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DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

Docket No. FCIC-13-0001

RIN 0563-AC24

Common Crop Insurance Regulations; Forage Seed Crop Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes the addition of a new regulation that provides forage seed insurance. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions (Basic Provisions), which contain standard terms and conditions common to most crop insurance programs.

The intended effect of this action is to convert the Forage Seed pilot crop insurance program to a permanent insurance program for the 2015 and succeeding crop years.

DATES: This rule is effective [insert date 30 days after this rule is published in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Tim Hoffmann, Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, Beacon Facility, Stop 0812, Room 421, PO Box 419205, Kansas City, MO 64141-6205, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget (OMB) has determined that this rule is not significant for the purpose of Executive Order 12866 and, therefore, it has not been reviewed by OMB.

Paperwork Reduction Act of 1995

Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have been approved by OMB under control number 0563-0053.

E-Government Act Compliance

FCIC is committed to complying with the E-Government Act of 2002, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

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 the 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 the UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the

relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees, and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine the amount of an indemnity payment in the event of an insured cause of crop loss. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

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 has 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. With respect to any direct action taken by FCIC or to require the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 and 7 CFR part 400, subpart J, for the informal review process of good farming practices, as applicable, must be exhausted before any action against 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.

Background

This rule finalizes the addition to 7 CFR part 457 of a new §457.174 Forage Seed Crop Provisions (7 CFR 457.174) that was published by FCIC on August 29, 2013 as notice of

proposed rulemaking in the Federal Register 78 FR 53370. The public was afforded 30 days to submit comments after the regulation was published in the Federal Register.

A total of 27 comments were received from 4 commenters. The commenters were a Risk Management Agency Regional Office, a seed company, an approved insurance provider, and a non-profit crop insurance trade organization.

The public comments received and FCIC's responses to the comments are as follows:

General

Comment: A commenter discussed the dormancy limitation in Montana and Wyoming where dormancy ratings greater than 4 are not insured unless under written agreement causing producers not to contract production of seed with higher dormancy ratings. The commenter wanted the Crop Provisions to be modified to allow dormancy ratings of greater than 4 without limitation.

Response: FCIC notes that this is an underwriting issue that is not part of the rule. The appropriate regional office is reviewing this issue. This rule does not limit insuring the higher dormancy ratings if the regional office determines that such ratings can be appropriately rated and insured. No changes have been made.

Comment Two commenters stated "The major concern is with the fall planted seed-to-seed practice in which the insured certifies the adequacy of the stand in the fall after it has been planted. The crop will normally have an adequate stand at this time but it is susceptible to winterkill damage the initial year after it is seeded. The current method and timing for certifying an adequate stand is acceptable for established stands as they are less susceptible to winterkill than when the crop is planted the initial year. We would recommend that the practice of fall planted seed-to-seed acreage be treated similar to

winter wheat in a spring only county in that an inspection be done in the spring to ensure that an adequate stand exists. If an adequate stand does not exist, the insured would be required to either replant or sweeten the stand in order for insurance coverage to attach to such acreage. We feel that this is a potential vulnerability in the crop provisions that should be addressed prior to them being published as a final rule.” One commenter added the related comment “The biggest concern with the policy is that it should be a spring policy, not a fall policy. At a minimum, all acreage should pass an insurability inspection (by the AIP or insured) in the spring, not fall. Winterkill is by far the biggest peril on fall-seeded acreage of alfalfa seed. The current policy does not have a replant provision. A farmer is expected to replant to continue coverage when practical, whether there is a replant payment or not. The alfalfa seed farmers have been replanting (or sweetening the stand) of winterkilled or damaged acreage in the spring, long before the pilot MPCCI policy was developed. We would propose that fall-seeded alfalfa seed would pass an insurability inspection in the spring, same as winter wheat in a spring wheat-only county. Currently, the fall-seeded acreage has a plant count for insurability in the fall and typically passes. This new acreage is very susceptible to winterkill. We insist that the insured then replants the damaged acreage (as he has always done before) in the spring to continue insurance. Insureds cannot collect a production loss when they have the opportunity to replant. We have talked to the seed companies and they have stated the same seed can be used for fall or spring planting or to sweeten the stand (unlike wheat). Whether fall-seeded, spring-seeded or established stand, the acreage should pass a stand count insurability inspection in the spring.

Response: FCIC disagrees with these comments. When the pilot program was initially developed the industry wanted protection against perils such as adverse weather, including events that may occur during the winter months. Therefore, insurance attaches in the fall if the crop has an adequate stand and any loss due to winterkill is intended to be an insurable loss. To require an adequate stand in the spring before insurance attaches will effectively render the coverage for causes of loss occurring during the winter meaningless. To the extent that winterkill is a significant peril, it will be appropriately rated so that premium will cover all expected losses and a reasonable reserve. Insured may elect to sweeten the stand in the spring and that may be in their best interest to produce the crop rather than just collect the insurance. However, in case a program vulnerability is discovered in the future, FCIC will add the phrase “ unless otherwise specified in the Special Provisions ” after the words “insurance period” in section 7(c)(3) of this final rule to address this issue.

Section 1 – Definitions

Comment: Two commenters commented about hybrid seed production not being insurable except by written agreement and one of the commenters proposed changing the definition of Forage Seed Crop by adding the words “including those grown for the production of hybrid seed, as” between “(e.g., alfalfa, clovers, etc.)” and “shown in the actuarial documents.” to allow production of hybrid seed to be insurable without doing a written agreement.

Response: FCIC agrees with the proposed change to the definition of Forage Seed Crop and has made the change accordingly in this Final Rule.

Comment: Two commenters suggested that a hyphen be added between the words “small” and “seeded” in the definition of Forage seed crop.

Response: FCIC agrees with the proposed change and has made the change accordingly in this Final Rule.

Comment: Two commenters questioned the use of the word “and” between the words “price” and “used” in the definition of “price election.”

Response: FCIC placed the word “and” between the words “price” and “used” in this definition to distinguish between how the price is determined from how such price will be used in the policy. FCIC has revised the phrase to read “and will be used” for clarity.

Comment: Two commenters questioned the elimination of the definition of “type” in the Crop Provisions.

Response: FCIC is not defining “type” in the Crop Provisions because “type” is defined in the Basic Provisions.

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

Comment: Two commenters asked that consideration be given to deleting the phrase “...grown in the county and designated in the actuarial documents...” and adding “you elect to insure” after the words “forage crop”.

Response: The phrase “grown in the county and designated in the actuarial documents” is necessary because the forage seed policy may not be available in all counties and to determine where it is available, program participants must look to the actuarial documents for the county to see if premium rates have been provided. This is consistent with the language in section 7. To be consistent, FCIC agrees to add “you elect to ensure” after forage crop. No other changes will be made.

Section 6 – Report of Acreage

Comment: Two commenters asked that consideration be given to revising and rewriting this section to read:

“In addition to the requirements of section 6 of the Basic Provisions, you must submit to us, on or before the acreage reporting date or as otherwise specified in the special provisions:

“(a) A copy of your forage seed contract for your forage seed acreage; or,

“(b) A copy of your accepted certification application for your certified seed acreage.

“Failure to do so will result in denial of liability and no indemnity due.”

Response: FCIC agrees with the proposed change and has made the change, with a few technical modifications, in this final rule.

Comment: Two commenters asked if consideration had been given to the possibility of revising this section to require that a copy of the contract be obtained at time of claim.

Response: FCIC has not considered this. In light of discussions with the Forage seed industry through the National Alfalfa and Forage Alliance, this was not an issue. This will not be changed.

Section 7 – Insured Crop

Comment: One commenter commented about the potential for insuring forage seed legume crops other than alfalfa and proposed that the words “unless otherwise specified in the Special Provisions.”, be inserted after “seed production” in section 7(c)(5) and to remove the word “solely” from section 7(a)(2) to allow insuring forage seed legume crops other than alfalfa.

Response: FCIC agrees that other forage seed legume crops could be insured under the Forage Seed Crop Provisions and has made the change accordingly in this Final Rule.

FCIC also recognizes that certain legume crops, such as red clover that utilizes the practice of taking a hay crop to remove excess vegetation prior to taking the seed harvest, would not have been able to be insured under the proposed rule. Thus, the change will allow for certain other legume crops to be added to the Special Provisions as determined agronomically and actuarially appropriate by FCIC.

Section 8 – Insurance Period

Comment: Two commenters commented to have the following editorial changes made to this section:

(a)(1)(i)-(ii): Instead of listing the states with the earlier date first, suggest switching (i) & (ii) so the group that includes “...and other states” is last. [Otherwise, (i) appears to be all-inclusive unless you read on to (ii) to see that California and Nevada have a different date.] This would match the order of the groupings in 8(a)(2)(i)-(ii) and (b)(1)-(2). Also [ed.], add a comma or semicolon before “...and other states” [and likewise in 8(a)(2)(ii)], and consider if the phrase should be “...and all other states” as in (b)(2).

Response: FCIC agrees with these proposed changes and has made the changes in this final rule accordingly.

Section 9 – Causes of Loss

Comment: Two commenters recommended that the cause of loss “Fire” be clarified as “Fire, due to natural causes”

Response: FCIC disagrees that this change is necessary. The Act and the Basic Provisions make it very clear that only loss due to natural causes are covered and to add this phrase here and not all the other causes of loss could create an ambiguity. No change has been made.

Comment: Two commenters asked if section 9(b)(2) is the only one that refers to the sole/direct cause of loss from section 9(a)(1)-(7), while the others only allow for the causes in section 9(a)(1)-(6). Is it intended that the other 3 are not affected by “Failure of the irrigation water supply...”?

Response: That is correct. Failure of the irrigation water supply does not apply to any provision in subsection (b) except paragraph (2).

Section 10 – Settlement of Claim

Comment: Two commenters commented that terminology for settling the claim was inconsistent.

Response: FCIC is unclear of the claimed inconsistencies. The language used is standard to most Crop Provisions. No change has been made.

Comment: Two commenters stated that a hyphen should be added to “45,000 pound guarantee” and “7,500 pound guarantee” in the example so that it reads “45,000-pound guarantee” and “7,500-pound guarantee”

Response: FCIC agrees with this proposed change and has made the change in this final rule accordingly.

In addition to the review of the proposed rule regulation and comments received, FCIC is also adjusting the state alignment in section 5 and Section 8 to better align with the climatic and agronomic growing conditions.

List of Subjects in 7 CFR Part 457

Crop Insurance, Forage Seed, Reporting and recordkeeping requirements.

Final Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation amends 7 CFR part 457 effective for the 2015 and succeeding crop years as follows:

PART 457-COMMON CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(l), 1506(o).

2. Section 457.174 is added to read as follows:

§457.174 Forage Seed crop insurance provisions.

The forage seed crop provisions for the 2015 and succeeding crop years are as follows:

FCIC policies:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Forage Seed Crop Provisions

1. Definitions.

Actual value. The dollar value received, or that could be received, for the forage seed if the forage seed production is properly handled in accordance with the requirements in the forage seed contract or the applicable certifying agency's requirements.

Adequate stand. A population of live plants that equals or exceeds the minimum required number of plants per square foot as shown in the actuarial documents.

Amount of insurance. The amount obtained by multiplying the production guarantee per acre for each type and practice in the unit by the insured acreage of that type and practice, by the applicable base price, and by the percentage of base price you elected. The total of these results will be the amount of insurance for the unit.

Base price. For seed under a forage seed contract, the price per pound (excluding any discounts or incentives that may apply) stated in the forage seed contract. For certified forage seed not under a forage seed contract, and for forage seed producers who are also forage seed companies, the price contained in the actuarial documents.

Certification application. The form used to request certification of forage seed by the certifying agency.

Certification standards. The standards and procedures of the certification agency to assure genetic purity and identity of the seed certified.

Certified forage seed. Forage seed that meets the certification standards administered by a certifying agency at the time of harvest and that has been grown under a certification application accepted by the certifying agency on or before the acreage reporting date or as otherwise specified in the Special Provisions.

Certifying agency. An agency authorized under the laws of a State, Territory, or possession, to officially certify seed, which has standards and procedures to assure the genetic purity and identity of the seed certified, and approves certification applications for the certified forage seed that meets the certification standards at time of harvest.

Established stand. An adequate stand of live plants for crop years after the seed-to-seed year.

Fall planted. Forage seed crop planted after May 31 of the previous crop year.

Forage seed company. A business enterprise that possesses all licenses for marketing forage seed required by the state in which it is domiciled or operates, and which possesses facilities with enough storage and capacity to accept and process the insured crop timely.

Forage seed contract. A written contract executed between the forage seed crop producer and a forage seed company containing, at a minimum:

(a) The producer's commitment to plant, grow, and deliver the forage seed produced from such plants to the seed company;

(b) The seed company's commitment to purchase all the production from a specified number of acres or the specified quantity of production stated in the contract; and

(c) Either a fixed price per unit of the forage seed or a formula to determine the price per unit value of such seed. Any formula for establishing value must be specified in the written contract. If the formula uses a future price that is settled after the applicable acreage reporting date, then the base price contained in the actuarial documents will apply.

Forage seed crop. Small-seeded legume plants grown for seed (e.g., alfalfa, clovers, etc.), including those grown for the production of hybrid seed, as shown in the actuarial documents.

Harvest. Removal of seed from the windrow or field.

Pound. Sixteen (16) ounces avoirdupois.

Price election. In lieu of the definition in section 1 of the Basic Provisions, the price election will be the base price and will be used for the purposes of determining premium and indemnity under the policy.

Qualified seed testing laboratory. Laboratory qualified by the State to test the forage seed to determine whether it qualifies as certified forage seed.

Seed-to-seed year. The calendar year in which planting occurs for spring planted forage seed and the subsequent calendar year for fall planted forage seed.

Spring planted. Forage seed crop planted before June 1 of the current crop year.

2. Unit Division.

In lieu of the optional unit provisions in section 34 of the Basic Provisions, you may select optional units by forage seed contract or variety if permitted by the Special Provisions.

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

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

(a) You may elect only one percentage of base price and one coverage level for each forage seed crop you elect to ensure, grown in the county, and designated in the actuarial documents. If separate base prices are available by forage seed crop type, the percentage election of base price and coverage level you choose for each forage seed crop type must be the same. For example, if you choose 100 percent of the base price and 65 percent coverage level for a specific forage seed crop type, you must choose 100 percent of the base price and 65 percent coverage level for all the forage seed crop types.

(b) For each unit, separate guarantees will be determined by forage seed crop type and practice.

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is June 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:

California, Nevada and Utah.....October 31;

All Other States.....September 30.

6. Report of Acreage.

(a) In addition to the requirements of section 6 of the Basic Provisions, you must submit to us, on or before the acreage reporting date or as otherwise specified in the Special Provisions:

(1) A copy of your forage seed contract for your contracted forage seed acreage; or,

(2) A copy of the accepted certification application for your certified seed acreage.

(b) Failure to provide a copy of the forage seed contract or the certification application accepted by the certifying agency by the acreage reporting date or the date otherwise specified in the Special Provisions will result in denial of liability and no indemnity due.

7. Insured Crop.

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all types and practices of each forage seed crop you elect to insure, that is grown in the county and for which a premium rate is provided by the actuarial documents:

(1) In which you have a share; and

(2) That is grown for harvest as:

(i) Certified forage seed; or

(ii) Seed grown under a forage seed contract executed on or before the acreage reporting date or the date otherwise specified in the Special Provisions.

(b) For contracted acreage of forage seed crops only, you will not be considered to have a share in the insured crop unless, under the terms of the forage seed contract, you are at risk of a financial loss at least equal to the amount of insurance on such acreage.

(c) In addition to the crop and acreage listed as not insured in sections 8 and 9 of the Basic Provisions, we will not insure any forage seed crop that:

(1) Is interplanted with another crop, unless otherwise specified in the Special Provisions;

(2) Is planted into an established grass or legume;

(3) Does not have an adequate stand at the beginning of the insurance period unless otherwise specified in the Special Provisions;

(4) Exceeds the age limitations for the forage seed crop or type contained in the Special Provisions; or

(5) Is utilized for any purpose during the crop year other than for seed production, unless otherwise specified in the Special Provisions.

(d) A forage seed producer who is also a forage seed company may establish an insurable interest if the following requirements are met:

(1) The producer must comply with these Crop Provisions; and

(2) All the forage seed grown by the forage seed company is enrolled with the appropriate certifying agency.

8. Insurance Period.

(a) Insurance attaches on acreage with an adequate stand on the later of the date we accept your application or the applicable date as follows, unless provided otherwise in the Special Provisions:

(1) For fall planted seed-to-seed year and established stands of forage seed crops, coverage begins for each crop year on:

(i) November 1 for counties in California, Utah and Nevada; and

(ii) October 1 for counties in Idaho, Montana, Oregon, Washington, Wyoming and all other states.

(2) For spring planted seed-to-seed year stands of forage seed crops coverage begins:

(i) May 1 for counties in California and Washington; and

(ii) May 15 for counties in Idaho, Montana, Nevada, Oregon, Utah, Wyoming and all other states.

(b) The calendar dates for the end of the insurance period for counties in the following states are as follows unless otherwise provided in the Special Provisions:

(1) California, Nevada and Utah.....October 31.

(2) Idaho, Oregon, Montana, Washington, Wyoming
and all other states.....September 30.

9. Causes of Loss.

(a) 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:

(1) Adverse weather conditions;

(2) Fire;

(3) Insects and plant disease, but not damage due to insufficient or improper application of control measures;

(4) Wildlife;

(5) Earthquake;

(6) Volcanic eruption; or

(7) Failure of the irrigation water supply, if caused by a peril specified in sections 9(a)(1) through (6) that occurs during the insurance period.

(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss of production due to:

(1) The crop not being timely harvested, unless such delay in harvesting is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (6);

(2) Insufficient supply of pollinators, as determined by us, unless lack of pollinators or pollination is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (7);

(3) Failure of the certification standard or forage seed company contract acceptance caused by failure to follow proper isolation requirements or inadequate weed control, as determined by us, unless such failure is solely and directly due to a cause of loss specified in sections 9(a)(1) through (6); or

(4) Failure of the certification standard or forage seed contract acceptance due to failure to follow all other certification or contract requirements, as determined by us, unless such failure is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (6).

10. 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 unit, we will combine all optional units for which such production records were not provided; or

(2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.

(b) In the event of loss or damage to your forage seed crop covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage for each type and practice by the production guarantee;

(2) Multiplying each result in section 10(b)(1) by the price election;

(3) Totaling the results in section 10(b)(2);

(4) Multiplying the total production to count for each type and practice by the price election;

(5) Totaling the results of each crop type in section 10(b)(4);

(6) Subtracting the result in section 10(b)(5) from the result in section 10(b)(3); and

(7) Multiplying the result in section 10(b)(6) by your share.

(c) The total forage seed production to count (in pounds) from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee per acre for acreage:

(A) That is abandoned;

(B) That is put to another use without our consent;

(C) That is damaged solely by uninsured causes; or

(D) For which you fail to provide production records that are acceptable to us.

(ii) Production lost due to uninsured causes;

(iii) Unharvested production; and

(iv) 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 and if:

(A) 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 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 appraisals made prior to giving consent to put the acreage to another use will be used to determine the amount of production to count);

(B) 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

(2) All harvested production from the insurable acreage in accordance with section 10 (e).

(d) In addition to the provisions of section 15 of the Basic Provisions, we may determine the amount of production of any unharvested forage seed on the basis of our field appraisals conducted after the normal time of harvest for the area. If the acreage is

later harvested, production records must be provided and if the harvested production exceeds the appraised production, the claim will be adjusted.

(e) Production not meeting the minimum quality requirements contained in the forage seed contract or certifying agency's standards based on tests conducted by a qualified seed testing laboratory due to insurable causes will be reduced as follows:

- (1) Divide the actual value by the base price for the insured type; and
- (2) Multiply the result (not to exceed 1.0) by the number of pounds of such production.

Example:

You have a 100 percent share and 100 acres of forage seed in the unit, with a guarantee of 600 pounds per acre on 75 acres of an established stand of forage seed and a guarantee of 300 pounds per acre on 25 acres of a spring planted seed-to-seed year stand. All acreage is contracted with a base price of \$1.20 per pound and you have selected 100 percent of the base price. Losses due to insured causes of loss have reduced production and quality and you only harvested 37,000 pounds of seed. A portion of the total production was of poor quality; 10,000 pounds of seed failed to achieve the contract minimum germination requirement; and the salvaged production was valued at \$0.80 per pound. Your indemnity would be calculated as follows:

- (1) 75 acres x 600 pounds = 45,000-pound guarantee
25 acres x 300 pounds = 7,500-pound guarantee;
- (2) 45,000 pounds x \$1.20 per pound price election = \$54,000 value guarantee
7,500 pounds x \$1.20 per pound price election = \$9,000 value guarantee;
- (3) \$54,000 + \$9,000 = \$63,000 total value of the guarantee;

(4) 27,000 pounds met the contract quality requirements = 27,000 pounds production to count

$27,000 \text{ pounds} \times \$1.20 \text{ per pound} = \$32,400$ $10,000 \text{ pounds} \times (\$0.80 \text{ per pound} / \$1.20 \text{ per pound}) = 6,667 \text{ pounds production to count}$

$6,667 \text{ pounds} \times \$1.20 \text{ per pound} = \$8,000;$

(5) $\$32,400 + \$8,000 = \$40,400$ total value of production to count;

(6) $\$63,000 - \$40,400 = \$22,600$ loss; and

(7) $\$22,600 \times 100 \% \text{ share} = \$22,600$ indemnity payment.

11. Late and Prevented Planting.

The late and prevented planting provisions of the Basic Provisions are not applicable for forage seed.

Signed in Washington, D.C., on May 22, 2014..

Brandon Willis,
Manager,
Federal Crop Insurance Corporation.

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