Proposed Rules

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

RIN 0563–AB79

Common Crop Insurance Regulations; Millet Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule with requests for comments.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to add to its regulations a new section that provides for the insurance of millet. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions, which contain standard terms and conditions common to most crops. The intended effect of this action is to convert the millet pilot crop insurance program to a permanent crop insurance program administered by FCIC for the 2002 and succeeding crop years.

DATES: Written comments and opinions on this proposed rule will be accepted until close of business August 18, 2000 and will be considered when the rule is to be made final. The comment period for information collections under the Paperwork Reduction of 1995 continues through August 18, 2000.

ADDRESSES: Interested persons are invited to submit written comments to the Director, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131. Comments titled “Millet Crop Insurance Provisions” may be sent via the Internet to (PDD.Director@RM.FCIC.USDA.GOV). A copy of each response will be available for public inspection and copying from 7 a.m. to 4:30 p.m., CDT, Monday through Friday, except holidays, at the above address. FOR FURTHER INFORMATION CONTACT: Gary Johnson, Insurance Management Specialist, Research and Development, Product Development Division, Federal Crop Insurance Corporation, at the Kansas City, MO, address listed above, telephone (816) 926–7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be not-significant for the purpose of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

Paperwork Reduction Act of 1995

In accordance with section 3507(j) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501), the information collection or recordkeeping requirements included in the proposed rule have been submitted for approval to the Office of Management and Budget (OMB). Please submit your written comments to the Clearance Officer, OCIO, USDA, room 404–W, 14th Street and Independence Avenue S.W., Washington D.C. 20250. A comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication of this proposed rule.

We are soliciting comments from the public concerning our proposed information collection and recordkeeping. We need this output to help us:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;

2. Evaluate the accuracy of our estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

3. Enhance the quality, utility, and clarity of the information to be collected; and

4. Minimize the burden of the collection of information on those who are to respond (such as through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission responses.)

The collections of information for this rule revise the Multiple Peril Crop Insurance Collections of Information 0563–0053, which expires on April 30, 2001. Title: Multiple Peril Crop Insurance (Millet).

Abstract: This provision will replace and supersede the current millet pilot crop insurance program with a permanent millet crop insurance program that is codified in the Code of Federal Regulations. The proposed rule adds prevented planting coverage. The proposed rule will allow for expansion of the program to more producers of millet.

Purpose: The purpose of this proposed rule is to replace and supersede the current millet pilot crop insurance program with a permanent millet crop insurance program that is codified in the Code of Federal Regulations.

Burden statement: The information that FCIC collects on the specified forms will be used in offering crop insurance coverage, determining program eligibility, establishing a production guarantee, calculating losses qualifying for payment, etc.

Estimate of Burden: We estimate that it will take insured producers, a loss adjuster, and an insurance agent an average of .8 of an hour to provide the information required by the Millet Crop Insurance Provisions.

Respondents: Insureds, insurance agents, and loss adjusters.

Estimated annual number of respondents: 1,136

Estimated annual number of responses per respondent: 2.4

Estimated total annual burden on respondents: 879

Recordingkeeping requirements: FCIC requires records to be kept for three years, and all records required by FCIC are retained as part of the normal business practice. Therefore, FCIC is not estimating additional burden related to recordkeeping.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for state, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.
Executive Order 13132

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

Regulatory Flexibility Act

This regulation will not have a significant economic impact on a substantial number of small entities. The availability of insurance for the current population of millet entities is limited to the two pilot states that have the majority of the millet production. New provisions included in this rule will not impact small entities to a greater extent than large entities. The amount of work required of insurance companies should not increase because the information used to determine eligibility is already maintained at their office. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with state and local officials. Consult the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This proposed rule has been reviewed in accordance with Executive Order 12988 civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background

FCIC offered a pilot crop insurance program for the millet in 1996. The pilot program was successfully completed and had a loss ratio of 0.62. The pilot millet program insured more than 2,000 producers and approximately 250,000 acres for the 1996 through 2001 crop years.

FCIC has decided to make the millet crop insurance program a permanent crop insurance program. To effectuate this, FCIC proposes to add to the Common Crop Insurance regulations (7 CFR part 457) a new section 7 CFR 457.165, Millet Crop Insurance Provisions. The millet crop insurance provisions are similar to other actual production history based crop insurance programs, including small grains. However, the millet crop insurance programs offer a different percent reduction for late planted acreage to more accurately reflect the increased risk. Further, although not available under the millet pilot program, the proposed rule will include prevented planting coverage.

The proposed provisions will be effective for the 2002 and succeeding crop years. These provisions will replace and supersede the current unpublished provisions that insure millet under pilot program status.

List of Subjects in 7 CFR Part 457

Crop insurance, Millet, Reporting and recordkeeping requirements.

Proposed Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation proposes to amend 7 CFR part 457 as follows:

PART 457—COMMON CROP INSURANCE REGULATIONS

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

Authority: 7 U.S.C. 1506(i), 1506(p).

2. Section 457.165 is added to read as follows:

§457.165 Millet crop insurance provisions.

The Millet Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

FCIC policies:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

Millet crop insurance provisions

If a conflict exists among the policy provisions, the order of priority is as follows:

(1) The Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions; and (4) the Basic Provisions with (1) controlling (2), etc.

1. Definitions

Bushel. Fifty pounds of millet, or any other quantity which is designated in the Special Provisions for that purpose.

Harvest. Combining or threshing the millet for grain. A crop that is swathed prior to combining is not considered harvested.

Late planting period. In lieu of the definition of “late planting period” contained in section 1 of the Basic Provisions, late planting period is defined as the period that begins the day after the final planting date for the insured crop and ends 20 days after the final planting date.

Local market price. The cash price for millet with a 50-pound test weight adjusted to zero percent foreign material content basis offered by buyers in the area in which you normally market the millet. Factors not associated with grading, including but not limited to moisture content, will not be considered.

Millet. Proso millet produced for grain to be used primarily as bird and livestock feed.

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

Planted acreage. In addition to the definition of “planted acreage” contained in section 1 of the Basic Provisions, planted acreage is also defined as land on which seed is initially spread onto the soil surface by any method and is subsequently mechanically incorporated into the soil in a timely manner and at the proper depth. Acreage planted in any manner not contained in the definition of “planted acreage” will not be insurable unless otherwise provided by the Special Provisions or actuarial documents.

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

Windrow. Millet that is cut and placed in a row.

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

In addition to the requirements of section 3 of the Basic Provisions, you may select only one price election for all the millet in the county insured under this policy.

3. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is November 30 preceding the cancellation date.

4. Cancellation and Termination Dates

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are March 15.

5. Insured Crop

In accordance with section 8 of the Basic Provisions, the crop insured will be all the...
millet in the county for which a premium rate is provided by the actuarial documents:
(a) In which you have a share;
(b) That is planted for harvest as grain; and
(c) That is not (unless allowed by Special Provisions or by written agreement):
(1) Interplanted with another crop;
(2) Planted into an established grass or legume; or
(3) Planted as a nurse crop, unless the millet is harvested as grain.

6. Insurable Acreage
In addition to the provisions of section 9 of the Basic Provisions, any acreage of the insured crop 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.

7. Insurance Period
In accordance with the provisions of section 11 of the Basic Provisions, the calendar date for the end of the insurance period is the date immediately following planting as follows:
(a) North Dakota and South Dakota:
(1) September 15 for acreage not swathed and windrowed;
(2) October 10 for acreage swathed and windrowed; and
(b) All other states:
(1) September 30 for acreage not swathed and windrowed; and
(2) October 15 for acreage swathed and windrowed.

8. 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 that occur within 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; or
(h) Failure of the irrigation water supply, if caused by an insured cause of loss that occurs during the insurance period.

9. 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 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.

10. Settlement of Claim
(a) We will determine your loss on a unit basis. In the event you are unable to provide records of production:
(1) For any optional unit, we will combine all optional units for which acceptable records of production were not provided; or
(2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.
(b) In the event of loss or damage covered by this policy, we will settle your claim on any unit by:
(1) Multiplying the insured acreage by the production guarantee;
(2) Subtracting the total production from the result of section 10(b)(1);
(3) Multiplying the result of section 10(b)(2) by your price election; and
(4) Multiplying the result of section 10(b)(3) by your share and any adjustment from section 10(f).

For example:
You have a 100 percent share in 100 acres of millet in the unit, with a guarantee of 15 bushels per acre and a price election of $4.00 per bushel. You are only able to harvest 800 bushels. Your indemnity would be calculated as follows:
(1) 100 acres × 15 bushels=1,500 bushel guarantee;
(2) 1,500 bushel guarantee – 800 bushel production to count=700 bushel loss;
(3) 700 bushel × $4.00 price election=$2,800 loss; and;
(4) $2,800 × 100 percent share=$2,800 indemnity payment.

(c) The total production (bushels) to count from all insurable acreage on the unit will include:
(1) All appraised production as follows:
(i) Your appraised production will not be less than the production guarantee for acreage:
(A) That is abandoned;
(B) Put to another use without our consent; or
(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 section 10(d));
(iv) Potential production on insured acreage you want to put to another use or you wish to abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end if 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; and
(2) All harvested production from the acreage being insured.
(d) Mature millet 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) Production will be reduced by .12 percent for each 0.1 percent point of moisture in excess of .12 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 result in the millet weighing less than 50 pounds per bushel; 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 only if:
(i) The deficiencies, substances, or conditions resulted from a cause of loss against which insurance is provided under these crop provisions and within the insurance period;
(ii) The deficiencies, substances, or conditions result in a net price for the damaged production that is less than the local market price;
(iii) 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
(iv) The samples are analyzed by a grader 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 adjuster).
(4) Millet production that is eligible for quality adjustment, as specified in sections 10(d)(2) and (3), will be reduced by the quality adjustment factor contained in the Special Provisions if quality adjustment factors are not available in the county, the eligible millet production will be reduced as follows:
(i) The market price of the qualifying damaged production and the local market price will be determined on the earlier of the date such quality adjusted production is sold or the date of final inspection for the unit.
(ii) The price for the qualifying damaged production will be the market price for the local area to the extent feasible.
Discounts used to establish the net price of the damaged production will be limited to those that are usual, customary, and reasonable. The price will not be reduced for:
(A) Moisture content;
(B) Damage due to uninsured causes; or
(C) Drying, handling, processing, or any other costs associated with normal harvesting, handling, and marketing of the millet; except, if the value of the damaged
production can be increased by conditioning. We may reduce the value of the production after it has been conditioned by the cost of conditioning but not lower than the value of the production before conditioning. We may obtain prices from any buyer of your choice. If we obtain prices from one or more buyers located outside your local market area, we will reduce such prices by the additional costs required to deliver the millet to those buyers.

(iii) The value of the damaged or conditioned production determined in section 10(d)(4)(iii) will be divided by the local market price to determine the quality adjustment factor;
(iv) The number of bushels remaining after any reduction due to excessive moisture (the moisture-adjusted gross bushel, if appropriate) of the damaged or conditioned production under section 10(d)(i) will then be multiplied by the quality adjustment factor from section 10(d)(4)(iii) to determine the production to count;
(e) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis.
(f) If the insured crop is not swathed, the amount of indemnity payable under section 10(b) will be reduced by 30 percent to reflect those costs incurred by you. If the insured crop is swathed but not harvested, the amount of indemnity payable under section 10(b) will be reduced by 15 percent to reflect those costs incurred by you.

11. Late Planting

In lieu of the provisions contained in section 16(a) of the Basic Provisions, the production guarantee for each acre planted to the insured crop during the late planting period, unless otherwise specified in the Special Provisions, will be reduced by:
(a) One percent for the first through the tenth day; and
(b) Three percent for the eleventh through the twentieth day.

12. Prevented Planting

Your prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. 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 a level specified in the actuarial documents.


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