

SUMMARY OF CHANGES FOR THE PEANUT CROP PROVISIONS (99-075)(Rev. 10/04)

The following are brief description of significant changes made in the crop provisions. Please refer to the policy for more complete information.

- Section 2 - Removed to allow optional units for peanuts to be established in accordance with section 34 of the Common Crop Insurance Policy Basic Provisions (Basic Provisions).



UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
PEANUT CROP PROVISIONS

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) these Crop Provisions; and (4) the Basic Provisions, with (1) controlling (2), etc.

1. Definitions.

Approved yield - The yield calculated in accordance with 7 CFR part 400, subpart G, if required by section 3(c) of these provisions.

Average price per pound: -

- (1) The average CCC support price per pound, by type, for Segregation I peanuts and Segregation II and III peanuts eligible to be valued as quota peanuts; or
- (2) The highest non-quota price election contained in the Special Provisions for all Segregation II, and III peanuts not eligible to be valued as quota peanuts.

Average support price per pound - The average price per pound for each type of quota peanuts announced by the USDA under the peanut price support program.

CCC - Commodity Credit Corporation, a wholly owned government corporation within USDA.

County - In addition to the definition contained in the Basic Provisions, "county" also includes any land identified by a FSA farm serial number for such county but physically located in another county.

Effective poundage marketing quota - The number of pounds reported on the acreage report as eligible for the average support price per pound (including transfers of quota peanuts from one farm serial number to another farm serial number), not to exceed the Marketing Quota established by FSA for the farm serial number.

Farmers' stock peanuts - Peanuts customarily marketed by producers, produced in the United States, and which are not shelled, crushed, cleaned, or otherwise changed (except for removal of foreign material, loose shelled kernels, and excess moisture) from the condition in which peanuts are harvested.

Green peanuts - Peanuts that are harvested and marketed prior to maturity without drying or removal of moisture either by natural or artificial means.

Inspection certificate and sales memorandum - A USDA form that records the inspection grading results and marketing record for the net weight of peanuts delivered to a buyer.

Non-quota peanuts - Peanuts other than quota peanuts.

Planted acreage - In addition to the requirement in the definition in the Basic Provisions, peanuts must initially be planted in rows wide enough apart to permit mechanical cultivation. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions or by written agreement.

Production guarantee (per acre) - In addition to the definition of "production guarantee (per acre)" in the Basic Provisions, the production guarantee (per acre) is the number of pounds determined by multiplying the

yield per acre contained in the actuarial documents or the approved yield multiplied by the coverage level percentage you elect.

Quota peanuts - Peanuts that are eligible to be valued at the average support price per pound.

Segregation I, II, or III - Grades designated and defined for peanuts by the Agricultural Marketing Service of USDA.

Value per pound - A price determined by USDA as shown on the USDA "Inspection Certificate and Sales Memorandum" or other value accepted by us.

2. Unit Division.

[Reserved]

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

In addition to the requirements of section 3 of the Basic Provisions:

- (a) The price elections you choose for the quota and non-quota peanuts must have the same percentage relationship to the maximum price election offered by us for quota and non-quota peanuts. For example, if you choose 100 percent of the maximum quota peanut price election, you must also choose 100 percent of the maximum non-quota election.
- (b) The maximum pounds that may be insured at the quota price election are the lesser of:
 - (1) The effective poundage marketing quota; or
 - (2) The insured acreage multiplied by the production guarantee. If the insured acres multiplied by the production guarantee exceeds the effective poundage marketing quota, the difference will be insured at the non-quota peanut price election.
- (c) You may be required to file an annual production report to us, if required by the Special Provisions, to establish an approved yield in lieu of the yield published in the actuarial documents. If we require you to file an annual production report, you must do so in accordance with section 3(c) of the Basic Provisions.

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is November 30 preceding the cancellation date.

5. Cancellation and Termination Dates.

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> |
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| Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit 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 south and east thereof; and all other states.

February 28

New Mexico; Oklahoma; Virginia; and all other Texas counties.

March 15

6. Report of Acreage.

In addition to the requirements of section 6 of the Basic Provisions, you must report the effective poundage marketing quota, if any, that is applicable to each basic and optional unit for the current crop year.

7. Annual Premium.

In lieu of the premium amount determinations contained in section 7(c) of the Basic Provisions, the annual premium will be determined by:

- (a) Multiplying the insured effective poundage marketing quota by the price election for quota peanuts;
- (b) Multiplying the insured pounds of non-quota peanuts by the price election for non-quota peanuts;
- (c) Totaling the results of section 7(a) and 7(b);
- (d) Multiplying the total of section 7(c) by the applicable premium rate stated in the actuarial documents;
- (e) Multiplying the result of section 7(d) by your share at the time coverage begins; and
- (f) Multiplying the result of section 7(e) by any premium adjustment percentages that may apply.

8. Insured Crop.

In accordance with section 8 of the Basic Provisions, the crop insured will be all the peanuts in the county for which a premium rate is provided by the actuarial documents:

- (a) In which you have a share;
- (b) That are planted for the purpose of marketing as farmers' stock peanuts;
- (c) That are a type of peanut designated in the Special Provisions as being insurable; and
- (d) That are not (unless allowed by the Special Provisions or by written agreement):
 - (1) Planted for the purpose of harvesting as green peanuts;
 - (2) Interplanted with another crop; or
 - (3) Planted into an established grass or legume.

9. Insurable Acreage.

In addition to the provisions of section 9 of the Basic Provisions:

- (a) Any acreage of the insured crop damaged before the final planting date, to the extent that the majority of producers in the area would normally not further care for the crop, must be replanted unless we agree that replanting is not practical.
- (b) We will not insure any acreage:
 - (1) On which peanuts are grown using no-till or minimum tillage farming methods unless allowed by the Special Provisions or written agreement; or
 - (2) Which does not meet the rotation requirements, if any, contained in the Special Provisions.

10. Insurance Period.

In accordance with the provisions of section 11 of the Basic Provisions, the calendar date for the end of the insurance period is the date immediately following planting as follows:

- (a) November 30 in all states except New Mexico, Oklahoma, and Texas; and
- (b) December 31 in New Mexico, Oklahoma, and Texas.
- (c) "Removal of peanuts from the field" replaces "harvest" as an event marking the end of the insurance period in section 11 of the Basic Provisions.

11. Causes of Loss.

In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption; or
- (h) Failure of the irrigation water supply, if due to a cause of loss contained in section 11(a) through (g) that occurs during the insurance period.

12. Replanting Payments.

(a) In accordance with section 13 of the Basic Provisions:

- (1) A replanting payment is allowed if the crop 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 guarantee for the acreage and it is practical to replant.
- (2) The maximum amount of the replanting payment for the unit will be the lesser of:
 - (i) Eighty dollars (\$80.00) per acre multiplied by the number of acres replanted and multiplied by your insured share;
 - (ii) The actual cost of replanting per acre multiplied by the number of acres replanted and multiplied by your insured share; or
 - (iii) Twenty percent (20%) of the production guarantee multiplied by your quota price election, multiplied by the number of acres replanted, and multiplied by your insured share.

(b) When peanuts are replanted using a practice that is uninsurable as an original planting, the liability for the unit will be reduced by the amount of the replanting payment. The premium amount will not be reduced.

13. Duties In The Event of Damage or Loss.

In accordance with the requirements of section 14 of the Basic Provisions, the representative samples of the unharvested crop that we may require must be at least

10 feet wide and extend the entire length of each field in the unit. If you intend to put the acreage to another use or not harvest the crop, the samples must not be harvested or destroyed until our inspection.

14. Settlement of Claim.

(a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records:

- (1) For any optional units, we will combine all optional units for which such production records were not provided; and
- (2) For any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.

(b) When settling your claim, the effective poundage marketing quota, if any, for each unit will be limited to the lesser of:

- (1) The amount of the effective poundage marketing quota reported on the acreage report;
- (2) The amount of the FSA effective poundage marketing quota; or
- (3) The amount determined at the final settlement of your claim.

(c) In the event of loss or damage covered by this policy, we will settle your claim by:

- (1) Multiplying the insured acreage for the unit by the production guarantee per acre, by type if applicable;
- (2) Subtracting the insured effective poundage marketing quota from the result of section 14(c)(1) to determine the amount of insured non-quota peanuts;
- (3) Multiplying the insured effective poundage marketing quota and the result of section 14(c)(2) by the respective price election by type, if applicable, for quota and non-quota peanuts, respectively;
- (4) Totaling the results of section 14(c)(3) (This amount will be the same as (3) if there is only one type);
- (5) Multiply the production to count for quota and non-quota peanuts (see section 14(d)), for each type if applicable, by the respective price elections;
- (6) Totaling the results of section 14(c)(5) (This amount will be the same as (5) if there is only one type);
- (7) Subtracting the result of section 14(c)(6) from section 14(c)(4); and
- (8) Multiplying the result in section 14(b)(7) and section 14(b)(8) by your share.

For example:

You have 100 percent share in 25 acres of Valencia peanuts in the unit, with a 2000 pounds per acre guarantee, an effective poundage marketing quota of 40,000 pounds, and a price election of \$0.34 per pound for quota and \$0.15 per pounds for non-quota. You are able to harvest 43,000 pounds in which

40,000 pounds are quota segregation I and 3,000 pounds are non-quota segregation II and III due to quality adjustment. Your indemnity would be calculated as follows:

- (1) 25 acres x 2,000 pounds per acre = 50,000 pounds guarantee;
- (2) 50,000 pounds guarantee - 40,000 pounds of effective marketing quota = 10,000 pounds of non-quota guarantee;
- (3) 40,000 pounds x \$.34 price election for quota = \$13,600.00 value of guarantee; 10,000 pounds x \$.15 price election for non-quota = \$1,500.00 value of guarantee;
- (4) \$13,600.00 + \$1,500.00 = \$15,100.00 total of value of guarantee;
- (5) 40,000 pounds of quota production to count x .34 = \$13,600.00 quota value of production to count; 3,000 pounds of non-quota production to count x .15 = \$450.00 non-quota value of production to count;
- (6) \$13,600.00 + \$450.00 = \$14,050.00 total value of production to count;
- (8) \$15,100.00 total value guarantee - \$14,050.00 total value of production to count = \$1,050.00 loss; and
- (9) \$1,050.00 value of loss x 100 percent = \$1,050.00 indemnity payment.

(d) The total production to count (in pounds) from all insurable acreage on the unit will include all appraised and harvested production.

(e) All appraised production will include:

- (1) Not less than the production guarantee for acreage:
 - (i) That is abandoned;
 - (ii) Put to another use without our consent;
 - (iii) Damaged solely by uninsured causes; or
 - (iv) For which you fail to provide production records that are acceptable to us; or
 - (v) Not replanted as required by this policy.
- (2) Production lost due to uninsured causes;
- (3) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with section 14(f)); and
- (4) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:
 - (i) 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 amount of 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 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 amount of production to count); or

- (ii) If you elect to continue to care for the crop, the amount of 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

(5) All harvested production from the insurable acreage.

(f) Mature peanut production that is damaged by insurable causes and for which the value per pound is less than the average support price per pound for the type will be adjusted by:

- (1) Dividing the value per pound for the insured type of peanuts by the applicable average price per pound; and
- (2) Multiplying this result by the number of pounds of such production.

(g) To enable us to determine the net weight and quality of production of any peanuts for which an "Inspection Certificate and Sales Memorandum" has not been issued, we must be given the opportunity to have such peanuts inspected and graded before you dispose of them. If you dispose of any production without giving us the opportunity to have the peanuts inspected and graded, the gross weight of such production will be used in determining total production to count unless you submit a marketing record satisfactory to us which clearly shows the net weight and quality of such peanuts.

(Note: In accordance with the Federal Crop Insurance Act, in the event of a crop loss, policyholders with the Catastrophic Risk Protection level of coverage must elect to either receive benefits under these Crop Provisions or if applicable, the Commodity Credit Corporation Quota Loan Pool Regulations.)