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Federal Crop
Insurance
Corporation

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SUGARCANE INSURANCE STANDARDS HANDBOOK

2018 and Succeeding Crop
Years

RESERVED

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: SUGARCANE INSURANCE STANDARDS HANDBOOK	NUMBER: FCIC-24350
EFFECTIVE DATE: 2018 and succeeding crop years	ISSUE DATE June 29, 2017
SUBJECT: Provides the underwriting procedures and instructions for administering the Sugarcane crop insurance program.	OPI: Actuarial and Product Design Division
	APPROVED: /s/ <i>Richard H. Flourney</i> Deputy Administrator for Product Management

REASON FOR ISSUANCE

This handbook is being issued to provide underwriting standards for administering the Sugarcane Crop Insurance Program beginning with the 2018 crop year.

Major changes: See changes or additions in text which have been highlighted. Three stars (***) identify information that has been removed.

1. Revised the handbook to incorporate changes made through a submission approved by the FCIC Board of Directors under Section 508(h) of the Federal Crop Insurance Act.
2. Modified language throughout the handbook to reflect changes in the GSH to allow acreage to be reported, and rounded, to hundredths (0.01); and for share to be reported, and rounded, to ten-thousandths (0.0001).
3. Paragraph 23 - Updated policy document identification information and added crop policy information for the new Sugarcane Crop Replacement Endorsement (CRE).
4. Paragraph 42 - Added to provide underwriting standards for administering the new CRE. Previous paragraphs 42 through 45 renumbered 43 through 46.
5. Renumbered paragraph 46 - Revised to provide new instructions regarding insurability and the approved yield for acreage that is damaged prior to the beginning of the insurance period or when increased coverage is requested after damage has occurred. New instructions are also added regarding APH yield determination for acreage that is cut for seed.
6. Paragraph 62 - Revised to reflect the new instructions in paragraphs 42 and 46.
7. Paragraph 65 - Added to provide an example of the payment calculation under the CRE.
8. Exhibit 2 - Added to provide the worksheet used to determine production from acreage cut for seed.

SUGARCANE INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Sugarcane Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
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FILING INSTRUCTIONS

This handbook is effective for the 2018 and succeeding crop years.

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RESERVED

PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose

The purpose of the handbook is to provide instructions for establishing crop insurance coverage and to adjust losses in accordance with the CP, the CRE and as a supplement to the General Standards Handbook - 18190 (GSH), Crop Insurance Handbook - FCIC 18010 (CIH), the Loss Adjustment Manual - FCIC 25010 (LAM), the Sugarcane Loss Adjustment Standards Handbook - FCIC 25460 (LASH), and any other issuance that may be referenced herein.

B. Authority

The Sugarcane Crop Insurance Program has been revised to incorporate changes made through a submission approved by the FCIC Board of Directors under Section 508(h) of the Federal Crop Insurance Act.

C. Program Duration

The Sugarcane Crop Insurance Program is available until cancelled or extended by the FCIC Board of Directors.

2 Responsibilities

A. AIP Responsibilities

AIPs will utilize this handbook and other standards, procedures, and instructions as authorized by RMA for the purpose of selling and servicing the Sugarcane Crop Insurance Program. AIPs should report program issues or concerns to RMA.

B. Insured's Responsibilities

To be eligible for the Sugarcane Crop Insurance Program, insureds must comply with all terms and conditions of the BP, the CP, and if applicable, the CRE.

3-10 (Reserved)

PART 2 STANDARDS AND INSTRUCTIONS

11 Operational References

In general, the CIH, GSH, LAM, and LASH apply to the Sugarcane Crop Insurance Program. Exceptions, changes, and additions necessary for and unique to sugarcane are referenced in this handbook. All procedures, rules, and requirements for Category B APH crops apply except as noted herein, and are supplemented with additional instructions in this handbook.

12-20 (Reserved)

PART 3 GENERAL STANDARDS HANDBOOK

21 General Changes and Additions

Changes and additions to the GSH for sugarcane are described in this part. Sections of the GSH not listed below, but that are specifically applicable sugarcane, or to category B crops, are also applicable.

22 GSH Exhibit 1B - Definitions

The definitions in exhibit 1B for the terms listed below are amended as follows:

Crop year - In lieu of the definition of "crop year" contained in exhibit 1B, a crop year is the period within which the insured sugarcane is normally grown and is designated by the calendar year in which the harvest of sugarcane normally begins in the county.

23 GSH Exhibit 8A Crop Policy Information

The following is added to exhibit 8A:

2018 CROP POLICY INFORMATION								
APH Crops	FCIC		Crop Category, APH Yield Tolerance	(L) Prev. Planting (P)	Replant	Unit of Measure	Units by: Basic (B) Optional (O) Enterprise (E) ⁴	High-Risk Land Exclusion Option ¹
	Policy	CP						
Sugarcane	17-BR	18-0038	B, 2% ²			lbs.	B/O/E	Yes ³

1 Applies to additional coverage only

2 Tolerance for APH field reviews

3 Requires insured's signature, refer to the Actuarial Documents

4 EU(s) if provided for in the Special Provisions

23 GSH Exhibit 8A Crop Policy Information (Continued)

2018 CROP POLICY INFORMATION									
Endorsements and Options	FCIC			Crop	(L) Prev. Planting (P)	Replant	Unit of Measure	Units by: Basic (B) Optional (O) Enterprise (E) ⁴	¹ High-Risk Land Exclusion Option
	End. No.	BP	CP						
Sugarcane Crop Replacement Endorsement ¹	18-0038a	17-BR	18-0038	Sugarcane				B/O/E	Yes ³

1 Applies to additional coverage only

2 Tolerance for APH field reviews

3 Requires insured's signature, refer to the Actuarial Documents

4 EU(s) if provided for in the Special Provisions

24-40 (Reserved)

PART 4 CROP INSURANCE HANDBOOK

41 General Changes and Additions

Changes and additions to the CIH for sugarcane are described in this part. Sections of the CIH not listed below, but that are specifically applicable sugarcane, or to category B crops, are also applicable.

42 CIH Part 9 - Endorsements and Options

Sections 901 and 902 are applicable and the following is added to Part 9:

A. Availability

The CRE is available for additional coverage policies in counties where the actuarial documents provide a premium rate for the CRE.

B. Application, Cancellation, and Transfers

The CRE must be elected on or before the SCD and is continuous unless cancelled by the insured or the AIP. Cancellation of the CRE must occur on or before the cancellation date specified in the CP. Coverage under the CRE does not automatically transfer if the policy is transferred to a different AIP. In this case, the insured must again elect the CRE on or before the SCD.

C. Coverage

- (1) The CRE provides for a crop replacement payment when insurable plant cane or first year stubble cane is damaged, and is replaced or destroyed.
- (2) The insurance period under the CRE begins:
 - (a) For plant cane, on the later of the day the application for coverage under the CRE is accepted or the time of planting; or
 - (b) For first year stubble cane, on the later of the day the application for coverage under the CRE is accepted or August 1. After the year of application, coverage begins on August 1.
- (3) The calendar date for the end of the insurance period under the CRE is July 31.
- (4) If elected, all insurable plant cane and first year stubble cane must be insured under the CRE.

42 CIH Part 9- Endorsements and Options (Continued)

C. Coverage (continued)

- (5) Only one replacement payment may be made on the same acreage under the policy for a single crop year. A replacement payment may be made only if:
 - (a) The acreage insured under the CRE is damaged by an insured cause of loss specified in the CP;
 - (b) The AIP determines the potential production is less than 50.0 percent of the yield used to determine the production guarantee, and gives the insured consent to replace or destroy the damaged crop; and
 - (c) The number of acres replaced or destroyed is at least the lesser of 20 acres or 20 percent of the insured acreage in the unit. For example, if 40.0 acres of plant cane and 40.0 acres of first year stubble cane are insured under the CRE, at least 16.0 acres must be replaced or destroyed (20.0% X 80.0 acres = 16.0 acres).

D. Insured's Duties

- (1) In addition to the duties specified in the BP and SP, if requested by the AIP, the insured must provide records or documents such as farm maps that indicate the location and number of acres of plant cane and first year stubble cane in the unit. If the insured fails to comply with this requirement and such failure results in the AIP's inability to determine the amount of the replacement payment, no payment will be made.
- (2) If the insured crop is destroyed and not replaced for the current crop year, a replacement payment may be made provided the insured:
 - (a) Certifies in writing that the damaged crop will be replaced on the same acreage within three crop years (e.g., if the 2018 crop is destroyed on or before the end of coverage under the endorsement (July 31, 2018), it must be replaced by the final planting date for the 2021 crop year; and
 - (b) Notifies the AIP when crop replacement is complete. If the insured does not notify the AIP and the AIP determines the damaged crop was not replaced by the time specified in subparagraph 42D(2)(a), the insured must return the crop replacement payment for the applicable acreage to the AIP.

43 CIH Part 10 - Units

Section 2 Optional Units

Subparagraph 1021 C (2) is revised to include Sugarcane when the SP allows optional units by Farm Service Agency farm serial number, or by section or section equivalent as described in subparagraph 1021 B.

44 CIH Part 12, Section 2, Paragraph 1214 Prevented Planting Acreage

The prevented planting provisions in paragraph 1214 are not applicable. There is no prevented planting coverage.

45 CIH Part 12, Section 2, Paragraph 1215 Late Planted Acreage

The late planting provisions in paragraph 1215 are not applicable. There is no coverage for acreage planted after the final planting date.

46 CIH Part 19 - Additional Provisions by Crop

In lieu of subparagraphs 1922A and 1922B(1) of Section 1 - Category B Crops, the following will apply:

A. Insurability Requirements

- (1) When stubble cane, except that specified in subparagraph 46A(2), is damaged prior to the beginning of the insurance period, The AIP will appraise the acreage and notify the insured of any reduction in the yield used to determine the production guarantee or deny insurance no later than 30 days after the beginning of the insurance period.
- (2) When acreage in excess of 10.0 percent of the insured acreage in the unit exceeds age limitations specified in the SP, insurance attachment is delayed until April 30. On or before this date, the AIP will appraise the sugarcane and provide an agreement in writing to insure the acreage, or deny insurance.
- (3) If the appraisal for acreage specified in subparagraph 46A(1) or (2) indicates the crop can produce at least 90.0 percent of the yield used to determine the production guarantee, insurance will be provided without adjustment to the yield used to determine the production guarantee. If it will not produce this amount, the AIP may reduce the yield used to determine the production guarantee and insure the acreage, provided the insured agrees, in writing, to the reduced yield. However, if the AIP determines the acreage is damaged to the extent it will not produce 50.0 percent of the yield used to determine the production guarantee, the AIP will deny insurance for the acreage.

B. Applications for Increased Coverage After Insurance Attachment

When an insured applies for increased coverage after notifying the AIP of damage or if the AIP determines damage occurred prior to the application for increased coverage, the AIP will appraise the damaged acreage no later than 30 days after receiving the application for increased coverage.

- (1) If the crop can produce at least 90 percent of the yield used to determine the production guarantee, the application for increased coverage will be accepted.
- (2) If the crop will produce less than 90 percent of the yield used to determine the production guarantee, the AIP will adjust the yield, and the crop will be insured provided the insured agrees to the reduced yield.
- (3) If subparagraph 46B(1) or (2) is not applicable, the AIP will deny the request for increased coverage.

C. Determining APH Production

- (1) The insured must provide the number of acres cut for seed by unit. This information must be submitted to the AIP by the acreage reporting date (e.g. when 2018 crop year acreage is reported, the number of acres of seed cut from the 2018 crop must also be provided.) If this information is:
 - (a) Provided, the amount of production included on the insured's production report, and that which will be used to calculate any indemnity, will be the number of acres cut for seed multiplied by the amount of harvested or appraised production per acre from the remainder of acres in the unit. See exhibit 2 for an example of the Sugarcane Seed Acre Production Worksheet. A copy of this document must be retained in the insured's insurance file.
 - (b) Not provided, no production from acreage cut for seed will be included on the insured's production report. For example, an insured has 75.0 insured acres in a unit, cuts 5.0 acres for seed, and produces 210,000 lbs. of sugar. In this example, 210,000 lbs. of sugar and 75.0 acres will be shown on the production report.

C. Determining APH Production (continued)

- (2) Production reports for the 2017 and prior crop years may be revised to include production for acreage cut for seed if such production was not previously included as directed in subparagraph 1922B(1) of the CIH **AND** there was no claim for indemnity on the unit. The insured must certify the number of acres cut for seed and maintain supporting FSA records or farm management records. The amount of production allotted to acreage cut for seed will be determined in accordance with subparagraph 46C(1)(a).

47-50 (Reserved)

PART 5 OTHER HANDBOOKS

51 Prevented Planting Loss Adjustment Standards Handbook

Prevented planting coverage is not available for sugarcane. The Prevented Planting Loss Adjustment Standards Handbook is not applicable.

52 Loss Adjustment Manual (LAM) Standards Handbook

The provisions set forth in the LAM apply to sugarcane, except as noted in the Sugarcane LASH or if in conflict with the policy provisions or this guide.

53 Sugarcane LASH

The provisions set forth in the Sugarcane LASH are applicable.

54-60 (Reserved)

PART 6 POLICY DOCUMENTS, INSURABILITY, AVAILABLE COVERAGE LEVELS, AND CALCULATION OF AN INDEMNITY AND CROP REPLACEMENT PAYMENT

61 Policy Documents

The policy consists of the application for insurance, Basic Provisions (17BR or successor document), Sugarcane Crop Provisions and Sugarcane Crop Insurance Crop Replacement Endorsement (when applicable), Special Provisions, Actuarial Documents, and, if elected by the producer, the Catastrophic Risk Protection Endorsement (17-CAT or successor document).

62 Insurability and Eligibility Requirements

A. Policy

- (1) The Sugarcane CPs provide insurance coverage for sugarcane grown for processing for sugar or for seed.
- (2) The Sugarcane Crop Insurance CRE provides for a replacement payment when sugarcane is damaged and must be replaced before it is normal to do so or is destroyed with consent.

B. Insurable Acreage

- (1) In addition to the acreage excluded from insurance as specified in the BP, the following acreage is not eligible for insurance:
 - (a) Acreage that exceeds the age limitations contained in the SP when such acreage constitutes 10.0 percent or more of the acreage in the unit, unless the AIP agrees in writing to insure such acreage (see paragraph 46); or
 - (b) Acreage on which sugarcane is interplanted with another crop, unless allowed by a written agreement.
- (2) Stubble cane damaged before the beginning of the insurance period may be insured. However, AIP will appraise such acreage and make any necessary adjustment to the yield used to determine the production guarantee, or deny insurance (see paragraph 46).
- (3) Insureds may apply for increased coverage after insurance attaches. However, if damage occurred before the application for increased coverage is received, the AIP will appraise the acreage and based on the results will accept the request for increased coverage, adjust the yield used to determine the production guarantee or deny the request for increased coverage (see paragraph 46).
- (4) Only plant cane and first year stubble cane is insurable under the CRE. Any second year or older stubble cane is not insurable under the CRE.
- (5) Section 9(a)(2)(iv) of the Basic Provisions is not applicable. There is no requirement to replant insured sugarcane

62 Insurability and Eligibility Requirements (Continued)

C. APH Database

There is a lag period of one year in the APH database. For example, the producer is required to report production for the 2016 crop year by the required date for the 2018 crop year. Production from acreage cut for seed is to be reported as specified in paragraph 46 and exhibit 2.

D. Practices

Insurable practices will be identified in the actuarial documents.

E. Units

Coverage is available for basic and optional units as specified in the BP. However, the SP may provide for optional units by Farm Service Agency Farm Serial Number in addition to optional units by section or section equivalent in some areas. In such areas, optional units will be available by Farm Service Agency Farm Serial Number, or by section or section or section equivalent, but not both.

F. Duties in the Event of Damage or Loss

(1) In accordance with the requirements of section 14 of the Basic Provisions, if the insured initially discovers damage within 15 days of or during harvest, she or he must leave representative samples of the unharvested crop for the AIP's inspection. Representative samples of the unharvested crop must be at least 10 feet wide and the entire length of the field. The unharvested samples and the stubble on the harvested acreage must be destroyed until the earlier of the AIP's inspection or 15 days after harvest of the balance of the unit is completed.

(2) If coverage under the CRE is in effect, if requested by the AIP, the insured must provide records or documents such as farm maps that indicate the location and number of acres of plant cane and first year stubble cane in the unit.

G. Late Planting

Late planting coverage for sugarcane is not available. Late planted acreage must be reported as uninsurable.

63 Coverage Levels

Insureds may select coverage levels from CAT through 85 percent of the approved yield.

64 Indemnity Calculation Example

Indemnity Example Data

Approved Yield per Acre	6,000 lbs.
Coverage Level	70%
Insured Acres	280.00
Price Election	\$0.1200
Prod. To Count	740,000 lbs.
Share	1.0000

The claim will be calculated as follows:

Line	Variable		Formula
1	Insured Acres	280.00	
2	Coverage Level	70%	
3	Approved Yield per Acre	6,000 lbs.	
4	Production Guarantee per Acre	4,200 lbs.	L2 x L3
5	Production Guarantee	1,176,000 lbs.	L1 x L4
6	Price Election	\$0.12	
7	Value of Production Guarantee	\$141,120	L5 x L6
8	Production to Count	740,000 lbs.	
9	Value of Production to Count	\$88,800	L6 x L8
10	Value of Prod. Guarantee Minus Value of Production to Count	\$52,320	L7 - L9
11	Share	1.0000	
12	Indemnity	\$52,320	L10 x L11

65 Replacement Payment Calculation Example

Replacement Payment Example Data

Base Payment per Acre	\$672.00
Coverage Level	70%
Plant Cane Acres Replaced for Subsequent Year	160.00
First Year Stubble Cane Acres Replaced for Subsequent Year	80.00
Share	1.0000

Replacement Payment Calculation Example

Line	Variable		Formula
1	Base payment	\$672.00	
2	Coverage level	70%	
3	Payment adjusted for coverage level	\$470.40	L1 x L2
4	Payment adj. for crop age - plant cane replaced for subsequent year	\$313.76	L3 x 0.667
5	Payment adj. for crop age - first year stubble cane replaced for subsequent year	\$156.64	L3 x 0.333
6	Acres of plant cane replaced	160.00	
7	Acres of first year stubble cane replaced	80.00	
8	Payment for replaced plant cane acres	\$50,202.00	L4 x L6
9	Payment for replaced first year stubble cane replaced	\$12,531.00	L5 x L7
10	Total payment for replaced plant and first year stubble cane	\$62,733.00	L8 + L9
11	Share	1.0000	
12	Payable replacement payment	\$62,733.00	L10 x L11

66-70 (Reserved)

PART 7 STATES AND COUNTIES/PARISHES

71 Insurance Availability

Sugarcane crop insurance is available as provided in the actuarial documents.

72-80 (Reserved)

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronym/Abbreviation	Term
AIP	Approved Insurance Provider
BP	Common Crop Insurance Policy Basic Provisions
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook, FCIC-18010
CP	Crop Provisions
CRE	Crop Replacement Endorsement
EU	Enterprise Unit
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook, FCIC-18190
LAM	Loss Adjustment Manual, FCIC-25010
LASH	Loss Adjustment Standards Handbook, FCIC 25460
RMA	Risk Management Agency
SCD	Sales Closing Date
SP	Special Provisions

Sugarcane Seed Production Worksheet

The following is an example of a Sugarcane Seed Production Worksheet that AIPs may use. AIPs may modify the form. However, the entries shown below are substantive and must be included on any form the AIP elects to develop.

Sugarcane Seed Production Worksheet							
Insured's Name:			Address:			Phone Number:	
State:			County/Parish:			Policy Number:	
Other Persons ^(a) :			Crop Year ^(b) :				
(1) ^(c) Unit Number, Practice, Type, T-Yield Map Area	(2) Insured Acres	(3) Acres Cut for Seed	(4) Harvested and Appraised Acres (2)-(3)	(5) Harvested and Appraised Production	(6) Yield per Acre (5)÷(4)	(7) ^(d) Seed Acre Production (3)x(6)	(8) Total Harvested, Appraised and Seed Production (5)+(7)
0001-0001OU- 997-002	75.00	5.00	70.00	210,000 lbs.	3,000 lbs.	15,000 lbs.	225,000 lbs.
0001-0002OU- 997-002	100.00	6.00	94.00	291,400 lbs.	3,100 lbs.	18,600 lbs.	310,000 lbs.

- (a) For "Other Persons," enter the names of other persons with an insurable share in the crop. If none, enter "NONE."
- (b) Enter the crop year in which the seed is cut. For example, if seed is cut during the 2018 crop year to plant 2019 crop year acreage, enter 2018.
- (c) In column (1), report on the same basis as the production report will be provided For example, by unit number, field, tract, Common Land Unit, T-Yield Map Area, etc.).
- (d) Column (7) contains the amount of production allowed for acreage cut for seed and will be added to the amount of harvested or appraised production on the insured's production report.