SUMMARY OF CHANGES FOR THE INCOME PROTECTION - BARLEY CROP PROVISIONS (2002-391)

The following is a brief description of changes to the pilot Income Protection-Barley Crop Provisions that are the result of the implementation of the Agricultural Risk Protection Act of 2000 (ARPA). Please refer to the crop provisions for more complete information. These modifications include:

(a) Removed all references to limited coverage because, as a result of changes to the subsidy levels and administrative fee, there is no longer a distinction between limited and additional coverage; and

(b) Removed the reference to the 2000 crop year from Section 6(a).

(c) The reference to the 1999 crop year was removed from Section 15(b) and Section 15(c) was updated to change the administrative fee from $60 to $100 for Catastrophic Risk Protection Coverage.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
INCOME PROTECTION - BARLEY 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

Adequate stand - A population of live plants per unit of acreage which will produce at least the yield used to establish your production amount.

Administrative fee - An amount you must pay for catastrophic risk protection or additional coverage for each crop year as specified in the Basic Provisions and section 15 of these crop provisions.

Amount of protection - The dollar amount of insurance determined by multiplying the production amount, times the projected price, times the net acres (see section 15 for CAT amount of protection).

Harvest - Combining or threshing the insured barley for grain or cutting for hay or silage on any acreage. Barley which is swathed prior to combining is not considered harvested.

Harvest price - Eighty-five (85) percent of the average final closing daily settlement prices for the dates, exchange, and futures contract specified in the Special Provisions.

Initially planted - The first occurrence of planting the insured crop on insurable acreage for the crop year.

Latest final planting date -

(a) The final planting date for spring-planted acreage in all counties for which the Special Provisions designate a final planting date for spring-planted acreage only;

(b) The final planting date for fall-planted acreage in all counties for which the Special Provisions designate a final planting date for fall-planted acreage only; or

(c) The final planting date for spring-planted acreage in all counties for which the Special Provisions designate final planting dates for both spring-planted and fall-planted acreage.

Local market price - The cash grain price per bushel for the U.S. No. 2 grade of the insured crop offered by buyers in the area in which you normally market the insured crop. The local market price will reflect the maximum limits of quality deficiencies allowable for the U.S. No. 2 grade of the insured crop. Factors not associated with grading under the Official United States Standards for Grain, including but not limited to protein, oil or moisture content, or milling quality will not be considered.

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

Nurse crop (companion crop) - A crop planted into the same acreage as another crop, that is intended to be harvested separately, and which is planted to improve growing conditions for the crop with which it is grown.

Planted acreage - In addition to the definition contained in the Basic Provisions, land on which seed is initially spread onto the soil surface by any method and subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth will be considered planted, unless otherwise provided by the Special Provisions, or actuarial documents.

Prevented planting - In lieu of the definition contained in the Basic Provisions, failure to plant the insured crop with proper equipment by the latest final planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented planting payment if you failed to plant the insured crop with the proper equipment within the late planting period. You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics.

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, by the coverage level percentage you elect.

Projected price - Eighty-five (85) percent of the average final closing daily settlement prices for the dates, exchange, and futures contract specified in the Special Provisions.

Sales closing date - In lieu of the definition contained in the Basic Provisions, a date contained in the Special Provisions by which an application must be filed and by which you may change your crop insurance coverage for a crop year. If the Special Provisions provide a sales closing date for both winter and spring types of the insured crop and you plant any insurable acreage of the winter type, you may not change your crop insurance coverage after the sales closing date for the winter type.

Swathed - Severance of the stem and grain head from the ground without removal of the seed from the head and placing into a windrow.

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

(a) In lieu of section 3 of the Basic Provisions, the information necessary to determine the amount of protection will be contained in the Special Provisions or 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 section 15.

3. Unit

In lieu of sections 1 and 34 of the Basic Provisions, a unit is all insurable acreage of barley 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 by the premium rate, times any premium adjustment percentage that may apply.

5. Contract Changes

The contract change date is December 31 preceding the cancellation date for counties with a March 15 cancellation date and June 30 preceding the cancellation date for all other counties (see section 4 of the Basic Provisions).

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

(a) In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are March 15 for all states.

(b) 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 MPCI 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

(a) In accordance with section 8 of the Basic Provisions, the crop insured will be barley that is grown in the county on insurable acreage, and for which premium rates are provided by the actuarial documents:

(1) In which you have a share;

(2) That is planted for harvest as grain; and

(3) That is not:

(i) Interplanted with another crop;

(ii) Planted into an established grass or legume; or

(iii) Planted as a nurse crop, unless planted as a nurse crop for new forage seeding, but only if seeded at a normal rate and intended for harvest as grain.

(b) If you anticipate destroying any acreage prior to harvest you:

(1) May report all planted acreage when you report your acreage for the crop year and specify any acreage to be destroyed as uninsurable acreage. (By doing so, no coverage will be considered to have attached on the specified acreage and no premium will be due for such acreage. If you do not destroy such acreage, you will be subject to the under-reporting provisions contained in section 6 of the Basic Provisions); or

(2) If the actuarial documents provide a reduced premium rate for acreage destroyed by a date designated in the Special Provisions, you may report all planted acreage as insurable when you report your acreage for the crop year. Premium will be due on all the acreage. Your premium amount will be reduced by the amount shown on the actuarial documents for any acreage you destroy prior to a date designated in the Special Provisions if you do not claim an indemnity on such acreage. In accordance with section 14(b) of the Basic Provisions, you must obtain our consent before and give us notice after you destroy any of the insured crop so your acreage report can be revised to make you eligible for this reduction in premium.

8. Insurance Period

In lieu of the requirements under section 11 of the Basic Provisions, the insurance period is as follows:

(a) Insurance attaches on the unit or part thereof on the later of the date we accept your application or the date the insured barley is planted with the following limitations:

(1) The acreage must be planted on or before the final planting date designated in the Special Provisions for the type (winter or spring) except as allowed in section 13 of these Crop Provisions and the Basic Provisions.

(2) Whenever the Special Provisions designate only a fall final planting date, any acreage of winter barley damaged before such final planting date, to the extent that producers in the area would normally not further care for the crop, must be replanted to winter barley unless we agree that replanting is not practical.

(3) Whenever the Special Provisions designate both fall and spring final planting dates, any winter barley that is damaged before the spring final planting date, to the extent that a majority of the producers in the area would normally not further care for the crop, must be replanted to a winter type of the insured crop unless we agree that replanting is not practical. If it is not practical to replant to a winter type, but it is practical to plant a spring type, you must replant to a spring type.

(4) Whenever the Special Provisions designate a spring final planting date, any acreage of spring barley damaged before such final planting date, to the extent that producers in the area would normally not further care for the crop, must be replanted to spring barley unless we agree that replanting is not practical.

(5) Whenever the Special Provisions designate only a spring final planting date, any acreage of fall planted barley is not insured unless you request such coverage and we agree in writing that the acreage has an adequate stand in the spring to produce the yield used to determine your production amount. Insurance will then attach to acreage having an adequate stand on the earlier of the spring final planting date or the date we agree to accept the acreage for insurance. If such fall planted acreage is not to be insured it must be recorded on the acreage report as an uninsured fall planted crop.

(b) Insurance ends on each unit at the earliest of:

(1) total destruction of the insured barley;

(2) harvest;

(3) final adjustment of a loss;

(4) October 31 of the calendar year in which the crop

is normally harvested; or
    (5) abandonment of the crop on the unit.

9. Causes of Loss

In addition to the provisions under 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) 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 that is due to a cause of loss specified in sections 9(b) through (h) that occurs during the insurance period.

10. Replanting Payments

Replanting payments are not available under this policy.

11. Duties In The Event of Damage or Loss

(a) In addition to your duties under 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 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; and
(b) If your 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.

12. 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 12(b)) by the harvest price, by
        (i) For other than catastrophic risk protection coverage, one hundred percent, or
        (ii) For catastrophic risk protection coverage, fifty-five percent; and
    (2) Subtracting the result of paragraph (1) from the amount of protection.

    If the result of paragraph (2) is greater than zero, an indemnity will be paid to you. If the result of paragraph (2) is less than zero, no indemnity will be due.
(b) The total production (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 12(c));
        (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:
            (A) Agreement on the appraised production to count is not reached, you may elect to continue to care for the crop, or we will 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 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 amount of production to count.
            (B) You elect to continue to care for the crop, we will determine the amount of production to count for the acreage using the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested.
    (2) All harvested production from the insurable acreage.
(c) Mature barley production may be adjusted for excess moisture and quality deficiencies.
    (1) Production will be reduced by .12 percent for each 1 percentage point of moisture in excess of 14.5 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, result in barley not meeting the grade requirements for U.S. No. 4 (grades U.S. No. 5 or worse) because of test weight, percentage of sound barley, damaged kernels (excluding heat damage), thin barley, black barley, or grading smutty, garlicky, or ergoty;
        (ii) Substances or conditions are present, including mycotoxins, 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 grain 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 adjustor.

(4) Barley production that is eligible for quality adjustment, as specified in subsections 12(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 barley crop may be counted as barley production on a weight basis.

13. 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 barley 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 13.

14. 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 14(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 14(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 barley crop, by 60 percent (If you have 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 14(b)(1) by the number of eligible prevented acres in the unit; and

(3) Multiplying the result of section 14(b)(2) by your share.

(c) In addition to the provisions contained in section 17 of the Basic Provisions, in counties for which the Special Provisions designate a spring final planting date, your prevented planting production amount will be based on your approved yield for spring-planted acreage of the insured crop.

15. 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) The catastrophic risk amount of protection equals twenty-seven and one-half percent of your approved yield times 100 percent of the projected price times the net acres.

(c) Administrative Fees

(1) In lieu of section 4, 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 $100.

(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 15(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 then receive the other program benefit. Notwithstanding the first sentence of this subsection, farm ownership, operating, and emergency 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 subsection 15(e) for that crop year and any benefit already received must be refunded.

16. Written Agreement

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