

SUMMARY OF CHANGES FOR THE MUSTARD CROP PROVISIONS (09-0069)

The following is a brief description of the changes to the Mustard Crop Provisions that will be effective for the 2009 crop year. Please refer to the crop provisions for complete information.

Remove the paragraph immediately preceding section 1, which refers to the order of priority in the event of conflict. This same information is contained in the Basic Provisions.

Section 1 – Definition of “Mustard” has been revised to allow flexibility in providing insurance coverage for mustard used for purposes other than human consumption.

Section 1 – Definition of “Windrow” has been added since it is used in the definition of “Swathed”.

Section 3 – Added provisions to specify how to determine base contract prices to use in determining premium, liability, and indemnity when there are multiple base contract prices within the same unit. Added provisions to specify how to determine the total mustard production guarantee for mustard grown under processor contract(s).

Section 7 – Removed the provision which limits insurance coverage to mustard planted for harvest as seed to be processed into products for human consumption. This allows the flexibility in providing insurance coverage for mustard used for purposes other than human consumption.

Section 8 – Added provisions to specify how to determine the number of insurable acres for different types of processor contract(s).

Section 13 – Added provisions to specify for any processor contract(s) that stipulates only the amount of production to be delivered to the processor, no indemnity will be paid for any loss of production on any unit if the insured produced a crop sufficient to fulfill the processor contract(s) forming the basis of insurance.

Section 13 – Added provisions to specify which base contract price will be used to value the production to count in determining the indemnity when there are multiple processor contract(s) with varying base contract prices within the same unit.



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

1. Definitions.

Base contract price - The price per pound (U.S. dollars) stipulated in the processor contract (without regard to discounts or incentives) that will be used to determine your price election.

Harvest - Combining or threshing for seed. A crop that is swathed prior to combining is not considered harvested.

Mustard - A crop of the family *Cruciferae*.

Planted acreage - In addition to the definition contained in the Basic Provisions, mustard seed must be planted in rows. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement.

Processor - Any business enterprise regularly engaged in buying and processing mustard, that possesses all licenses and permits for processing mustard required by the State in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process contracted mustard within a reasonable amount of time after harvest.

Processor contract - A written agreement between the producer and a processor, containing at a minimum:

- (a) The producer's commitment to plant and grow mustard of the types specified in the Special Provisions and to deliver the production to the processor;
- (b) The processor's commitment to purchase all the production stated in the processor contract; and
- (c) A base contract price (U.S. dollars).

Salvage Price - The cash price per pound (U.S. dollars) for mustard qualifying for quality adjustment in accordance with section 13 of these Crop Provisions.

Swathed - Severance of the stem and seed pods from the ground and placing into windrows without removal of the seed from the pod.

Type - A category of mustard identified as a type in the Special Provisions.

Windrow - Mustard that is swathed and placed in a row.

2. Unit Division.

In addition to the requirements of section 34 of the Basic Provisions, optional units may also be established by type, if types are designated on the Special Provisions.

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

- (a) In addition to the requirements of section 3 of the Basic Provisions, you may select only one base contract price percentage for all the mustard in the county insured under this policy unless the Special Provisions allow different base contract prices by type.

- (b) If base contract prices are allowed by type, you can select one base contract price for each type designated in the Special Provisions. The base contract prices you choose must have the same percentage relationship to the base contract price (maximum price) offered for each type. For example, if you choose 100 percent of the maximum price for a specific type, you must also choose 100 percent of the maximum price for all other types.
- (c) If there are multiple base contract prices within the same unit, each will be considered a separate price election that will be multiplied by the number of insurable acres under applicable processor contract. These amounts will be totaled to determine the premium, liability, and indemnity for the unit.
- (d) To determine the total production guarantee, apply the lesser of the:
 - (1) Contracted acres multiplied by the production guarantee (per acre);
 - (2) Planted acres multiplied by the production guarantee (per acre);
 - (3) Total production stated in the contract; or
 - (4) For acreage and production contracts only, the contracted acres multiplied by the contracted production (per acre).

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 March 15.

6. Report of Acreage.

In addition to the provisions in section 6 of the Basic Provisions, you must provide a copy of all processor contracts to us on or before the acreage reporting date.

7. Insured Crop.

- (a) In accordance with section 8 of the Basic Provisions, the crop insured will be all mustard in the county for which a premium rate is provided by the actuarial table:
 - (1) In which you have a share;
 - (2) That is planted for harvest as seed;
 - (3) That is grown under, and in accordance with, the requirements of a processor contract executed on or before the acreage reporting date and is not excluded from the processor contract at any time during the crop year; and
 - (4) That is not, unless allowed by the Special Provisions or by written agreement:
 - (i) Interplanted with another crop; or
 - (ii) Planted into an established grass or

legume; or

- (iii) Planted following the harvest of any other crop in the same crop year.
- (b) You will be considered to have a share in the insured crop if, under the processor contract, you retain control of the acres on which the mustard is grown, your income from the insured crop is dependent on the amount of production delivered, and the processor contract provides for delivery of the mustard under specified conditions and at a stipulated base contract price.
- (c) A commercial mustard producer who is also a processor may establish an insurable interest if the following requirements are met:
 - (1) The producer must comply with these Crop Provisions;
 - (2) Prior to the sales closing date, the Board of Directors or officers of the processor must execute and adopt a resolution that contains the same terms as an acceptable processor contract. Such resolution will be considered a processor contract under this policy; and
 - (3) Our inspection reveals that the processing facilities comply with the definition of a processor contained in these Crop Provisions.

8. Insurable Acreage.

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

- (a) Any acreage of the insured crop that is damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.
- (b) We will not insure any acreage that does not meet the rotation requirements, if applicable, contained in the Special Provisions.
- (c) Insurable acreage will be:
 - (1) For acreage only based processor contracts and acreage and production based processor contracts which specify a maximum number of acres, the lesser of:
 - (i) The planted acres; or
 - (ii) The maximum number of acres specified in the contract;
 - (2) For production only based processor contracts, the lesser of:
 - (i) The number of acres determined by dividing the production stated in the processor contract by the approved yield; or
 - (ii) The planted acres.

9. Insurance Period.

In accordance with the provisions of section 11 of the Basic Provisions, the end of the insurance period is October 31 of the calendar year in which the crop is normally harvested unless otherwise stated in the Special Provisions.

10. 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 which 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; and
- (h) Failure of the irrigation water supply, if applicable, caused by a cause of loss specified in section 10(a) through (g) that occurs during the insurance period.

11. Replanting Payment.

- (a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if the insured 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 or we require you to replant in accordance with section 8(a).
- (b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee (per acre) or 175 pounds, multiplied by the base contract price applicable to the acreage to be replanted, multiplied by your insured share.
- (c) When the mustard is 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 that is attributable to your share. The premium amount will not be reduced.

12. 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. The samples 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.

13. Settlement of Claim.

- (a) We will determine your loss on a unit basis.
 - (1) In the event you are unable to provide separate acceptable production records:
 - (i) For any optional units, we will combine all optional units for which acceptable production records were not provided; or
 - (ii) 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.
 - (2) For any processor contract that stipulates only the amount of production to be delivered, and notwithstanding the provisions of this section or any unit division provisions contained in the Basic Provisions, no indemnity will be paid for any loss of production on any unit if the insured produced a crop sufficient to fulfill the processor contract(s) forming the basis of the insurance

guarantee.

- (b) In the event of loss or damage covered by this policy, we will settle your claim by:
- (1) Multiplying the insurable acreage of each type, if applicable, determined in accordance with section 8(c), by its respective production guarantee (per acre);
 - (2) Multiplying each result in section 13(b)(1) by the respective base contract price for each type, if applicable;
 - (3) Totaling the results in section 13(b)(2);
 - (4) Multiplying the production to be counted for each type, if applicable (see section 13(c), by its respective base contract price (If you have multiple processor contracts with varying base contract prices within the same unit, we will value your production to count by using your highest base contract price first and will continue in decreasing order to your lowest base contract price based on the amount of production insured at each base contract price);
 - (5) Totaling the results in section 13(b)(4);
 - (6) Subtracting the total in section 13(b)(5) from the total in section 13(b)(3); and
 - (7) Multiplying the result in section 13(b)(6) by your share.

Example # 1 (with one base contract price for the unit):

You have 100 percent share in 20 acres of mustard in a unit with a 650-pound production guarantee (per acre) and a base contract price of \$0.15 per pound. Due to insurable causes, you are only able to harvest 10,000 pounds and there is no appraised production. Your indemnity would be calculated as follows:

- (1) 20 acres x 650 pounds = 13,000 pound production guarantee;
- (2) 13,000 pounds x \$0.15 base contract price = \$1,950 value of guarantee;
- (3) \$1,950 total value of guarantee;
- (4) 10,000 pounds x \$0.15 base contract price = \$1,500 value of production to count;
- (5) \$1,500 total value of production to count;
- (6) \$1,950 - \$1,500 = \$450 loss; and
- (7) \$450 x 100 percent = \$450 indemnity payment.

Example # 2 (with two base contract prices for the same unit):

You have 100 percent share in 20 acres of mustard in a unit with a 650-pound production guarantee (per acre), 10 acres with a base contract price of \$0.15 per pound, and 10 acres with a base contract price of \$0.10 per pound. Due to insurable causes, you are only able to harvest 8,500 pounds and there is no appraised production. Your indemnity would be calculated as follows:

- (1) 10 acres x 650 pounds = 6,500-pound production guarantee x \$0.15 base contract price = \$975 value guarantee;
- (2) 10 acres x 650 pounds = 6,500-pound production guarantee x \$0.10 base contract

price = \$650 value guarantee;

- (3) \$975 + \$650 = \$1,625 total value guarantee;
 - (4) 6,500 pounds of production to count x \$0.15 base contract price (higher base contract price) = \$975 value of production to count;
 - (5) 2,000 pounds of production to count x \$0.10 base contract price (lower base contract price) = \$200 value of production to count;
 - (6) \$975 + \$200 = \$1,175 total value of production to count;
 - (7) \$1,625 total value guarantee – \$1,175 total value of production to count = \$450 loss; and
 - (8) \$450 x 100 percent = \$450 indemnity payment.
- (c) The total production to count (in pounds) from all insurable acreage in 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 acceptable production records;
 - (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 section 13(d)); 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:
 - (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The 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.); or
 - (B) 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;
- (2) All harvested production from the insurable acreage; and
 - (3) Any other uninsurable mustard production that is delivered to fulfill the processor contract.
- (d) Mature mustard may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable, it will be made prior to any adjustment for quality.
- (1) Mustard production will be reduced by 0.12 percent for each 0.1 percentage point of moisture in excess of 10.0 percent. We may obtain samples of the production to determine the moisture content.
 - (2) Mustard production will be eligible for quality adjustment only if:
 - (i) Deficiencies in quality result in the mustard not meeting the requirements for acceptance under the processor contract because of damaged seeds (excluding heat damage), or a musty, sour, or commercially objectionable foreign odor; or
 - (ii) Substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.
 - (3) Quality will be a factor in determining your loss in mustard production only if:
 - (i) The deficiencies, substances, or conditions specified in section 13(d)(2) resulted from a cause of loss specified in section 10 that occurs within the insurance period; and
 - (ii) The deficiencies, substances, or conditions specified in section 13(d)(2) result in a salvage price less than the base contract price; and
 - (iii) All determinations of these deficiencies, substances, or conditions specified in section 13(d)(2) are made using samples of the production obtained by us, by the processor identified in the processor contract for the insured acreage, or by a disinterested third party approved by us; and
 - (iv) The samples are analyzed by a grader in accordance with the Directive for Inspection of Mustard Seed, provided by the Federal Grain Inspection Service or such other directive or standards that may be issued by FCIC.
 - (4) Mustard production that is eligible for quality adjustment, as specified in sections 13(d)(2) and (3), will be reduced by multiplying the quality adjustment factors contained in the Special Provisions (if quality adjustment factors are not contained in the Special Provisions, the quality adjustment factor is determined by dividing the salvage price by the base contract price (not to exceed 1.000)) by the number of pounds remaining after any reduction due to excessive moisture (the moisture-adjusted gross pounds) of the damaged or conditioned production.
 - (i) The salvage price will be determined at the earlier of the date such quality adjusted production is sold or the date of final inspection for the unit subject to the following conditions:
 - (A) Discounts used to establish the salvage price will be limited to those that are usual, customary, and reasonable.
 - (B) The salvage price will not include any reductions for:
 - (1) Moisture content;
 - (2) Damage due to uninsured causes;
 - (3) Drying, handling, processing, or any other costs associated with normal harvesting, handling, and marketing of the mustard; except, if the salvage price can be increased by conditioning, we may reduce the salvage price, after the production has been conditioned, by the cost of conditioning but not lower than the salvage price before conditioning; and
 - (ii) We may obtain salvage prices from any buyer of our choice. If we obtain salvage prices from one or more buyers located outside your local market area, we will reduce such price by the additional costs required to deliver the mustard to those buyers.
 - (iii) Factors not associated with grading under the Directive for Inspection of Mustard Seed, provided by the Federal Grain Inspection Service or such other directive or standards that may be issued by FCIC including, but not limited to, protein and oil will not be considered.
 - (e) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on an unadjusted weight basis.

14. Late Planting.

In lieu of section 16(a) of the Basic Provisions, the production guarantee (per acre) 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, unless otherwise specified in the Special Provisions.

15. Prevented Planting.

In addition to the provisions contained in section 17 of the Basic Provisions, your prevented planting coverage will be 60 percent of your production guarantee (per acre) for timely planted acreage. When a portion of the insurable acreage within the unit is prevented from being planted, and there is more than one base contract price

applicable to acreage in the unit, the lowest base contract price will be used in calculating any prevented planting payment. If you have limited or additional levels of coverage, as specified in 7 CFR part 400, subpart T, and pay an additional premium, you may increase your prevented planting coverage to the levels specified in the actuarial documents.