made.

Comment: An insurance service organization questioned the wisdom of listing specific legislation in section 15 of the GRP Basic Provisions because the references become outdated when the legislation is revised or repealed.

Response: If one or more of the cited Acts were to be modified or repealed, the insured person may no longer be in violation. Therefore, FCIC does not believe that references to specific legislation poses any problem and has not deleted the references.

Comment: An insurance service organization questioned the reasons for minor differences in the first three and last two paragraphs of section 15 of the GRP Basic Provisions. The commenter also questioned whether they could be made to match exactly, with the exception of "up to 30 percent" in FCIC item (b).

Response: FCIC agrees with comment and has eliminated the minor differences in these paragraphs.

Comment: An insurance service organization noted that the title of section 17 "Determinations" of the GRP Basic Provisions is appropriate for the FCIC policy, but recommended that FCIC change the title to "Arbitration"

for reinsured policies, consistent with the 1995-NCIS 700B Basic Provisions.

Response: FCIC believes that the section title "Determinations" is appropriate for both FCIC and reinsured policies. FCIC has clarified that all determinations under reinsured policies will be made by the companies, and that disputes are resolved by means of arbitration. Accordingly, FCIC will not change the title of this section but has redesignated it section 16.

Comment: Two recommendations from an insurance service organization involved modification of provisions in § 407.12(2)(d) of the GRP Cotton crop provisions. Because of lack of punctuation, it appeared to read that only colored lint cotton planted into an established grass or legume is uninsurable rather than all cotton planted in this manner. The industry believes that the provisions would be clearer if formatted like the MPCCI (APH) cotton policies. They also asked that colored lint cotton, for example, be made insurable by written agreement.

Response: FCIC agrees and has reformatted section 2(d) based on the MPCCI cotton policies and has provided for insurability of colored lint cotton and other types by written agreement or when authorized by the Special Provisions.

Comment: One commenter from an insurance service organization expressed concern that cotton payment yields are determined substantially later than other crops.

Response: The cotton payment yields are determined later than a number of other GRP crops because final yields cannot be determined until the cotton is ginned. While an earlier announcement of the cotton payment yields is desirable, the logistics of the cotton industry preclude it.

Comment: An insurance service organization recommended modifying the definition of harvest in the Group Risk Plan for Forage to read, "Removal of the forage from the field, and/or rotational grazing," rather than simply, "and rotational grazing," to allow for those who do one or the other but not both.

Response: FCIC disagrees with the recommendation. The present language "Removal of the forage from the field and rotational grazing" already allows for an insured who does one or the other but not both. Therefore, no change has been made.

Comment: An insurance service organization recommended that the Program Dates table in the Group Risk Plan for Peanuts be modified by changing the phrase, "and all other states," in the second group of counties

and states to read, "and all other states except New Mexico and Oklahoma." This change is necessary because these two states have a March 15 cancellation and termination date and, therefore, belong in the third grouping.

Response: FCIC agrees with the comment and has revised the table accordingly.

Comment: An individual who is both an agriculture lender and producer commented that he did not favor the Group Risk Plan of Insurance because of weather variability, the many differences among producers within a county, the fact that all producers could obtain the same amount of insurance, and that the county had to trigger before a loss was due. CRC, on the other hand, allows a good proven producer to insure a crop for more than a poor producer and cover both price and yield risk.

Response: FCIC recognizes that some insurance products fit some individual's needs better than other products. The per acre premium for CRC insurance is considerably greater than for GRP coverage. While CRC works well for the commenter, neighboring producers whose yields trend with the county may find that GRP meets their insuring needs and is a better buy for the coverage provided.

In addition to the changes described above, FCIC has moved the contract change date for the Forage Group Risk Plan forward from June 30 to August 31. This change was based on the availability of NASS yield data. The term "Actuarial Table" was replaced with "actuarial documents," for clarity and for consistency with the MPCCI Common Policy. The term "Protection per acre" was replaced with "Maximum protection per acre" for clarity. FCIC added the following definitions: "additional coverage," "agreement in writing," "catastrophic risk protection," "dollar amount of protection per acre," "good farming practices," "limited coverage," and "MPCI," to section 1 for clarification.

In addition, FCIC has made the following editorial changes to the Group Risk Plan of Insurance Basic Provisions:

1. *Section 407.8(c)(4)(ii)*—Modified to recognize that an MPCCI policy may or may not be available to a producer for certain crops and counties in their region.

2. *Section 407.9*—Added Risk Management Agency (RMA) to the last sentence in the first paragraph of § 407.9. The additional language recognizes establishment of the Risk Management Agency on October 1, 1996.

List of Subjects in 7 CFR Part 407

Crop Insurance, Group Risk Plan, Barley, Corn, Cotton, Forage, Peanuts, Sorghum, Soybean, Wheat.

Final Rule

Accordingly, for the reasons set forth in the preamble, the Federal Crop Insurance Corporation adds 7 CFR part 407 to read as follows:

PART 407—GROUP RISK PLAN OF INSURANCE REGULATIONS FOR THE 2000 AND SUCCEEDING CROP YEARS

Sec.

- 407.1 Applicability.
- 407.2 Availability of Federal crop insurance.
- 407.3 Premium rates, amounts of protection, and coverage levels.
- 407.4 OMB control numbers.
- 407.5 Creditors.
- 407.6 Good faith reliance on misrepresentation.
- 407.7 The contract.
- 407.8 The application and policy.
- 407.9 Group risk plan common policy.
- 407.10 Group risk plan for barley.
- 407.11 Group risk plan for corn.
- 407.12 Group risk plan for cotton.
- 407.13 Group risk plan for forage.
- 407.14 Group risk plan for peanuts.
- 407.15 Group risk plan for sorghum.
- 407.16 Group risk plan for soybean.
- 407.17 Group risk plan for wheat.

Authority: 7 U.S.C. 1506(1), 1506(p).

§ 407.1 Applicability.

The provisions of this part are applicable only to those crops and crop years for which a Crop Provision is contained in this part.

§ 407.2 Availability of Federal crop insurance.

(a) Insurance shall be offered under the provisions of this part on the insured crop in counties within the limits prescribed by and in accordance with the provisions of the Federal Crop Insurance Act, (7 U.S.C. 1501 *et seq.*) (the Act). The crops and counties shall be designated by the Manager of the Federal Crop Insurance Corporation (FCIC) from those approved by the Board of Directors of FCIC.

(b) The insurance will be offered through companies reinsured by FCIC under the same terms and conditions as the contract contained in this part. These contracts are clearly identified as being reinsured by FCIC. Additionally, the contract contained in this part may be offered directly to producers through agents of the United States Department of Agriculture. Those contracts are specifically identified as being offered by FCIC.

(c) No person may have in force more than one insurance policy issued or

reinsured by FCIC on the same crop for the same crop year, in the same county, unless specifically approved in writing by FCIC.

(d) If a person has more than one contract under the Act outstanding on the same crop for the same crop year, in the same county, that have not been properly approved by FCIC, all such contracts shall be voided for that crop year and the person will be liable for the premium on all contracts, unless the person can show to the satisfaction of FCIC that the multiple contracts of insurance were inadvertent and without the fault of the person.

(e) If the unapproved multiple contracts of insurance are shown to be inadvertent, and without the fault of the insured, the contract with the earliest application will be valid and all other contracts on that crop in the county for that crop year will be canceled. No liability for indemnity or premium will attach to the contracts so canceled.

(f) The person must repay all amounts received in violation of this section with interest at the rate contained in the contract (see § 407.8, paragraph 21).

(g) A person whose contract with FCIC or with a company reinsured by FCIC under the Act has been terminated because of violation of the terms of the contract is not eligible to obtain crop insurance under the Act with FCIC or with a company reinsured by FCIC unless the person can show that the termination was improper and should not result in subsequent ineligibility.

(h) All applicants for insurance under the Act must advise the insurance provider, in writing at the time of application, of any previous applications for insurance or contracts of insurance under the Act within the last 5 years and the present status of any such applications or insurance.

§ 407.3 Premium rates, amounts of protection, and coverage levels.

(a) The Manager of FCIC shall establish premium rates, amounts of protection, and coverage levels for the insured crop that will be included in the actuarial documents on file in the insurance provider's office. Premium rates, amounts of protection, and coverage levels may be changed from year to year.

(b) At the time the application for insurance is made, the person must elect an amount of protection and a coverage level from among those contained in the actuarial documents for the crop year.

§ 407.4 OMB control numbers.

The information collection activity associated with this rule has been

previously approved by the Office of Management and Budget (OMB) under control number 0563-0053.

§ 407.5 Creditors.

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

§ 407.6 Good faith reliance on misrepresentation.

(a) Notwithstanding any other provision of the crop insurance contract, an insured shall be granted relief to the extent of the insured's detrimental reliance or the extent of the policy benefits, whichever is less, under the following conditions:

(1) The person has entered into a contract of crop insurance under this part;

(2) A representative of FCIC made a misrepresentation or other erroneous action or advice;

(3) Such error concerned provisions of the insurance contract not contained in the Group Risk Plan of Insurance Basic Provisions, the Crop Provisions, the Federal Crop Insurance Act, or the regulations contained in this chapter;

(4) As a result of the error, the insured:

(i) Is indebted for additional premiums; or

(ii) Has suffered a loss to a crop which is not insured or for which the person is not entitled to an indemnity because of failure to comply with the terms of the insurance contract, but which the person believed to be insured, or believed the terms of the insurance contract to have been complied with or waived; and

(5) The Manager finds that:

(i) A representative of FCIC made such misrepresentation or took other erroneous action or gave erroneous advice;

(ii) The person reasonably and in good faith relied on such misrepresentation, erroneous action or advice to the person's detriment; and

(iii) To require the payment of the additional premiums or to deny such person's entitlement to the indemnity would not be fair and equitable.

(b) For FCIC Policies only, requests for relief under this section must be submitted to FCIC in writing. FCIC's reviewing officers must refer such application for relief to the Manager of FCIC for determination as to whether to grant relief. FCIC's reviewing officers do not have authority to grant relief under this section.

(c) For Reinsured Policies only, requests for relief under this section must be submitted to the reinsured company in writing. The reinsured companies shall use arbitration, in accordance with the rules of the American Arbitration Association, under contracts for insurance issued by them under the Act to grant relief under the same terms and conditions as contained in this section or may establish procedures to administratively handle relief in accordance with this section. Granting relief under this section does not absolve the reinsured company from liability to FCIC for unauthorized acts of its agents.

§ 407.7 The contract.

The insurance contract shall become effective upon the acceptance by FCIC or the reinsured company of a complete, duly executed application for insurance on a form prescribed or approved by FCIC. The contract shall consist of the accepted application, Group Risk Plan of Insurance Basic Provisions, Crop Provisions, Special Provisions, Actuarial Table, and any amendments, endorsements, or options thereto. Changes made in the contract shall not affect its continuity from year to year. Except as may be allowed under § 407.6, and at the sole discretion of the Corporation, no indemnity shall be paid unless the person complies with all terms and conditions of the contract. The forms required under this part and by the contract are available at the office of the insurance provider, or the local FSA office, if applicable.

§ 407.8 The application and policy.

(a) Application for insurance, on a form prescribed or approved by FCIC, must be made by any person who wishes to participate in the program in order to cover such person's share in the insured crop as landlord, owner-operator, tenant, or other crop ownership interest. No other person's interest in the crop may be insured under the application. The application must be submitted to the insurance provider on or before the applicable sales closing date on file in the insurance provider's local office.

(b) FCIC or the reinsured company may reject or no longer accept applications upon the FCIC's determination that the insurance risk is excessive. The Manager of the Corporation is authorized in any crop year to extend the sales closing date for submitting applications for fall planted crops, unless prohibited by law, upon determining that the probability and severity of claims will not increase because of the extension, by placing the

extended date on file in the insurance provider's office and publishing a notice in the **Federal Register**. If adverse conditions should develop during the extended period, the Corporation will require the insurance provider to immediately discontinue acceptance of applications.

(c) Since this Group Risk Plan differs significantly from traditional Multiple Peril Crop Insurance, persons who purchase the Group Risk Plan and their crop insurance agents will be required to execute an "Acknowledgment of Differences" that explains that the terms and conditions of the Group Risk Plan are different from traditional crop insurance in that:

(1) The Group Risk Plan indemnity payment, if any, will be made after the Group Risk Plan premium is received;

(2) A person may have a low yield on his or her individual farm and not receive a payment under Group Risk Plan; and

(3) A person may not have any loss of production and still collect under the policy if a loss of production is general in the area.

(4) By executing the "Acknowledgment of Differences," the insured certifies that:

(i) He or she understands the terms of the Group Risk Plan;

(ii) An MPCPI policy may be available in the county; and

(iii) Both a Group Risk Plan and a MPCPI Plan cannot be purchased on the same crop by the same insured in the same county.

§ 407.9 Group risk plan common policy.

The provisions of the Group Risk Plan Common Policy for the 2000 and succeeding crop years are as follows:

[FCIC policies]

Department of Agriculture

Federal Crop Insurance Corporation

Group Risk Plan Common Policy

[Reinsured policies]

(Appropriate title for insurance provider)

(This is a continuous policy. Refer to Section 18.)

[FCIC policies]

This insurance policy establishes a risk management program developed by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance Act (Act), as amended (7 U.S.C. 1501 *et seq.*). All terms of the policy and rights and responsibilities of the parties hereto are subject to the Act and all regulations under the Act published in 7 CFR chapter IV. The provisions of this policy may not be waived or varied in any way by the crop insurance representative, or any other representative or employee of FCIC, the Risk

Management Agency (RMA) or the Farm Service Agency (FSA). In the event that the company cannot pay a loss, the claim will be settled in accordance with the provisions of the policy and paid by FCIC. No state guarantee fund will be liable to pay the loss.

Throughout this policy, "you" and "your" refer to the person shown on the accepted application and "we," "us," and "our" refer to the Federal Crop Insurance Corporation. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

[Reinsured policies]

This insurance policy establishes a risk management program created by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance Act (Act), as amended (7 U. S. C. 1501 *et seq.*).

This insurance policy is reinsured by FCIC under the provisions of the Act. All terms of the policy and rights and responsibilities of the parties are subject to the Act and all regulations under the Act published in 7 CFR chapter IV, and may not be waived or varied in any way by the crop insurance representative, any other representative or employee of the company, any representative or employee of FCIC, the Risk Management Agency, or the Farm Service Agency (FSA). All provisions of State and local law in conflict with the provisions of this policy as published in 7 CFR part 407 are preempted and the provisions of such part will control.

Throughout this policy, "you" and "your" refer to the person shown on the accepted application and "we," "us," and "our" refer to the reinsured company issuing this policy. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

[Both policies]

The Group Risk Plan of Insurance (GRP) is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. It is primarily intended for use by those producers whose farm yields tend to follow the average county yield. It is possible for you to have a low yield on the acreage that you insure and still not receive a payment under this plan.

For limited or additional coverage you may select any percent coverage level shown on the actuarial documents. Multiplying your coverage level percent by the expected county yield shown on the actuarial documents gives your trigger yield. If the payment yield that FCIC publishes for the insured crop year falls below your trigger yield, you will receive a payment.

On or before the sales closing date, you may select any dollar amount of protection between 60 and 100 percent (except for Catastrophic Risk Protection (CAT) which is 55 percent) of the maximum protection per acre shown on the actuarial documents. This protection will be provided for each acre of the crop planted by the acreage reporting date and shown on your acreage report (unless otherwise provided in the crop provisions) in which you have a share.

In accordance with the Act, FCIC will pay a portion of your premium, as published in the actuarial documents. The premium rates, practices, types, maximum protection per acre, and maximum subsidy per acre are also shown on the actuarial documents.

FCIC will issue the payment yield in the calendar year following the crop year insured. This yield will be the official estimated yield published by the National Agricultural Statistics Service (NASS). You will be paid if the payment yield falls below your trigger yield. The amount of your payment per net insured acre will be calculated by subtracting the payment yield from the trigger yield, dividing that quantity by the trigger yield, and multiplying that result by your protection per acre for each net acre that you have insured.

To be eligible to participate in the Group Risk Plan of Insurance for any crop in any county, and to receive an indemnity thereunder, you must have an insurable interest in an insured crop that is planted in the county shown on the approved application. The crop must be planted for harvest and be reported to us by the acreage reporting date. You may only purchase coverage under the Group Risk Plan of Insurance on your net acres of the insured crop.

The insurance contract shall become effective upon the acceptance by us of a duly executed application for insurance on our form. Acceptance occurs when we issue a Summary of Protection to you. The policy shall consist of the accepted application, Group Risk Plan of Insurance Common Policy Basic Provisions, Crop Provisions, Special Provisions, actuarial documents, and any amendments, endorsements, or options.

Agreement To Insure

In return for your payment of the premium and your compliance with all applicable provisions, we agree to provide risk protection as stated in this policy. If a conflict exists among the policy provisions, the order of priority is as follows: (1) The Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) the Crop Provisions; and (4) the Group Risk Plan Basic Provisions, with (1) controlling (2), etc.

Terms and Conditions

Group Risk Plan of Insurance Basic Provisions

1. Definitions

Acreage report. A report required by section 7 of these Basic Provisions that contains, in addition to other information, your report of your share of all acreage of an insured crop in the county, whether insurable or not insurable.

Acreage reporting date. The date contained in the Special Provisions by which you must submit your acreage report in order to be eligible for Group Risk Insurance.

Act. Federal Crop Insurance Act, (7 U.S.C. 1501 *et seq.*).

Actuarial documents. The material for the crop year which is available for public inspection in your insurance provider's local office, and which shows the maximum protection per acre, expected county yield, coverage levels, premium rates, practices,

program dates, and other related information regarding crop insurance in the county.

Additional coverage. For GRP, an amount of protection greater than or equal to: 80 percent of the expected county yield indemnified at 95 percent of the maximum amount of protection (80/95); or 85 percent of the expected county yield indemnified at 90 percent of the maximum amount of protection (85/90); or 90 percent of the expected county yield indemnified at 85 percent of the of the maximum amount of protection (90/85). The protection is on a per acre basis as specified in the actuarial documents for the crop, practice, and type.

Billing date. The date, contained in the actuarial documents, by which we will bill you for the premium and administrative fee on the insured crop.

Cancellation date. The calendar date specified in the Crop Provisions on which insurance for the next crop year will automatically renew unless the policy is canceled in writing by either you or us or terminated in accordance with policy terms.

Catastrophic risk protection. The minimum level of coverage offered by FCIC. For GRP, an amount of protection equal to 65 percent of the expected county yield indemnified at 55 percent of the maximum protection per acre specified in the actuarial documents for the crop, practice, and type.

County. Any county, parish, or other political subdivision of a state shown on your accepted application.

Crop practice. The combination of inputs such as fertilizer, herbicide, and pesticide, and operations such as planting, cultivation, and irrigation, used to produce the insured crop. The insurable practices are contained in the actuarial documents.

Crop Provisions. The part of the policy that contains the specific provisions of insurance for each insured crop.

Crop year. The period of time within which the insured crop is normally grown and designated by the calendar year in which the crop is normally harvested.

Dollar amount of protection per acre. The percentage of coverage selected by you multiplied by the maximum protection per acre specified in the actuarial documents for the crop, practice, and type. The dollar amount of protection per acre is shown on your Summary of Protection.

Expected county yield. The yield contained in the actuarial documents, on which your coverage for the crop year is based. This yield is determined using historical NASS county average yields, as adjusted by FCIC.

FCIC. The Federal Crop Insurance Corporation, a wholly owned corporation within USDA.

FSA. The Farm Service Agency, an agency of the United States Department of Agriculture, or a successor agency.

Good farming practices. The cultural practices generally in use in the county for the crop to make normal progress toward maturity, and are those recognized by the Cooperative State Research, Education, and Extension Service as compatible with agronomic and weather conditions in the county.

GRP. Group Risk Plan of Insurance.

Insurance provider. The FSA or a private insurance company approved by FCIC which

provides crop insurance coverage to producers participating in any Federal crop insurance program administered under the Act.

Limited coverage. For GRP an amount of protection greater than or equal to 70 percent of the expected county yield indemnified at 60 percent of the maximum amount of protection (70/60) and less than 80/95, 85/90, and 90/85.

Maximum protection per acre. The highest amount of protection specified in the actuarial documents.

MPCI. Multiple peril crop insurance, an insurance product based on an individual yield or amount of insurance.

NASS. National Agricultural Statistics Service, an agency within USDA, or its successor, that publishes the official United States Government yield estimates.

Net acres. The planted acreage of the insured crop multiplied by your share.

Payment yield. The yield determined by FCIC based on NASS yields for each insurable crop's type and practice, as adjusted by FCIC, and used to determine whether an indemnity will be due.

Person. An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a state or a political subdivision or agency of a state.

Sales closing date. The date contained in the Special Provisions by which an application must be filed. The last date by which you may change your crop insurance coverage for a crop year.

Share. Your percentage of interest in the insured crop, as an owner, operator, or tenant at the time insurance attaches. Premium will be determined on your share as of the acreage reporting date. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the acreage reporting date or on the date of harvest, whichever is less.

Special provisions. The part of the policy that contains specific provisions of insurance for each crop that may vary by geographic area.

Subsidy. The portion of your premium, shown on the actuarial documents as limited and maximum amounts per acre, that FCIC will pay in accordance with the Act.

Summary of protection. Our statement to you of the crop insured, dollar amount of protection per acre, premiums, and other information obtained from your accepted application, acreage report, and the actuarial documents.

Termination date. The calendar date contained in the Crop Provisions upon which insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium and administrative fees.

Trigger yield. The result of multiplying the expected county yield by the coverage level percentage chosen by you. When the payment yield falls below the trigger yield, an indemnity is due.

Type. Plants of the insured crop having common traits or characteristics that distinguish them as a group or class, and which are designated in the actuarial documents.

USDA. United States Department of Agriculture.

2. Insured Crop

The insured crop will be the crop shown on your accepted application, as specified in the applicable Crop Provisions, and must be grown on insurable acres.

3. Insured and Insurable Acreage

(a) The insurable acreage is all of the acreage of the insured crop for which premium rates are provided by the actuarial documents and in which you have a share and which is in the county listed in your accepted application. The dollar amount of protection per acre, amount of premium, and indemnity will be calculated separately for each county, type, and practice.

(b) Only the acreage seeded to the insured crop on or before the acreage reporting date (unless otherwise provided in the Crop Provisions) and physically located in the county listed on your accepted application will be insured. Crops grown on acreage physically located in another county must be reported and insured separately.

(c) We will not insure any crop grown on any acreage where the crop was destroyed or put to another use during the insurance period for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA.

(d) We will not insure any acreage where you have failed to follow good farming practices for the insured crop.

4. Policy Protection

(a) For catastrophic risk protection GRP policies, the dollar amount of protection per acre will be 55 percent of the maximum protection per acre specified on the actuarial documents for each insured crop, practice, and type. For limited and additional coverage GRP policies, you may select any dollar amount of protection from 60 percent through 100 percent of the maximum protection per acre shown on the actuarial documents for the crop, practice, and type.

(b) The dollar amount of protection per acre, multiplied by your net insured acreage, is your policy protection for each insured crop, practice, and type specified in the actuarial documents.

(c) All yields are based on NASS determinations, and such determinations for the county will be conclusively presumed to be accurate.

5. Coverage Levels

(a) For catastrophic risk protection GRP policies, the coverage level is shown on the actuarial documents for each insured crop, practice, and type. For limited and additional coverage GRP policies, you may select any percentage of coverage shown on the actuarial documents for the crop, practice, and type.

(b) Your coverage level multiplied by the expected county yield shown on the actuarial documents is your trigger yield. If the payment yield published by FCIC for the insured crop, practice, and type for the insured crop year falls below your trigger yield, you will receive an indemnity payment.

(c) You may change the coverage level or amount of protection for each insured crop on or before the sales closing date. Changes must be in writing and received by us by the sales closing date.

6. Payment Calculation Factor

Your payment calculation factor will be $(\text{your trigger yield} - \text{payment yield}) \div \text{your trigger yield}$ for the purposes of calculating an indemnity payment.

7. Report of Acreage and Share

(a) You must report on our form all acreage for each insured crop in which you have a share (insurable and not insured) by practice and type specified in the actuarial documents in each county listed on your accepted application. This report must be submitted each year on or before the acreage reporting date for the insured crop contained in the actuarial documents. If you do not submit an acreage report by the acreage reporting date, we will determine your acreage and share or deny liability on the policy.

(b) We will not insure any acreage of the insured crop planted after the acreage reporting date, unless otherwise provided in the Crop Provisions.

(c) Your premium will be based on the greater of the acreage reported on the acreage report or the acreage determined by us to be accurate.

(d) The payment of an indemnity will be based on your insurable acreage on the acreage reporting date.

(e) If you misrepresent or omit any information, we will revise the premium or liability or both for each insured crop in the county, by type and practice, to the amount we determine to be correct.

(f) You may insure only your share of the crop, which includes any share of your spouse and dependent children unless it is demonstrated to our satisfaction, prior to the sales closing date, that you and your spouse maintain completely separate farming operations and that each spouse is the operator of his or her own separate operation. Any commingling of any part of the operations will cause shares of you and your spouse to be combined.

8. Administrative Fees and Annual Premium

(a) If you obtain a catastrophic risk protection GRP policy you will pay an administrative fee:

- (1) Of \$60 per crop per county;
- (2) Payable to the insurance provider on the billing date for the crop.

(b) If you obtain a limited coverage GRP policy, you will pay an administrative fee under the same terms and conditions as the premium for the policy:

- (1) Of \$50 per crop per county;
- (2) Not to exceed \$200 per county;
- (3) Up to a maximum of \$600 per producer.
- (4) Limited resource farmers as defined at 7 CFR 457.8 may apply for a waiver of administrative fees for the limited coverage policy.

(c) If you obtain an additional coverage GRP policy, you will pay an administrative fee:

- (1) Of \$20 per crop per county;
- (2) Payable under the same terms and conditions as the premium for the policy.

(d) For limited and additional coverage GRP policies, your premium is determined by multiplying your policy protection by the premium rate per hundred dollars of protection for your coverage level contained

in the actuarial documents, by 0.01, and subtracting the applicable subsidy.

(e) For catastrophic risk protection, limited, and additional coverage GRP policies, payment of an administrative fee will not be required if you file a bona fide zero acreage report on or before the acreage reporting date for the crop (if you falsely file a zero acreage report you may be subject to criminal and administrative sanctions).

(f) The annual premium is earned and payable at the time the insured crop is planted. For each insured crop, you will be billed for premium and the administrative fee by the billing date specified in the Special Provisions. Premium, administrative fee, and any other amount owed us is due on the billing date and interest will accrue if the premium, administrative fee, or any other amount owed is not received by us before the first day of the month following the premium billing date.

(g) The premium, administrative fee, and any other amount due, plus any accrued interest, will be considered delinquent if it is not paid on or before the termination date specified in the Crop Provisions. This may affect your eligibility for benefits under other USDA programs. A debt for any crop insured with us under the authority of the Act will be deducted from any indemnity due you for this or any other crop insured with us.

(h) Failure to pay the premium and any administrative fee due, plus any accrued interest and penalties, by the termination date will make you ineligible for any crop insurance under the Act for subsequent crop years until the sales closing date after the date the debt, including interest and penalties, is paid or satisfactory arrangements acceptable to us for such payment are made.

9. Written Agreements

Terms of this policy which are specifically designated for the use of written agreements may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement no later than the sales closing date;

(b) The application for written agreement must contain all variable terms of the contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved by us, the written agreement will include all variable terms of the contract, including, but not limited to, crop type or variety, the protection per acre, premium rate, and price election; and

(d) Each written agreement will only be valid for one year. If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with the printed policy.

10. Access to Insured Crop and Record Retention

We may examine the insured crop and any records relating to the crop and this insurance at any location where such crop or such records may be found or maintained, as often as we reasonably require. Records relating to the planting of the insured crop and your net acres must be retained for three years after the end of the crop year or three

years after the date of payment of the final indemnity, whichever is later. We may extend the record retention period beyond three years by notifying you of such extension in writing. Failure to maintain such records will, at our option, result in cancellation of the policy or a determination that no indemnity is due.

11. Transfer of Coverage and Right to Indemnity

If you transfer any part of your share during the crop year, you may transfer your coverage rights, if the transferee is eligible for crop insurance. We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred. The transfer of coverage rights must be on our form and will not be effective until approved by us in writing. Both you and the transferee are jointly and severally liable for payment of the premium. The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.

12. Assignment of Indemnity

You may assign to another person your right to an indemnity for the crop year. The assignment must be on our form and will not be effective until approved in writing by us.

13. Other Insurance

You may not obtain any other crop insurance issued under the authority of the Act on your share of the insured crop. If we determine that more than one policy on your share is intentional, you may be subject to the sanctions authorized under this policy, the Act, or any other applicable statute. If we determine that the violation was not intentional, the policy with the earliest date of application will be in force and all other policies will be void. Nothing in this paragraph prevents you from obtaining other insurance not issued under the Act.

14. Legal Action Against Us

(a) You may not bring legal action against us unless you have complied with all of the policy provisions.

(b) If you do take legal action against us, you must do so within 12 months of the date of denial of a claim. Suit must be brought in accordance with the provisions of 7 U.S.C. 1508(j).

(c) Your right to recover damages (compensatory, punitive, or other), attorney's fees, or other charges is limited or excluded by this contract or by Federal Regulations. [FCIC policy]

15. Restrictions, Limitations, and Amounts Due Us

(a) We may restrict the amount of acreage we will insure to the amount allowed under any acreage limitation program established by USDA.

(b) Violation of Federal statutes including, but not limited to, the Act; the controlled substance provisions of the Food Security Act of 1985; the Food, Agriculture, Conservation, and Trade Act of 1990; and the Omnibus Budget Reconciliation Act of 1993, and any regulation promulgated thereunder, will result in cancellation, termination, or voidance of your crop insurance contract. We will recover any and all monies paid to you

or received by you during your period of ineligibility, and your premium will be refunded, less an amount for expenses and handling not to exceed 20 percent of the premium paid or to be paid by you.

(c) Our maximum liability under this policy will be limited to the policy protection specified in section 4 of this policy. Under no circumstances will we be liable for the payment of damages (compensatory, punitive, or other), attorney's fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such indemnity.

(d) We will pay simple interest computed on the net indemnity ultimately found to be due by us or determined by a final judgment of a court of competent jurisdiction or a final administrative determination from, and including, the 61st day after the date we receive the NASS county yield estimates for the insured crop year. Interest will be paid only if the reason for our failure to timely pay is not due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611 *et seq.*), and published in the **Federal Register**.

(e) Any amount illegally or erroneously paid to you or that is owed to us but is delinquent may be recovered by us through offset by deducting it from any loan or payment due you under any Act of Congress or program administered by any United States Government Agency, or by other collection action.

(f) Interest will accrue at the rate not to exceed 1.25 percent simple interest per calendar month, or any part thereof, on any unpaid premium or administrative fee balance. For the purpose of premium and administrative fee amounts due us, interest will begin to accrue on the first day of the month following the premium billing date specified in the Special Provisions.

(g) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned:

(1) Interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount;

(2) Amounts found due under this paragraph will not be charged interest if payment is made in full within 30 days of issuance of the notice by us;

(3) The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us;

(4) Penalties and interest will be charged in accordance with 31 U.S.C. 3717 and 4 CFR part 102; and

(5) The penalty for accounts more than 90 days delinquent is an additional 6 percent per annum.

(h) Interest on any amount due us found to have been received by you because of fraud, misrepresentation, or presentation by you of a false claim will start on the date you received the amount with the additional 6 percent penalty beginning on the 31st day after the notice of amount due is issued to you. This interest is in addition to any other amount found to be due under any other Federal criminal or civil statute.

(i) If we determine that it is necessary to contract with a collection agency, refer the debt to governmental collection centers, the Department of Treasury Offset Program, or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.

(j) All amounts paid by you will be applied first to expenses of collection if any, second to reduction of any penalties which may have been assessed, then to reduction of accrued interest, and finally, to reduction of the principal balance.

[Reinsured policy]

15. Restrictions, Limitations, and Amounts Due Us

(a) We may restrict the amount of acreage we will insure to the amount allowed under any acreage limitation program established by USDA.

(b) Violation of Federal statutes including, but not limited to, the Act; the controlled substance provisions of the Food Security Act of 1985; the Food, Agriculture, Conservation, and Trade Act of 1990; and the Omnibus Budget Reconciliation Act of 1993, and any regulation promulgated thereunder, will result in cancellation, termination, or voidance of your crop insurance contract. We will recover any and all monies paid to you or received by you during your period of ineligibility, and your premium will be refunded, less a reasonable amount for expenses and handling not to exceed 20 percent of the premium paid or to be paid by you.

(c) Our maximum liability under this policy will be limited to the policy protection specified in section 4 of this policy. Under no circumstances will we be liable for the payment of damages (compensatory, punitive, or other), attorney's fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such indemnity.

(d) Interest will accrue at the rate not to exceed 1.25 percent simple interest per calendar month, or any part thereof, on any unpaid premium or administrative fee balance. For the purpose of premium and administrative fee amounts due us, interest will begin to accrue on the first day of the month following the premium billing date specified in the Special Provisions.

(e) For the purpose of any amounts due us, such as repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount. Amounts found due under this paragraph will not be charged interest if payment in full is made within 30 days of issuance of notice by us. The amount will be considered delinquent if not paid in full within 30 days of the date the notice is issued by us.

(f) All amounts paid will be applied first to expenses of collection (see subsection (g) of this section) if any, second to reduction of accrued interest, and then to reduction of the principal balance.

(g) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.

(h) A portion of the amount paid to you to which you were not entitled may be collected through administrative offset from payments you receive from United States government agencies in accordance with 31 U.S.C. chapter 37.

[FCIC policy]

16. Determinations

All determinations required by the policy will be made by us. If you disagree with our determinations, you may obtain reconsideration or you may appeal our determinations in accordance with 7 CFR part 11.

[Reinsured policy]

16. Determinations

(a) If you and we fail to agree on any factual determination, the disagreement will be resolved in accordance with the rules of the American Arbitration Association. Failure to agree with any factual determination made by FCIC must be resolved through the FCIC appeal provisions published at 7 CFR part 11.

(b) No award determined by arbitration or appeal can exceed the amount of liability established or which should have been established under this policy.

[Both policies]

17. Holidays and Weekends

If any date specified in this program falls on Saturday, Sunday, or a legal Federal holiday, that date will be extended to the next business day.

18. Life of Policy, Cancellation, and Termination

(a) This is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by you in accordance with the terms of the policy or terminated by operation of the terms of the policy or by us.

(b) Your application for insurance must contain all the information required by us to insure the crop. Applications that do not contain all social security numbers and employer identification numbers, as applicable (except as stated herein), coverage level, price election, crop, type, variety, or class, plan of insurance, and any other material information required to insure the crop, are not acceptable. If a person with a substantial beneficial interest in the insured crop refuses to provide a social security number or employer identification number, the amount of coverage available under the policy will be reduced proportionately by that person's share of the crop.

(c) After acceptance of the application, you may not cancel this policy for the initial crop year. Thereafter, the policy will continue in force for each succeeding crop year unless canceled or terminated as provided below.

(d) Either you or we may cancel this policy after the initial crop year by providing written notice to the other on or before the cancellation date shown in the Crop Provisions.

(e) If any amount due, including premium, is not paid on or before the termination date for the crop on which an amount is due:

(1) For a policy with the unpaid premium, the policy will terminate effective on the

termination date immediately subsequent to the billing date for the crop year;

(2) For a policy with other amounts due, the policy will terminate effective on the termination date immediately after the account becomes delinquent;

(3) Ineligibility will be effective as of the date that the policy was terminated for the crop for which you failed to pay an amount owed and for all other insured crops with coincidental termination dates;

(4) All other policies that are issued by us under the authority of the Act will also terminate as of the next termination date contained in the applicable policy;

(5) If you are ineligible, you may not obtain any crop insurance under the Act until payment is made, you execute an agreement to repay the debt and make the payments in accordance with the agreement, or you file a petition to have your debts discharged in bankruptcy;

(6) If you execute an agreement to repay the debt and fail to timely make any scheduled payment, you will be ineligible for crop insurance effective on the date the payment was due until the debt is paid in full or you file a petition to discharge the debt in bankruptcy and subsequently obtain discharge of the amounts due. Dismissal of the bankruptcy petition before discharge will void all policies in effect retroactive to the date you were originally determined ineligible to participate;

(7) Once the policy is terminated, the policy cannot be reinstated for the current crop year unless the termination was in error;

(8) After you again become eligible for crop insurance, if you want to obtain coverage for your crops, you must reapply on or before the sales closing date for the crop (since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment after the sales closing date, you cannot apply for insurance until the next crop year); and

(9) If we deduct the amount due us from an indemnity, the date of payment for the purpose of this section will be the date you sign the properly executed claim for indemnity.

(10) For example, if crop A, with a termination date of October 31, 1997, and crop B, with a termination date of March 15, 1998, are insured and you do not pay the premium for crop A by the termination date, you are ineligible for crop insurance as of October 31, 1997, and crop A's policy is terminated on that date. Crop B's policy is terminated as of March 15, 1998. If you enter an agreement to repay the debt on April 25, 1998, you can apply for insurance for crop A by the October 31, 1998, sales closing date and crop B by the March 15, 1999, sales closing date. If you fail to make a scheduled payment on November 1, 1998, you will be ineligible for crop insurance effective on November 1, 1998, and you will not be eligible unless the debt is paid in full or you file a petition to have the debt discharged in bankruptcy and subsequently receive discharge.

(f) If you die, disappear, or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved, the policy will terminate as of the

date of death, judicial declaration, or dissolution. If such event occurs after coverage begins for any crop year, the policy will continue in force through the crop year and terminate at the end of the insurance period and any indemnity will be paid to the person or persons determined to be beneficially entitled to the indemnity. The premium will be deducted from the indemnity or collected from the estate. Death of a partner in a partnership will dissolve the partnership unless the partnership agreement provides otherwise. If two or more persons having a joint interest are insured jointly, death of one of the persons will dissolve the joint entity.

(g) We may terminate your policy if no premium is earned for 3 consecutive years.

(h) The cancellation and termination dates are contained in the Crop Provisions.

19. Contract Changes

(a) We may change any terms and conditions of this policy from year to year.

(b) Any changes in policy provisions, expected county yields, maximum amounts of protection, premium rates, and program dates will be provided by us to your local crop insurance provider not later than the contract change date contained in the Crop Provisions. You may view the documents or request copies from your local crop insurance provider.

(c) You will be notified, in writing, of changes to the Basic Provisions, Crop Provisions, and Special Provisions of this policy not later than 30 days prior to the cancellation date for the insured crop. Acceptance of changes will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.

20. Eligibility for Other Farm Program Benefits

To remain eligible for benefits under the Agriculture Marketing Transition Act, the conservation reserve program, or certain farm loans, you are required to obtain at least the catastrophic level of coverage for either GRP or any other plan of insurance that is available in the county, for all crops of economic significance, or execute a waiver of your rights to any emergency crop assistance on or before the sales closing date for the crop.

An Example To Demonstrate How GRP Works

Producer A buys 90 percent coverage and selects \$160 protection per acre. Producer B

buys 75 percent coverage and selects \$185 protection per acre. Both producers have 100 percent share and both plant 200 acres of a crop in the county. The expected county yield is 45 bushels per acre. The premium rate for 90 percent coverage is \$6.14 per hundred dollars of protection and the premium rate for 75 percent coverage is \$3.30 per hundred dollars of protection. The maximum subsidy amount per acre is \$3.07 and the limited subsidy amount is \$2.21 per acre.

A's trigger yield is 40.5 bushels per acre (90% x 45), and the total premium due is \$1,965 (\$160 x \$6.14 x 200 acres x 0.01). Of that amount, FCIC pays \$614 (200 acres x the maximum subsidy of \$3.07 per acre). A's policy protection is \$32,000 (\$160 x 200 acres).

B's trigger yield is 33.8 bushels per acre (75% of 45), and the total premium due is \$1,221 (\$185 x \$3.30 x 200 acres x 0.01). Of that amount, FCIC pays \$442 (200 acres x the limited subsidy amount of \$2.21 per acre). B's policy protection is \$37,000 (\$185 x 200 acres).

Scenario 1 (likely)

FCIC issues a payment yield of 46 bushels per acre. This is above both producers' trigger yields, so no indemnity payment is made, even if one or both have individual yields that are below the trigger yield.

Scenario 2 (less likely)

FCIC issues a payment yield of 38 bushels per acre. A's payment calculation factor is 0.062 ((40.5 - 38) ÷ 40.5). This number multiplied by the policy protection yields an indemnity payment of \$1,984 (.062 x \$32,000). B's trigger yield is less than the payment yield, so no indemnity payment is made.

Scenario 3 (least likely)

FCIC issues a payment yield of 22 bushels per acre. A's payment calculation factor is 0.457 ((40.5 - 22) ÷ 40.5). The payment is \$14,624 (0.457 x \$32,000). B's payment calculation factor is 0.349 ((33.8 - 22) ÷ 33.8), and the final indemnity payment is \$12,913 (0.349 x \$37,000).

§ 407.10 Group risk plan for barley.

The provisions of the Group Risk Plan for Barley for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or threshing the barley for grain.

NASS yield. The yield calculated by dividing the NASS estimate of the barley production in the county, by the NASS estimate of the acres of barley in the county, as specified in the actuarial documents. The actuarial documents will specify whether harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the barley seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

2. Crop Insured

The insured crop will be all barley:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;
- (b) Properly planted and reported by the acreage reporting date;
- (c) Planted with the intent to be harvested as grain; and
- (d) Not planted into an established grass or legume, interplanted with another crop, or planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

3. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.
- (b) Payment yields will be determined prior to the April 1 following the crop year.
- (c) We will issue any payment to you prior to the May 1 immediately following our determination of the payment yield.
- (d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.
- (e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Kit Carson, Lincoln, Elbert, El Paso, Pueblo, Las Animas Counties, Colorado and all Colorado Counties south and east thereof; all New Mexico counties except Taos County; Kansas; Missouri; Illinois; Indiana; Ohio; Pennsylvania; New York; Massachusetts; and all states south and east thereof.	September 30	June 30.
Arizona; California; and Clark and Nye Counties, Nevada	October 31	June 30.
All Colorado counties except Kit Carson, Lincoln, Elbert, El Paso, Pueblo, and Las Animas Counties and all Colorado counties south and east thereof; all Nevada counties except Clark and Nye Counties; Taos County, New Mexico; and all other states except: Arizona, California, and (except) Kansas, Missouri, Illinois, Indiana, Ohio, Pennsylvania, New York, and Massachusetts and all States south and east thereof.	March 15	November 30.

§ 407.11 Group risk plan for corn.

The provisions of the Group Risk Plan for Corn for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or picking corn for grain, or severing the stalk from the land and chopping the stalk and ear for the purpose of livestock feed.

NASS yield. The yield calculated by dividing the NASS estimate of the corn for grain production in the county, by the NASS estimate of the acres of corn for grain in the county, as specified in the actuarial documents. The actuarial documents will specify whether harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the corn seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Broadcast and subsequent mechanical incorporation of the corn seed is not allowed.

2. Crop Insured

- (a) The insured crop will be all field corn:
 - (1) Grown on insurable acreage in the county listed in the accepted application;
 - (2) Properly planted and reported by the acreage reporting date;
 - (3) Planted with the intent to be harvested as grain, silage, or green chop; and
 - (4) Not planted into an established grass or legume or interplanted with another crop.
- (b) Hybrid seed corn, popcorn, sweet corn, and other specialty corn may only be insured if a written agreement exists between you

and us. Your request to insure such crop must be in writing and submitted to your agent not later than the sales closing date.

3. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.
- (b) Payment yields will be determined prior to April 16 following the crop year.
- (c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.
- (d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.
- (e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas Counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.12 Group risk plan for cotton.

The provisions of the Group Risk Plan for Cotton for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Removal of the seed cotton from the stalk.

NASS yield. The yield calculated by dividing the NASS estimate of upland cotton production in the county, by the NASS estimate of the acres of upland cotton in the county, as specified in the actuarial documents. The actuarial documents will specify whether harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the cotton seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Broadcast and subsequent mechanical incorporation of the cotton seed is not allowed.

2. Crop Insured

- The insured crop will be all upland cotton:
 - (a) Grown on insurable acreage in the county or counties listed in the accepted application;
 - (b) Properly planted and reported by the acreage reporting date;
 - (c) Planted with the intent to be harvested; and
 - (d) That is not (unless allowed by the Special Provisions or by written agreement):
 - (1) Colored cotton lint;
 - (2) Planted into an established grass or legume;
 - (3) Interplanted with another spring planted crop;
 - (4) Grown on acreage in which a hay crop was harvested in the same calendar year unless the acreage is irrigated; or
 - (5) Grown on acreage on which a small grain crop reached the heading stage in the

same calendar year unless the acreage is irrigated or adequate measures are taken to terminate the small grain crop prior to heading and less than 50 percent of the small grain plants reach the heading stage.

3. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.
- (b) Payment yields will be determined prior to July 16 following the crop year.
- (c) We will issue any payment to you prior to the August 16 immediately following our determination of the payment yield.
- (d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.
- (e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28	November 30.
All other Texas counties and all other States	March 15	November 30.

§ 407.13 Group risk plan for forage.

The provisions of the Group Risk Plan for Forage for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Removal of the forage from the field, and rotational grazing.

NASS yield. The yield calculated by dividing the NASS estimate of the production of hay in the county by the NASS estimate of the acres of hay in the county, as specified in the actuarial documents. The actuarial documents will specify whether the harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land seeded to forage, by a planting method appropriate for forage, into a properly prepared seedbed.

Rotational grazing. The defoliation of the insured forage by livestock, within a pasturing system whereby the forage field is subdivided into smaller parcels and livestock are moved from one area to another, allowing a period of grazing followed by a period for forage regrowth.

2. Crop Insured

The insured crop will be the forage types shown on the Special Provisions:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;
- (b) Properly planted and reported by the acreage reporting date;
- (c) Intended for harvest; and
- (d) Not grown with another crop.

3. Insurable Acreage

In addition to section 3 of the Basic Provisions of the Group Risk Plan Common Policy, acreage seeded to forage after July 1 of the previous crop year will not be insurable. Acreage physically located in

another county not listed on the accepted application is not insured under this policy.

4. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.
- (b) Payment yields will be determined prior to May 1 following the crop year.
- (c) We will issue any payment to you prior to the May 31 immediately following our determination of the payment yield.
- (d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.
- (e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

5. Program Dates

November 30 is the Cancellation and Termination Date for all states. The Contract Change Date is August 31 for all states.

6. Annual Premium

In lieu of section 8(g) of the Basic Provisions of the Group Risk Plan Common Policy, the annual premium is earned and payable on the acreage reporting date. You will be billed for premium due on the date shown in the Special Provisions. The premium will be determined based on the rate shown on the actuarial documents.

§ 407.14 Group risk plan for peanuts.

The provisions of the Group Risk Plan for Peanuts for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or threshing the peanuts.

NASS yield. The yield calculated by dividing the NASS estimate of peanut production in the county, by the NASS

estimate of the acres of peanuts in the county, as specified in the actuarial documents. The actuarial documents will specify whether the harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the peanut seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

2. Crop Insured

- The insured crop will be all peanuts:
 - (a) Grown on insurable acreage in the county or counties listed in the accepted application;
 - (b) Properly planted and reported by the acreage reporting date;
 - (c) Planted with the intent to be harvested as peanuts; and
 - (d) Not interplanted with an established grass or legume or interplanted with another crop.

3. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.
- (b) Payment yields will be determined prior to June 16 following the crop year.
- (c) We will issue any payment to you prior to the July 16 immediately following our determination of the payment yield.
- (d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.
- (e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas Counties lying south thereof.	January 15	November 30.
El Paso, Hudspeh, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties south and east thereof; and all other states except New Mexico, Oklahoma, and Virginia.	February 28	November 30.
New Mexico; Oklahoma; Virginia; and all other Texas Counties	March 15	November 30.

§ 407.15 Group risk plan for sorghum.

The provisions of the Group Risk Plan for Sorghum for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or threshing the sorghum for grain, or severing the stalk from the land and chopping the stalk and head for the purpose of livestock feed.

NASS yield. The yield calculated by dividing the NASS estimate of sorghum for grain production in the county, by the NASS estimate of the acres of sorghum for grain in the county, as specified in the actuarial documents. The actuarial documents will specify whether the harvested or planted

acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the sorghum seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Broadcast and subsequent mechanical incorporation of the sorghum seed is not allowed.

2. Crop Insured

- (a) The insured crop will be all sorghum:
 - (1) Grown on insurable acreage in the county or counties listed in the accepted application;

- (2) Properly planted and reported by the acreage reporting date;
- (3) Planted with the intent to be harvested as grain or silage; and
- (4) Not interplanted with an established grass or legume or interplanted with another crop.

(b) Hybrid sorghum seed may only be insured if a written agreement exists between you and us. Your request to insure such crop must be in writing and submitted to your agent not later than the sales closing date.

3. Payment

- (a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.

(b) Payment yields will be determined prior to April 16 following the crop year.
 (c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the actuarial documents.

(e) The payment will not be recalculated even though the NASS yield may be subsequently revised.
 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.16 Group risk plan for soybean.

The provisions of the Group Risk Plan for Soybeans for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or threshing the soybeans.

NASS yield. The yield calculated by dividing the NASS estimate of soybean production in the county, by the NASS estimate of the acres of soybeans in the county, as specified in the actuarial documents. The actuarial documents will specify whether the harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the soybean seed has been placed by a machine

appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

2. Crop Insured

The insured crop will be all soybeans:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;
- (b) Properly planted and reported by the acreage reporting date;
- (c) Planted with the intent to be harvested as soybeans; and

(d) Not planted into an established grass or legume or interplanted with another crop.

3. Payment

(a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.

(b) Payment yields will be determined prior to April 16 following the crop year.

(c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified on the actuarial documents.

(e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas counties lying south thereof.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Maverick, Zavala, Frio, Atascosa, Karnes, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28	November 30.
All other Texas counties and all other States	March 15	November.

§ 407.17 Group risk plan for wheat.

The provisions of the Group Risk Plan for Wheat for the 2000 and succeeding crop years are as follows:

1. Definitions

Harvest. Combining or threshing the wheat for grain.

NASS yield. The yield calculated by dividing the NASS estimate of the wheat production in the county, by the NASS estimate of the acres of wheat in the county, as specified in the actuarial documents. The actuarial documents will specify whether the harvested or planted acreage is used to calculate the yield used to establish the expected county yield and calculate indemnities.

Planted acreage. Land in which the wheat seed has been planted by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

2. Crop Insured

The insured crop will be all wheat:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as grain; and

(d) Not planted into an established grass or legume, interplanted with another crop, or planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

3. Payment

(a) A payment will be made only if the payment yield for the insured crop year is less than your trigger yield.

(b) Payment yields will be determined prior to April 1 following the crop year.

(c) We will issue any payment to you prior to the May 1 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy

protection for each insured crop practice and type specified in the actuarial documents.

(e) The payment will not be recalculated even though the NASS yield may be subsequently revised.

State and county	Cancellation and termination dates	Contract change date
All Colorado counties except Alamosa, Conejos, Costilla, Rio Grande, and Saguache; all Montana counties except Daniels and Sheridan Counties; all South Dakota counties except Corson, Walworth, Edmonds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties and all South Dakota counties east thereof; all Wyoming counties except Big Horn, Fremont, Hot Springs, Park, and Washakie Counties; and all other states except Alaska, Arizona, California, Maine, Minnesota, Nevada, New Hampshire, North Dakota, Utah, and Vermont..	September 30	June 30.
Arizona; California; Nevada; and Utah Alaska; Alamosa, Conejos, Costilla, Rio Grande, and Saguache Counties, Colorado; Maine; Minnesota; Daniels and Sheridan Counties, Montana; New Hampshire; North Dakota; Corson, Walworth, Edmonds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties South Dakota, and all South Dakota counties east thereof; Vermont; and Big Horn, Fremont, Hot Springs, Park, and Washakie Counties, Wyoming..	October 31 March 15	June 30. November 30.

Signed in Washington, DC, on May 26, 1999.

Kenneth D. Ackerman,
Manager, Federal Crop Insurance Corporation.

[FR Doc. 99-13983 Filed 6-4-99; 8:45 am]

BILLING CODE 3410-08-P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Part 930

[Docket No. FV99-930-2 IFR]

Tart Cherries Grown in the States of Michigan, et al.; Revision of the Sampling Techniques for Whole Block and Partial Block Diversions and Increasing the Number of Partial Block Diversions Per Season for Tart Cherries

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Interim final rule with request for comments.

SUMMARY: This interim final rule revises the sampling techniques for whole and partial block diversions and increases the number of allowable partial block diversions under the Federal marketing order for tart cherries. These changes are intended to make the voluntary grower diversion program more flexible for grower participants. The order regulates the handling of tart cherries grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin and is administered locally by the Cherry Industry Administrative Board (Board). The Board unanimously recommended this action.

DATES: Effective June 8, 1999; comments received by August 6, 1999, will be considered prior to issuance of a final rule.

ADDRESSES: Interested persons are invited to submit written comments concerning this rule. Comments must be sent to the Docket Clerk, Fruit and Vegetable Programs, AMS, USDA, room 2525-S, PO Box 96456, Washington, DC 20090-6456, Fax: (202) 720-5698; or E-mail: moabdocket.clerk@usda.gov. All comments should reference the docket number and the date and page number of this issue of the **Federal Register** and will be made available for public inspection in the Office of the Docket Clerk during regular business hours.

FOR FURTHER INFORMATION CONTACT: Patricia A. Petrella or Kenneth G. Johnson, Marketing Order Administration Branch, F&V, AMS, USDA, room 2530-S, P.O. Box 96456, Washington, DC 20090-6456, telephone: (202) 720-2491. Small businesses may request information on compliance with this regulation, or obtain a guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders by contacting Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Programs, AMS, USDA, P.O. Box 96456, room 2525-S, Washington, DC 20090-6456; telephone (202) 720-2491; Fax: (202) 720-5698; or E-mail: Jay.Guerber@usda.gov. You may also view the marketing agreements and orders small business compliance guide at the following website: <http://www.ams.usda.gov/fv/moab.html>.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 930 (7 CFR part 930) regulating the handling of tart cherries grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington, and Wisconsin, hereinafter referred to as the "order." This order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act."

The Department of Agriculture (Department or USDA) is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have retroactive effect. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. A handler is afforded the opportunity for a hearing on the petition. After the hearing the Secretary would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review the Secretary's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

This rule revises the sampling techniques used in determining the amount of production diverted from whole blocks and partial blocks of cherry trees, and increases the number of allowable partial block diversions per season under the order. Whole block diversion results when an entire orchard block is left unharvested. Partial block diversion occurs when a contiguous portion of a definable block is diverted. An orchard block is defined as a group of cherry trees of similar age, with rows aligned in the same direction, and