

SUMMARY OF CHANGES FOR THE INCOME PROTECTION-GRAIN SORGHUM CROP PROVISIONS (99-351)

The following is a brief description of changes to the Income Protection-Grain Sorghum crop provisions that will be effective for the 1999 crop year. Please refer to the crop provisions for more complete information.

The crop provisions have been modified to accommodate changes made to the Basic Provisions of the Common Crop Insurance policy. These modifications include, but are not limited to:

- (a) The Catastrophic Risk Protection Endorsement reference was removed from the list of provisions which are to be referred to if there is a conflict with these provisions.
- (b) The definition of "administrative fee" was added to Section 1.
- (c) Contract change date was changed to November 30.
- (d) Section 6 was revised to reflect elimination of the non-standard classification system.
- (e) Section 14 was revised to be consistent with the latest Basic Provisions.
- (f) Section 15 (Prevented Planting) was revised to be consistent with the latest Basic Provisions.
- (g) Section 16 was revised to be consistent with the latest Basic Provisions.
- (h) Section 17 (Written Agreement) was added and indicates the written agreement provisions in the Basic Provisions do not apply.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
INCOME PROTECTION - GRAIN SORGHUM CROP PROVISIONS



This is a pilot risk management program created by the Federal Crop Insurance Corporation. This risk management tool will be insured under the authority provided by the Federal Crop Insurance Act as amended.

If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) these Crop Provisions; and (3) the Basic Provisions with (1) controlling (2), etc.

1. Definitions

Administrative fee - An amount you must pay for catastrophic risk protection, limited, or additional coverage for each crop year as specified in the Basic Provisions and section 16 of these crop provisions.

Amount of protection - The dollar amount of insurance is determined by multiplying the production amount, times the projected price, times the net acres.

Harvest - Combining, threshing, or picking the insured grain sorghum for grain, or cutting for hay, silage or fodder.

Harvest price - The average of Chicago Board of Trade (CBOT) final closing daily settlement prices for the period and corn futures contract specified in the Special Provisions.

Net acres - The acreage of the insured grain sorghum crop multiplied by your share.

Planted acreage - In addition to the definition contained in the Basic Provisions, grain sorghum must initially be planted in rows unless otherwise provided by the Special Provisions, actuarial documents or by written agreement.

Production amount (per acre) - The number of bushels determined by multiplying the approved actual production history (APH) yield per acre, calculated in accordance with 7 CFR part 400, subpart G, times the coverage level percentage you elect.

Projected price - The average of Chicago Board of Trade (CBOT) final closing daily settlement prices for the period and corn futures contract specified in the Special Provisions.

2. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

(a) In lieu of section 3 of the Basic Provisions, the information necessary to determine the amount of protection will be contained in the actuarial documents. The price at which an indemnity will be determined will be the harvest price.

(b) Catastrophic risk protection provided under 7 CFR part 402 is not available. In lieu of section 3 of the Basic Provisions, producers who elect catastrophic risk protection will receive coverage in accordance with the Catastrophic Risk Protection Coverage section of these provisions.

3. Unit

In lieu of sections 1 and 34 of the Basic Provisions, a unit is all insurable acreage of grain sorghum in the county in which you have a share on the date coverage begins for the crop year.

4. Annual Premium

In lieu of section 7(c) of the Basic Provisions, the annual premium amount is determined by multiplying the amount of protection, times the premium rate, times any premium adjustment percentage that may apply.

5. Contract Changes

The contract change date is November 30 preceding the cancellation date (see section 4 of the Basic Provisions).

6. Life of Policy, Cancellation and Termination Dates, and Eligibility

(a) In addition to section 2(a) of the Basic Provisions, these crop provisions will be in effect for the 1999 through 2000 crop years only.

(b) In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are:

<u>State and County</u>	<u>Cancellation and Termination Dates</u>
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof	January 15
El Paso, Hudspeth, 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 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
All other Texas counties	March 15

(c) Land designated in the actuarial documents as high risk land is not insurable under this policy. You may elect to insure the high risk land under a Catastrophic Risk Protection Endorsement to the MPCl Policy. If both policies are in force, the acreage of the crop covered under the Income Protection Policy will be considered as a separate crop for insurance purposes, including the payment of administrative fees.

7. Insured Crop

In accordance with section 8 of the Basic Provisions, the crop insured will be grain sorghum for which

premium rates are provided by the actuarial documents:

- (a) In which you have a share;
- (b) That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area;
- (c) That is not (unless allowed by the Special Provisions):
 - (1) Interplanted with another crop or
 - (2) Planted into an established grass or legume;
- (d) Planted for harvest as grain;
- (e) That is a combine-type hybrid grain sorghum (grown from hybrid seed); and
- (f) That is not a dual-purpose type of grain sorghum (a type used for both grain and forage), unless a written agreement allows insurance of such grain sorghum.

8. Insurable Acreage

In addition to the provisions of section 9 of the Basic Provisions, any acreage of grain sorghum damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.

9. Insurance Period

In accordance with the provisions under section 11 of the Basic Provisions, the calendar date for the end of the insurance period is December 10 immediately following planting.

10. Causes of Loss

In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against a decline in the amount of income due to the following causes of loss which occur within the insurance period:

- (a) A decline in the harvest price below the projected price;
- (b) Adverse weather conditions;
- (c) Fire;
- (d) Insects, but not damage due to insufficient or improper application of pest control measures;
- (e) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (f) Wildlife;
- (g) Earthquake;
- (h) Volcanic eruption; or
- (i) Failure of the irrigation water supply, if applicable, due to an insurable cause of loss specified in section 10(a) through (h) occurring within the insurance period.

11. Replanting Payments

- (a) In accordance with section 13 of the Basic Provisions, replanting payments for grain sorghum is allowed if the grain sorghum is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production amount for the acreage and it is practical to replant.
- (b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the

production amount or 7 bushels, multiplied by the projected price, multiplied by the insured share or the share determined under subsection 11(c), if applicable.

- (c) When the insured crop is replanted using a practice that is uninsurable as an original planting, the amount of protection will be reduced by the amount of the replanting payment which is attributable to your share. The premium amount will not be reduced.

12. Duties in the Event of Damage or Loss

- (a) In accordance with the requirements of section 14 of the Basic Provisions, if you initially discover damage to the insured crop within 15 days of or during harvest, you must leave representative samples of the unharvested crop for our inspection. The samples must be at least 10 feet wide and extend the entire length of each field in the unit, and must not be harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.
- (b) If the production to count multiplied by the harvest price is less than the amount of protection, you must notify us within 45 days after the date the harvest price is published.

13. Settlement of Claim

- (a) In the event of loss or damage covered by this policy, we will settle your claim by:
 - (1) Multiplying the total production to count (see section 13(b)) times the harvest price; and
 - (2) Subtracting the result of section 13(a)(1) from the amount of protection.

If the result of section 13(a)(2) is greater than zero, an indemnity will be paid to you. If the result of section 13(a)(2) is less than zero, no indemnity will be due.

- (b) The total production in bushels to count from all insurable acreage will include your share of:
 - (1) All appraised production as follows:
 - (i) Not less than the production amount for acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) Damaged solely by uninsured causes; or
 - (D) For which you fail to provide records of production that are acceptable to us;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with subsection 13(c)); and
 - (iv) Potential production on insured acreage you want to put to another use or you wish to abandon and no longer care for, if you and we agree on the

appraised production to count. Upon such agreement the insurance period for that acreage will end if you put the acreage to another use or abandon the crop. If agreement on the appraised production to count is not reached:

(A) If you do not elect to continue to care for the crop we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the production to count.); or

(B) If you elect to continue to care for the crop, the production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and

(2) All harvested production from the insurable acreage.

(c) Mature grain sorghum production may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable it will be made prior to any adjustment for quality.

(1) Production will be reduced by .12 percent for each 0.1 percentage point of moisture in excess of 14 percent. We may obtain samples of the production to determine the moisture content.

(2) Production will be eligible for quality adjustment if:

(i) Deficiencies in quality, in accordance with the Official United States Standards for grain sorghum not meeting the grade requirements for U.S. No. 4 (grades U.S. Sample grade) because of test weight or kernel damage (excluding heat damage) or having a musty, sour, or commercially objectionable foreign odor (except smut odor), or meets the special grade requirements for smutty grain sorghum; or

(ii) Substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as

being injurious to human or animal health.

(3) Quality will be a factor in determining your loss only if:

(i) The deficiencies, substances, or conditions resulted from a cause of loss against which insurance is provided under these crop provisions;

(ii) All determinations of these deficiencies, substances, or conditions are made using samples of the production obtained by us or by a disinterested third party approved by us; and

(iii) The samples are analyzed by a grader licensed under the authority of the United States Grain Standards Act or the United States Warehouse Act with regard to deficiencies in quality, or by a laboratory approved by us with regard to substances or conditions injurious to human or animal health. (Test weight for quality adjustment purposes may be determined by our loss adjuster).

(4) Grain sorghum production that is eligible for quality adjustment, as specified in paragraphs 13(c)(2) and (3), will be reduced by the quality adjustment factor contained in the Special Provisions.

(d) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis.

14. Late Planting

In lieu of Section 16 of the Basic Provisions:

(a) The production amount for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.

(b) Acreage planted after the late planting period may be insured as follows:

(1) The production amount for each acre planted as specified in this subsection will be determined by multiplying the production amount that is provided for acreage of the insured grain sorghum crop that is timely planted by your prevented planting coverage level percentage (60.0 percent unless you elected a higher prevented planting coverage level percentage specified in the actuarial documents);

(2) Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) by an insurable cause occurring within the insurance period for prevented planting coverage; and

(3) All production from acreage as specified in this section will be included as production to count for the unit.

(c) The premium amount for insurable acreage specified in this section will be the same as that for

timely planted acreage. If the amount of premium you are required to pay (gross premium less our subsidy) for such acreage exceeds the liability, coverage for those acres will not be provided (no premium will be due and no indemnity will be paid).

- (d) Any acreage on which an insured cause of loss is a material factor in preventing completion of planting, as specified in the definition of "planted acreage" (e.g., seed is broadcast on the soil surface but cannot be incorporated), will be considered as acreage planted after the final planting date and the production guarantee will be calculated in accordance with section 14.

15. Prevented Planting

- (a) In lieu of sections 17(f)(10), 17(f)(11) and 17(f)(12) of the Basic Provisions, regardless of the number of eligible acres determined in section 17(e) of the Basic Provisions, prevented planting coverage will not be provided for any acreage:

- (1) For which you cannot provide proof that you had the inputs available to plant and produce a crop with the expectation of at least producing the yield used to determine the production amount (Evidence that you have previously planted the crop on the unit will be considered adequate proof unless your planting practices or rotational requirements show that the acreage would have remained fallow or been planted to another crop);
- (2) Based on an irrigated practice production amount unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented you from planting. Acreage with an irrigated practice production amount will be limited to the number of acres allowed for that practice under sections 17(e) and (f) of the Basic Provisions and section 15(a) of these crop provisions; or
- (3) Based on a crop type that you did not plant, or did not receive a prevented planting insurance guarantee or production amount for, in at least one of the four most recent crop years. Types for which separate projected prices or production amounts are available must be included in your APH database in at least one of the most recent four crop years. We will limit prevented planting payments based on a specific crop type to the number of acres allowed for that crop type as specified in sections 17(e) and (f) of the Basic Provisions and section 15(a) of these crop provisions.

- (b) In lieu of section 17(i) of the Basic Provisions the prevented planting payment for any eligible acreage within a unit will be determined by:

- (1) Multiplying the production amount per acre for timely planted acreage by the projected price for the grain sorghum crop, by 60

percent (If you have limited or additional levels of coverage, and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents);

- (2) Multiplying the result of section 15(b)(1) by the number of eligible prevented acres in the unit; and
- (3) Multiplying the result of section 15(b)(2) by your share.

16. Catastrophic Risk Protection Coverage

- (a) The Catastrophic Risk Protection Endorsement is not applicable. The following provisions in this section are applicable if you have elected the catastrophic risk protection plan of insurance for any insured acreage.

- (b) For the 1999 and subsequent crop years, catastrophic risk protection equals twenty-seven and one-half percent of your approved yield times 100 percent of the projected price.

- (c) Administrative Fees

- (1) In lieu of section 4 of these crop provisions, you will not be responsible to pay a premium, nor will the policy be terminated because the premium has not been paid. FCIC will pay a premium subsidy equal to the premium established for this catastrophic risk protection coverage.

- (2) In return for catastrophic risk protection coverage, you must pay an administrative fee to us within 30 days after you have been billed (you will be billed by the billing date stated in the Special Provisions);

- (i) The administrative fee for each crop in the county is \$60.

- (ii) 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).

- (3) The administrative fee does not apply if it is determined that you meet the definition of a limited resource farmer. If you qualify as a limited resource farmer and desire to be exempted from paying the administrative fee, you must sign the waiver at the time of application (on or before the sales closing date).

- (4) If the administrative fee is not paid when due, you, and all persons with an insurable interest in the crop under the same contract, may be ineligible for certain other USDA program benefits as set out in section 16(e), and all such benefits already received for the crop year must be refunded.

- (d) Multiple Benefits

If you are eligible to receive an indemnity under this section and benefits compensating you for the

same loss under any other USDA program, you must elect the program from which you wish to receive benefits. Only one payment or program benefit is allowed. However, if other USDA program benefits are not available until after you filed a claim for indemnity, you may refund the total amount of the indemnity and receive the other program benefit. Farm ownership and operating loans may be obtained from the USDA in addition to crop insurance indemnities.

- (e) **Eligibility for Other USDA Program Benefits**
You must obtain at least catastrophic risk protection coverage for each crop of economic significance in the county in which you have an insurable share, if insurance is available in the county for the crop, unless you provide a signed waiver of any eligibility for emergency crop loss assistance in connection with the crop. If you do not obtain catastrophic risk protection coverage or sign the waiver, you will not be eligible for:
- (1) Benefits under the Agricultural Market Transition Act;
 - (2) Loans or any other USDA provided farm credit, including guaranteed and direct farm ownership loans, operating loans, and emergency loans under the Consolidated Farm and Rural Development Act provided after October 13, 1994; and
 - (3) Benefits under the Conservation Reserve Program derived from any new or amended application or contracts executed after October 13, 1994.
- (f) Failure to comply with all provisions of the policy constitutes a breach of contract and may result in ineligibility for the farm program benefits stated in section 16(e) for that crop year and any benefit already received must be refunded.

17. Written Agreement

The written agreement provisions of the Basic Provisions are not applicable.