

**SUMMARY OF CHANGES FOR THE SMALL GRAINS CROP INSURANCE MALTING BARLEY
PRICE AND QUALITY ENDORSEMENT (11-0091B)
(Released April 2010)**

The following is a brief description of changes to the Small Grains Crop Insurance Malting Barley Price and Quality Endorsement that will be effective for the 2011 crop year. Please refer to the endorsement for complete information.

The endorsement has been reformatted for clarity and provisions previously contained in both options A and B are moved to the beginning of the endorsement to reduce duplication. The definition section is redesignated as section 1 to be consistent with the format of other policy documents.

Section 1 – Definitions

Removed the definition of APH.

Added a definition of crop year.

Added a definition of “malt.” The term used to describe a substance produced by germinating barley under controlled conditions and then drying it.

Revised definition of malting barley contract for clarity.

Revised the definition of “malt extract” to clarify that malt extract may, in some cases, be condensed or evaporated to a syrup or powder. The previous definition indicated the extract was always condensed to a powder and this is not always the case.

Added a definition of “malting barley price agreement.” The definition is used to describe a production contract between a producer and a buyer other than a brewery or malster.

Revised the definition of “objective test” to require protein levels to be determined using procedures approved by the Federal Grain Inspection Service. Revision is necessary because FGIS recently approved new procedures for protein testing.

Revised definition of “subjective test” for clarity.

Section 4(a)(2) – Added paragraph (a)(2) stating insured must decide on Option A or B on or before sales closing date.

Section 4(d) – Added paragraph (d) to state in counties with both fall and spring sales closing dates, you may elect this endorsement until the spring sales closing date only if you do not have any fall planted acreage of approved malting barley varieties.

Section 5 – Added provisions to clarify acreage on which seed is produced under the terms of a seed contract is not insurable under this endorsement.

Section 7 – Added provisions to clarify only one percentage, no greater than 100 percent, of the additional value price may be selected even if more than one price is applicable.

Section 10 (b) – Revised to specify if production is retained past May 31 the year following the insured crop year, the claim may be deferred until the disposition of the production or may be settled with no adjustment for quality.

Section 13 – Added provisions indicating how production to count is valued when more than one additional value price is applicable.

Section 14 – Added provisions to allow quality standards to be specified in the Special Provisions or actuarial documents. Changed the quality standard for protein for two-row malting barley from 14.0 percent to 13.5 percent to better reflect protein levels required by most buyers of two-row malting barley. Revised provisions so damaged production sold for any use at a price greater than the projected price will be production to count.

Options A and B

Section 3 (Options A and B) – Clarified how the additional value price will be determined when the producer elects a variable premium price option under a malting barley contract.

Section 4 (Options A and B) – Revised loss example to reflect changes in other provisions.

Section 3 (Option A) – Added provisions to allow the additional value price to be determined based on a contract price contained in a malting barley contract or price agreement, and to limit the additional value price to no more than \$1.25.

Section 1 (Option B) – Added provisions that require the applicant/insured to provide malting barley contracts and sales records to show at least 75 percent of the contracted amount of production was produced in 1 of the last 3 crop years in which malting barley was planted.



UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
SMALL GRAINS CROP INSURANCE
MALTING BARLEY PRICE AND QUALITY ENDORSEMENT

(This is a continuous endorsement. Refer to section 2 of the Basic Provisions.)

In return for your payment of premium for the coverage contained herein, this endorsement will be attached to and made part of the Basic Provisions and Small Grains Crop Provisions, subject to the terms and conditions described herein.

1. Definitions:

Additional value price – The value per bushel determined in accordance with section 3 of Option A or section 3 of Option B, as applicable.

Approved malting variety - A variety of barley specified in the Special Provisions.

Brewery - A facility where malt beverages are commercially produced for human consumption.

Contracted production - A quantity of barley the producer agrees to grow and deliver, and the buyer agrees to accept, under the terms of the malting barley contract.

Crop year – In addition to the definition in the Basic Provisions and only for APH purposes under the terms of this endorsement, the period within which the crop is actually grown and designated by the calendar year in which the insured crop is normally harvested.

Licensed grain grader - A person authorized by the U.S. Department of Agriculture to inspect and grade barley in accordance with the U.S. Standards for malt barley.

Malt - A substance produced by germinating barley under controlled conditions and then drying it.

Malt extract – A substance made by adding warm water to ground malt and separating the liquid from the solid. In some cases, the liquid extract may be condensed or evaporated to a syrup or powder.

Malting barley contract - An agreement in writing:

- (a) Between the producer and a brewery or a business enterprise that produces or sells malt or malt extract to a brewery, or a business enterprise owned by such brewery or business;
- (b) That specifies the amount of contracted production, the purchase price or a method to determine such price; and
- (c) That establishes the obligations of each party to the agreement.

Malting barley price agreement – An agreement that meets all conditions required for a malting barley contract except that it is executed with a business enterprise that is not described in the definition of a malting barley contract, but that normally contracts to purchase malting barley production and has facilities appropriate to handle and store malting barley production.

Objective test - A determination made by a qualified person using standardized equipment that is widely used in the malting industry that follows a procedure approved by the:

- (a) American Society of Brewing Chemists when determining percent germination;
- (b) Federal Grain Inspection Service when determining quality factors other than percent germination; or
- (c) Food and Drug Administration (FDA) when determining concentrations of mycotoxins or other substances or conditions identified by the FDA as being injurious to human or animal health.

Subjective test - A determination:

- (a) Made by a person using olfactory, visual, touch or feel, masticatory, or other senses unless performed by a licensed grain grader;
 - (b) That uses non-standardized equipment; or
 - (c) That does not follow a procedure approved by the American Society of Brewing Chemists, the Federal Grain Inspection Service, or the Food and Drug Administration.
2. This endorsement provides coverage for malting barley production and quality losses at a price per bushel greater than that offered under the Small Grains Crop Provisions.
 3. You must have the Basic Provisions and the Small Grains Crop Provisions in force to elect to insure malting barley under this endorsement.
 4. You must elect either Option A or Option B on or before the sales closing date:
 - (a) No coverage will be provided under:
 - (1) Either Option A or Option B of this endorsement if you fail to elect either Option A or Option B, or if you elect Option B but fail to have a malting barley contract in effect by the acreage reporting date; or
 - (2) Option B of this endorsement if you have not met the production requirements specified in section 1(a) of Option B (in such case, you will only have coverage under the Small Grains Crop Provisions unless you elect coverage under Option A on or before the sales closing date);
 - (b) If you elect coverage under Option A, and subsequently enter into a malting barley contract, your coverage will continue under the terms of Option A;
 - (c) Your election (Option A or Option B) will continue from year to year unless you cancel or change your election on or before the sales closing date, or your coverage is otherwise canceled or terminated under the terms of your policy; and
 - (d) In counties with both fall and spring sales closing dates, you may elect this endorsement until the spring sales closing date only if you do not have any fall planted acreage of approved malting barley varieties.
 5. All acreage in the county planted to approved malting varieties that is insurable under the Small Grains Crop Provisions for feed barley and your elected Option will be insured under this endorsement, except any acreage on which you produce seed under the terms of the seed contract.
 6. In lieu of the definitions and provisions regarding units and unit division in the Basic Provisions and the Small Grains Crop Provisions, all malting barley acreage in the county insured under this endorsement will be considered as one basic unit regardless of whether such acreage is owned, rented for cash, or rented for a share of the crop. Your shares in the malting barley acreage insured under this

endorsement must be designated separately on the acreage report. For example, if you have 100 percent share in 50 acres and 75 percent share in 10 acres you must list the 50 acres separately from the 10 acres on your acreage report and include the percent share for each.

7. You must select a percentage of the additional value price on or before the sales closing date (you can select only one percentage even if more than one additional value price is applicable, and this percentage must be 100 percent or less). In the event you choose a percentage less than 100 percent of the additional value price, we will multiply that percentage by the additional value price specified in Option A or Option B, as applicable, to determine the additional value price applicable to this endorsement.
8. The additional premium amount for this coverage will be determined by multiplying your malting barley production guarantee (per acre) by your additional value price, by the premium rate, by the acreage planted to approved malting barley varieties, by your share at the time coverage begins. The premium rate you pay will be adjusted by a malting barley factor contained in the actuarial documents, as applicable.
9. In addition to the reporting requirements contained in section 6 of the Basic Provisions, you must provide all the information required by the Option you elect.
10. In accordance with section 14 of the Basic Provisions:
 - (a) We will settle your claim within 30 days if all production:
 - (1) Meets the quality criteria specified in section 14(a)(2) of this endorsement; or
 - (2) Grades U.S. No. 4 or worse in accordance with the grades and grade requirements for the subclasses six-rowed and two-rowed barley, or for the class barley in accordance with the Official United States Standards for Grain; and
 - (3) Is not accepted by a buyer for malting purposes; or
 - (b) Whenever any production fails one or more of the quality criteria specified in section 14(a)(2) of this endorsement and grades U.S. No. 3 or better, we will not agree upon the amount of loss until the earlier of:
 - (1) The date you sell, feed, donate, or otherwise utilize such production for any purpose; or
 - (2) May 31 of the calendar year immediately following the calendar year in which the insured malting barley is normally harvested. If you still retain any insured production on or after this date, we will:
 - (i) Defer completion of your claim if you agree to such deferment; or
 - (ii) If you do not agree to defer your claim, we will complete your claim; however, no adjustment for quality deficiencies will be made and all remaining unsold insured production will be considered to have met the quality standards specified in this endorsement.
11. This endorsement for malting barley does not provide prevented planting coverage. Such coverage is only provided in accordance with the provisions of the Small Grains Crop Provisions for feed barley.
12. Production from all acreage insured under this endorsement and any production of feed barley varieties must not be commingled prior to our making all determinations under section 14. Failure to keep production separate as required herein will result in denial of your claim for indemnity.
13. In the event of loss or damage covered by this endorsement, we will settle your claim by:
 - (a) Multiplying the insured acreage by your malting barley production guarantee (per acre) determined in accordance with section 2 of Option A or Option B, as applicable;

- (b) Multiplying the result in section 13(a) by your respective additional value price per bushel;
 - (c) Multiplying the number of bushels of production to count determined in accordance with section 14 by your additional value price per bushel (If more than one additional value price is applicable, the highest additional value price will be used until the number of bushels covered at the higher additional value price is reached and the remainder of the production will be multiplied by the lower additional value price. For example, if variety A is grown under a malting barley price agreement and 1000 bushels of variety A are insured using an additional value price of \$0.68 per bushel but only 500 bushels of variety A are produced, the 500 bushels would be valued at \$0.68 per bushel and all other production of other varieties will be valued at the lower additional value price unless such production is acceptable under the terms of the malting barley price agreement, in which case 500 bushels of the other varieties would also be valued at \$0.68 per bushel);
 - (d) Subtracting the result of section 13(c) from the result in section 13(b); and
 - (e) Multiplying the result of section 13(d) by your share.
14. The amount of production to be counted against your malting barley production guarantee will be determined as follows:
- (a) Production to count will include all:
 - (1) Appraised production determined in accordance with sections 11(c)(1)(i), (ii) and (iv) of the Small Grains Crop Provisions;
 - (2) Harvested production and unharvested production that meets, or would meet if properly handled, either the acceptable percentage or parts per million standard contained in any applicable malting barley contract or malting barley price agreement for protein, plump kernels, thin kernels, germination, blight damaged, injured by mold, mold damaged, injured by sprout, injured by frost, frost damaged, and mycotoxins or other substances or conditions identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human health, or the following quality standards (additional or different quality standards may be specified or made available in the Special Provisions), whichever is less stringent:

	<u>Six-rowed Malting Barley</u>	<u>Two-rowed Malting Barley</u>
Protein (dry basis)	14.0% maximum	13.5% maximum
Plump kernels	65.0% minimum	75.0% minimum
Thin kernels	10.0% maximum	10.0% maximum
Germination	95.0% minimum	95.0% minimum
Blight damaged	4.0% maximum	4.0% maximum
Injured by mold	5.0% maximum	5.0% maximum
Mold damaged	0.4% maximum	0.4% maximum
Injured by sprout	1.0% maximum	1.0% maximum
Injured by frost	5.0% maximum	5.0% maximum
Frost damaged	0.4% maximum	0.4% maximum
Mycotoxins	2.0 ppm maximum	2.0 ppm maximum
 - (3) Harvested production that does not meet the quality standards contained in section 14(a)(2), but is accepted by a buyer. If the price received is less than the total of the additional value price and the feed barley projected price announced by FCIC, the production to count may be reduced or the values used to settle the claim may be adjusted in accordance with sections 14(b), (c), and (d).
- (b) For the quantity of production that qualifies under section 14(a)(3), the amount of production to count will be determined by:
 - (1) Subtracting the projected price for feed barley from the sale price per bushel of the damaged

production (If the sale price is less than the market value of the damaged production, the sale price will be the market value);

- (2) Subtracting the weighted average cost per bushel for conditioning the production, if any, (not to exceed the discount you would have received had you sold the barley without conditioning, for example, if the price per bushel of the production without conditioning is \$2.80 and the price for such production after conditioning is \$2.90, the discount is \$0.10 and the cost of conditioning can not exceed \$0.10 per bushel) from the result of section 14(b)(1);
 - (3) Dividing the result of section 14(b)(1) or (2), as applicable, by 100 percent of the additional value price (The weighted average additional value price will be used in the event more than one additional value price is applicable, for example, if 1,000 bushels of variety A are insured with an additional value price of \$0.68 and 500 bushels are insured with an additional value price of \$0.40, the weighted average additional value price would be \$0.59); and
 - (4) Multiplying the result of section 14(b)(3) (if less than zero, no production will be counted; or, if more than 1.000, no adjustment will be made) by the number of bushels of damaged production.
- (c) No reduction in the amount of production to count will be allowed for:
- (1) Moisture content;
 - (2) Damage due to uninsured causes;
 - (3) Costs or reduced value associated with drying, handling, processing, or quality factors other than those contained in section 14(a)(2); or
 - (4) Any other costs associated with normal handling and marketing of malting barley.
- (d) All grade and quality determinations must be based on the results of objective tests. No indemnity will be paid for any loss established by subjective tests. We may obtain one or more samples of the insured crop and have tests performed at an official grain inspection location established under the U.S. Grain Standards Act or laboratory of our choice to verify the results of any test. In the event of a conflict in the test results, our results will determine the amount of production to count.

OPTION A

(FOR MALTING BARLEY PRODUCTION, REGARDLESS OF WHETHER GROWN UNDER A MALTING BARLEY CONTRACT OR PRICE AGREEMENT)

1. To be eligible for coverage under this option:
 - (a) You must provide us with acceptable records of your sales of malting barley and the number of acres planted to malting varieties for at least the four crop years in your APH database prior to the crop year immediately preceding the current crop year (for example, to determine your production guarantee for the 2011 crop year, records must be provided for the 2006 through the 2009 crop years, if malting barley varieties were planted in each of those crop years);
 - (1) Failure to provide acceptable records or reports as required herein will make you ineligible for coverage under this endorsement; and
 - (2) You must provide these records to us no later than the production reporting date specified in the Basic Provisions; and
 - (b) If you produce malting barley under a malting barley

contract or malting barley price agreement, you must provide us with a copy of your current crop year contract or agreement on or before the acreage reporting date if you want the additional value price based on such contract or price agreement. All terms and conditions of the contract or agreement, including the contract price or future contract price, must be specified in the contract or agreement and be effective on or before the acreage reporting date.

2. Your malting barley production guarantee (per acre) will be the lesser of:
 - (a) The production guarantee (per acre) for feed barley for acreage planted to approved malting varieties calculated in accordance with the Basic Provisions; or
 - (b) A yield per acre calculated by:
 - (1) Dividing the number of bushels of malting barley sold each year by the number of acres planted to approved malting barley varieties in each respective year;
 - (2) Adding the results of section 2(b)(1);
 - (3) Dividing the result of section 2(b)(2) by the number of years approved malting barley varieties were planted; and
 - (4) Multiplying the result of section 2(b)(3) by your coverage level.
3. The additional value price per bushel will be determined as follows:
 - (a) For production grown under a malting barley contract or a malting barley price agreement, the additional value price per bushel will be the following amount, as applicable:
 - (1) The sale price per bushel established in the malting barley contract or malting barley price agreement (not including discounts or incentives that may apply) minus the projected price for barley;
 - (2) The amount per bushel for malting barley (not including discounts or incentives that may apply) above a feed barley price that is determined at a later date, provided the method of determining the price is specified in the malting barley contract or malting barley price agreement; or
 - (3) If your malting barley contract or malting barley price agreement has a variable price option, you must select a price or a method of determining a price that will be treated as the sale price and your additional value price per bushel will be calculated under section 3(a)(1) or (2), as applicable.
 - (b) The additional value price per bushel designated in the actuarial documents will be used if:
 - (1) Production is not grown under a malting barley contract or malting barley price agreement; or
 - (2) The malting barley contract or malting barley price agreement is not provided to us by the acreage reporting date.
 - (c) Under no circumstances will the additional value price exceed \$1.25 per bushel.
 - (d) The number of bushels eligible for coverage using an additional value price determined in section 3(a) will be the lesser of:
 - (1) The amount determined by multiplying the number of acres planted to an approved malting barley variety by your malting barley production guarantee (per acre) determined in accordance with section 2; or
 - (2) The amount determined by multiplying the number of bushels specified in the malting barley contract or malting barley price agreement by your coverage level.

(e) Under no circumstances will the number of bushels determined in section 3(d) that will receive an additional value price determined in accordance with section 3(a) exceed the amount determined by multiplying 125 percent of the greatest number of acres that you certified for malting barley APH purposes in any crop year contained in your malting barley APH database by your malting barley production guarantee (per acre) determined in accordance with section 2. Any bushels in excess of this amount will be insured using the additional value price designated in the actuarial documents.

4. Loss Example.

In accordance with section 13, your loss will be calculated as follows:

(a) Assume the following:

(1) A producer has:

- (i) 400 acres of barley insured under the Small Grains Crop Provisions, of which 200 acres are planted to feed barley and 200 acres are planted to an approved malting barley variety;
- (ii) 100 percent share;
- (iii) A feed barley approved yield of 55 bushels per acre;
- (iv) A malting barley approved yield, based on malting barley sales records and the number of acres planted to approved malting barley varieties, of 52 bushels per acre;
- (v) Selected the 75 percent coverage level; and
- (vi) Provided a malting barley price agreement by the acreage reporting date for the sale of 5,720 bushels at \$2.72 per bushel;

(2) The projected price for feed barley is \$1.92 per bushel;

(3) The additional value price per bushel from the actuarial documents is \$0.40;

(4) In accordance with section 3(a)(1), the additional value price per bushel for production grown under a malting barley price agreement is \$0.80 (\$2.72 malting barley price agreement price minus \$1.92 projected price); and

(5) The total production from the 200 acres of malting barley is 7,250 bushels, all of which fails to meet the quality standards specified in section 14(a) and in the malting barley price agreement:

- (i) 4,750 bushels are sold for \$2.31 per bushel; and
- (ii) After conditioning at a cost of \$0.05 per bushel, an additional 2,500 bushels are sold for \$2.20 per bushel;

(b) The amount of insurance protection is determined as follows:

(1) 4,290 bushels eligible for coverage using the additional value price from the malting barley price agreement [the lesser of 4,290 bushels (5,720 bushels grown under a malting barley price agreement x .75 coverage level) or 7,800 bushels (200 acres planted to approved malting barley varieties x 39.0 bushel per acre (52 bushels per acre malting barley approved yield x .75 coverage level) malting barley production guarantee)] x \$0.80 additional value price = \$3,432.00 amount of insurance protection for the bushels grown under the malting barley price agreement;

(2) 3,510 bushels eligible for coverage using the additional value price from the actuarial documents (7,800 bushel total malting barley production guarantee – 4,290 bushels covered using the

additional value price from the malting barley price agreement) x \$0.40 additional value price = \$1,404.00 amount of insurance protection for the bushels not grown under a malting barley price agreement; and

(3) \$3,432.00 + \$1,404.00 = \$4,836.00 total amount of insurance protection for the unit;

(c) In accordance with section 14, the total amount of production to count is determined as follows:

(1) Damaged production that is not reconditioned:

(i) \$2.31 price per bushel – \$1.92 projected price for feed barley = \$0.39;

(ii) \$0.39 ÷ \$0.62 weighted average additional value price (\$4,836.00 total insurance protection ÷ 7,800 bushel production guarantee = \$0.62 weighted average additional value price) = 0.63; and

(iii) 0.63 x 4,750 bushels of damaged production sold at \$2.31 = 2,993 bushels of production to count;

(2) Damaged production that is reconditioned:

(i) \$2.20 price per bushel – \$1.92 projected price for feed barley = \$0.28;

(ii) \$0.28 - \$0.05 reconditioning cost = \$0.23;

(iii) \$0.23 ÷ \$0.62 weighted average additional value price = 0.37; and

(iv) 0.37 x 2,500 bushels of damaged production sold at \$2.20 = 925 bushels of production to count; and

(3) Total production to count is 3,918 bushels (2,993 + 925);

(d) The value of production to count is \$3,134.00 (3,918 bushels x \$0.80 additional value price (all production to count is valued at the higher additional value price since the amount of production to count did not exceed the number of bushels covered at the higher additional value price)); and

(e) The indemnity amount is \$1,702.00 (\$4,836.00 total amount of insurance protection for the unit - \$3,134.00 value of production to count).

OPTION B

(FOR PRODUCTION GROWN UNDER MALTING BARLEY CONTRACTS ONLY)

1. To be eligible for coverage under this option:

(a) On or before the sales closing date, for at least one of the three crop years you planted malting barley immediately preceding the previous crop year:

(1) You must have had a malting barley contract and produced and sold at least 75 percent of the contracted amount for the crop year such contract was applicable, or such other amount specified in the Special Provisions (e.g., if you wish to insure 2011 crop year malting barley and you had a malting barley contract to produce 10,000 bushels in 2009, you must have produced and sold at least 7,500 bushels of 2009 crop year malting barley production); and

(2) You must provide us a copy of your prior malting barley contract and acceptable records of sales of malting barley required to establish compliance with section 1(a)(1) of Option B;

(b) The maximum amount of production that may be insured under Option B will be limited to the lesser of the amount of malting barley contained in the current crop year's malting barley contract or 200 percent of the amount contracted for the crop year used to demonstrate compliance with section 1(a)(1) of Option

- B; and
- (c) On or before the acreage reporting date, you must provide us with a copy of your malting barley contract for the current crop year:
- (1) All terms and conditions of the contract, including the contract price or method to determine the price, must be specified in the contract and be effective on or before the acreage reporting date;
 - (2) If you fail to timely provide the contract, or any terms are omitted, we may elect to determine the relevant information necessary for insurance under Option B, or deny liability; and
 - (3) Only contracted production or acreage is covered by Option B.
2. Your malting barley production guarantee (per acre) will be the lesser of:
- (a) The production guarantee (per acre) for feed barley for acreage planted to approved malting barley varieties calculated in accordance with the Basic Provisions; or
 - (b) A yield per acre calculated by:
 - (1) Dividing the number of bushels of contracted production by the number of acres planted to approved malting varieties in the current crop year; and
 - (2) Multiplying the result of section 2(b)(1) by the coverage level percentage you elected under the Small Grains Crop Provisions.
3. The additional value price per bushel will be the following amount, as applicable:
- (a) The sale price per bushel established in the malting barley contract (without regard to discounts or incentives that may apply) minus the projected price for feed barley;
 - (b) The amount per bushel for malting barley (not including discounts or incentives that may apply) above a feed barley price that is determined at a later date, provided the method of determining the price is specified in the malting barley contract; or
 - (c) If your malting barley contract has a variable premium price option, you must select a price or a method of determining a price that will be treated as the sale price and your additional value price per bushel will be calculated under section 3(a) or (b), as applicable; and
 - (d) Under no circumstances will the additional value price per bushel exceed \$2.00 per bushel.
4. Loss Example.
- In accordance with section 13, your loss will be calculated as follows:
- (a) Assume the following:
 - (1) A producer has:
 - (i) 400 acres of barley insured under the Small Grains Crop Provisions, of which 200 acres are planted to feed barley and 200 acres are planted to an approved malting barley variety;
 - (ii) 100 percent share;
 - (iii) A feed barley approved yield of 55 bushels per acre;
 - (iv) A malting barley approved yield, based on contracted production and the number of acres planted to approved malting barley varieties of 52 bushels per acre;
 - (v) Selected the 75 percent coverage level; and
 - (vi) A malting barley contract for the sale of 10,000 bushels of malting barley at \$2.60 per bushel;
 - (2) The projected price for feed barley is \$1.92 per bushel;
 - (3) In accordance with section 3, the additional value price per bushel for production grown under the malting barley contract is \$0.68 (\$2.60 malting barley contract price minus \$1.92 projected price); and
 - (4) The total production from the 200 acres of malting barley is 7,250 bushels, all of which fails to meet the quality standards specified in section 14(a) and in the malting barley contract:
 - (i) 4,750 bushels are sold for \$2.31 per bushel; and
 - (ii) After conditioning at a cost of \$0.05 per bushel, an additional 2,500 bushels are sold for \$2.20 per bushel;
 - (b) In accordance with section 2, the amount of insurance protection is determined as follows:
 - (1) The lesser of 41.3 bushels per acre production guarantee (55 bushels x 75 percent coverage level) for feed barley or 37.5 bushels per acre (10,000 bushels contracted ÷ 200 acres = 50.0 bushels per acre and 50.0 x 75 percent coverage level = 37.5);
 - (2) 37.5 bushels per acre x 200 acres = 7,500 bushels total malting barley production guarantee; and
 - (3) 7,500 bushels x \$0.68 additional value price = \$5,100.00 total amount of insurance for the unit;
 - (c) In accordance with section 14, the total amount of production to count is determined as follows:
 - (1) Damaged production that is not reconditioned:
 - (i) \$2.31 price per bushel – \$1.92 projected price for feed barley = \$0.39;
 - (ii) \$0.39 ÷ \$0.68 additional value price = 0.57; and
 - (iii) 0.57 x 4,750 bushels of damaged production sold at \$2.31 = 2,708 bushels of production to count;
 - (2) Damaged production that is reconditioned:
 - (i) \$2.20 price per bushel – \$1.92 projected price for feed barley = \$0.28;
 - (ii) \$0.28 - \$0.05 reconditioning cost = \$0.23;
 - (iii) \$0.23 ÷ \$0.68 additional value price = 0.34; and
 - (iv) 0.34 x 2,500 bushels of damaged production sold at \$2.20 = 850 bushels of production to count; and
 - (3) Total production to count is 3,558 bushels (2,708 + 850);
 - (d) The value of production to count is \$2,419.00 (3,558 bushels x \$0.68 additional value price); and
 - (e) The indemnity amount is \$2,681.00 (\$5,100.00 total amount of insurance protection for the unit - \$2,419.00 value of production to count).