

SUMMARY OF CHANGES FOR THE POPCORN CROP PROVISIONS (99-043)

The following is a brief description of the significant changes to the popcorn crop provisions that will be effective for the 1999 crop year. Please refer to the provisions for more complete information.

- The crop provisions have been modified to accommodate changes made to the Basic Provisions of the Common Crop Insurance Policy. These modifications include, but are not limited to the removal of some definitions now contained in the Basic Provisions.
- Section 1 adds definitions for the terms "base contract price," "merchantable popcorn," "planted acreage," "pound," "practical to replant," "processor," and "processor contract" for clarification.
- Section 2 clarifies that for processor contracts that stipulate the amount of production to be delivered: 1) A basic unit will consist of all acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor. 2) There will be only one basic unit for each processor contract. 3) All production from any basic unit in excess of the amount under contract will be included as production to count if such production is applied to any other basic unit for which the contracted amount has not been fulfilled. 4) Optional units will not be established. For processor contracts that stipulate the number of acres to be planted, a unit may be divided into optional units if all specified conditions are met.
- Section 3 specifies that an insured may select only one price election for all the popcorn in the county insured under the policy, unless the Special Provisions provide different price elections by type, in which case the insured may select one price election for each popcorn type designated in the Special Provisions. The percentage of the maximum price election that the producer chooses for one type will be applicable to all other types insured under the policy.
- Section 4 changes the contract change date to November 30. This change is made to maintain an adequate time period between this date and the cancellation dates revised to correspond to the changes in the sales closing date to comply with the Federal Crop Insurance Reform Act of 1994, for producers to make informed risk management decisions.
- Section 5 changes the cancellation and termination dates from April 15 to January 15 for certain Texas counties. The cancellation and termination dates for all other Texas counties and all other states are changed from April 15 to March 15. These changes are made to standardize the cancellation and termination dates with the sales closing dates.
- Section 6 adds a provision to require the insured to provide a copy of the processor contract to the insurance provider on or before the acreage reporting date.
- Section 7 clarifies that popcorn that is interplanted with another crop or planted into an established grass or legume is not insurable unless allowed by the Special Provisions or by written agreement. It specifies that a producer will be considered to have a share in the insured crop if, under the processor contract, the producer retains control of the acreage on which the popcorn is grown, is at risk of loss, and the processor contract provides for delivery of the popcorn under specified conditions and at a stipulated base contract price. It also specifies the requirements under which a popcorn producer who is also a processor may establish an insurable interest in the insured crop.
- Section 8 requires that any acreage damaged prior to the final planting date to the extent that the majority of growers in the area would normally not further care for the crop must be replanted unless the insurance provider agrees that it is not practical to replant.
- Section 9 adds provisions for the insurance period to end when the popcorn should have been harvested but was not harvested or the date sufficient production to fulfill the producer's processor contract was harvested.
- Section 10 clarifies that insect damage and plant disease are insurable causes of loss if sufficient and proper applications of pest control or disease control measures are used.
- Section 11 adds a provision which specifies that when popcorn 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. The premium amount, however, will not be reduced.
- Section 12 requires that representative samples of the unharvested crop must be 10 feet wide and extend the entire length of each field in the unit and cannot be harvested or destroyed until the earlier of a crop inspection or 15 days after harvest is completed.

- Section 13 includes an example of an indemnity calculation. Provisions were added which requires the insured to leave intact, and provide sufficient care for, representative samples when the insured does not agree with the appraisal on that acreage. Production to count for such acreage will be determined using the harvested production if the crop is harvested, or a reappraisal if the crop is not harvested. Provisions were also added which specifies that for processor contracts that stipulate the amount of production to be delivered, production to count for the unit will include harvested popcorn production from any other insurable unit that has been used to fulfill the processor contract.
- Section 14 adds provisions to specify the late planting provisions in the Basic Provisions are applicable for popcorn if written approval is provided from the processor by the acreage reporting date that it will accept the production from the late planted acres when it is expected to be ready for harvest.
- Section 15 adds a provision which specifies prevented planting coverage will be 60 percent of the production guarantee for timely planted acreage. If the insured has limited or additional levels of coverage and pays an additional premium, prevented planting coverage may be increased to a level specified in the actuarial documents.

**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
POPCORN CROP 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.

Base contract price - The price stipulated on the contract executed between you and the processor before any adjustments for quality.

Harvest - Removing the grain or ear from the stalk either by hand or by machine.

Merchantable popcorn - Popcorn that meets the provisions of the processor contract.

Planted acreage - In addition to the definition contained in the Basic Provisions, popcorn must initially be planted in rows far enough apart to permit mechanical cultivation, unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement.

Pound - Sixteen (16) ounces avoirdupois.

Practical to replant - In addition to the definition contained in the Basic Provisions, it will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the popcorn processor contract, or the processor agrees in writing that it will accept the production from the replanted acreage.

Processor - Any business enterprise regularly engaged in processing popcorn that possesses all licenses, permits or approved inspections for processing popcorn 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 the contracted popcorn 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 popcorn, and to deliver the popcorn production to the processor;
- (b) The processor's commitment to purchase all the production stated in the processor contract;
- (c) A date, if specified on the processor's contract, by which the crop must be harvested to be accepted; and
- (d) A base contract price.

Multiple contracts with the same processor, each of which stipulates a specific amount of production to be delivered under the terms of the processor contract, will be considered as a single processor contract.

2. Unit Division.

(a) For processor contracts that stipulate the amount of production to be delivered:

- (1) In lieu of the definition contained in the Basic Provisions, a basic unit will consist of all the acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor;
 - (i) There will be no more than one basic unit

for all production contracted with each processor contract;

- (ii) In accordance with section 13 of these Crop Provisions, all production from any basic unit in excess of the amount under contract will be included as production to count if such production is applied to any other basic unit for which the contracted amount has not been fulfilled; and

(2) Provisions in the Basic Provisions that allow optional units by section, section equivalent, or FSA farm serial number and by irrigated and non-irrigated practices are not applicable.

(b) For any processor contract that stipulates only the number of acres to be planted, the provisions contained in section 34 of the Basic Provisions will apply.

3. 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 popcorn in the county insured under this policy unless the Special Provisions provide different price elections by type, in which case you may select one price election for each popcorn type designated in the Special Provisions. The price elections you choose for each type must have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent of the maximum price election for one type, you must also choose 100 percent of the maximum price election for all other types.

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:

State and County	Cancellation and Termination Dates
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson counties Texas, and all Texas counties lying south thereof	January 15
All other Texas counties and all other states	March 15

6. Report of Acreage.

In addition to the provisions of 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 the popcorn in the county for which a premium rate is provided by the actuarial documents:
- (1) In which you have a share;
 - (2) That is planted for harvest as popcorn;
 - (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.
- (b) You will be considered to have a share in the insured crop if, under the processor contract, you retain control of the acreage on which the popcorn is grown, you have a risk of loss, and the processor contract provides for delivery of popcorn under specified conditions and at a stipulated base contract price.
- (c) A popcorn producer who is also a processor may be able to establish an insurable interest if the following requirements are met:
- (1) The producer must comply with these Crop Provisions;
 - (2) The Board of Directors or officers of the processor must, prior to the sales closing date, 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, any acreage of the insured crop damaged before the final planting date, to the extent that the majority of producers in the area would normally not further care for the crop, must be replanted unless we agree that it is not practical to replant.

9. Insurance Period.

In lieu of the provisions contained in section 11 of the Basic Provisions, regarding the end of the insurance period, insurance ceases on each unit or part of a unit at the earliest of:

- (a) The date the popcorn:
 - (1) Was destroyed;
 - (2) Should have been harvested but was not harvested;
 - (3) Was abandoned; or
 - (4) Was harvested;
- (b) When the processor contract stipulates a specific amount of production to be delivered, the date the production accepted by the processor equals the contracted amount of production;
- (c) Final adjustment of a loss; or
- (d) December 10 immediately following planting.

10. Causes of Loss.

- (a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:
- (1) Adverse weather conditions;
 - (2) Fire;
 - (3) Insects, but not damage due to insufficient or improper application of pest control measures;
 - (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
 - (5) Wildlife;
 - (6) Earthquake;
 - (7) Volcanic eruption; or
 - (8) Failure of the irrigation water supply, if caused by a cause of loss specified in sections 10(a)(1) through (7) that occurs during the insurance period.
- (b) In addition to the causes of loss excluded by section 12 of the Basic Provisions, we do not insure against any loss of production due to:
- (1) Damage resulting from frost or freeze after the date designated in the Special Provisions; or
 - (2) Failure to follow the requirements contained in the processor contract.

11. Replanting Payment.

- (a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if the 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.
- (b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee or 150 pounds, multiplied by your price election, multiplied by your insured share.
- (c) When popcorn is replanted using a practice that is uninsurable as an original planting, our liability for the unit will be reduced by the amount of the replanting payment. 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 must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be 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. In the event you are unable to provide acceptable production records:
- (1) For any optional unit, we will combine all optional units for which such production records 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 by:

- (1) Multiplying the insured acreage for each type, if applicable, by its respective production guarantee;
- (2) Multiplying the result of section 13(b)(1) by the respective price election for each type, if applicable;
- (3) Totaling the results of section 13(b)(2) if there is more than one type;
- (4) Multiplying the total production to count (see section 13(c)), of each type if applicable, by its respective price election;
- (5) Totaling the results of section 13(b)(4) if there is more than one type;
- (6) Subtracting the result of section 13(b)(4) from the result in section 13(b)(2) if there is only one type or subtracting the result of section 13(b)(5) from the result of section 13(b)(3) if there is more than one type; and
- (7) Multiplying the result of section 13(b)(6) by your share.

For example: You have a 100 percent share in 100 acres of Type A popcorn in the unit, with a guarantee of 2,500 pounds per acre and a price election of \$.12 per pound. You are only able to harvest 150,000 pounds. Your indemnity would be calculated as follows:	
1	100 acres x 2,500 pounds = 250,000 pound guarantee;
2	250,000 pounds x \$.12 price election = \$30,000 value of guarantee;
4	150,000 pounds production to count x \$.12 price election = \$18,000 value of production to count;
6	\$30,000 - \$18,000 = \$12,000 loss; and
7	\$12,000 x 100 percent share = \$12,000 indemnity payment.
You also have a 100 percent share in 150 acres of type B popcorn in the same unit, with a guarantee of 2,250 pounds per acre and a price election of \$.10 per pound. You are only able to harvest 70,000 pounds. Your total indemnity for both popcorn types A and B would be calculated as follows:	
1	100 acres x 2,500 pounds = 250,000 guarantee for type A and 150 acres x 2,250 pounds = 337,500 pound guarantee for type B;
2	250,000 pound guarantee x \$.12 price election = \$30,000 value of guarantee for type A and 337,500 pound guarantee x \$.10 price election = \$33,750 value guarantee for type B;
3	\$30,000 + \$33,750 = \$63,750 total value guarantee;
4	150,000 pounds x \$.12 price election = \$18,000 value of production to count for type A and 70,000 pounds x \$.10 price election = \$7,000 value of production to count for type B;
5	\$18,000 + \$7,000 = \$25,000 total value of production to count;
6	\$63,750 - \$25,000 = \$38,750 loss; and
7	\$38,750 x 100 percent = \$38,750 indemnity payment.

- (c) The total production to count (in pounds) from all insurable acreage on the unit will include:

- (1) All appraised production as follows:
 - (i) Not less than the production guarantee 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 production records;
 - (ii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with section 13(d));
 - (iii) 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 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 in the unit;
- (3) All harvested and appraised production lost or damaged by uninsured causes; and
- (4) For processor contracts that stipulate the amount of production to be delivered, all harvested popcorn production from any other insurable unit that has been used to fulfill your processor contract applicable to this unit.
- (5) Any production from yellow or white dent corn will be counted as popcorn on a weight basis and any production harvested from plants growing in the insured crop may be counted as popcorn production on a weight basis.
- (6) Any ear production for which we cannot

determine a shelling factor will be considered to have an 80 percent shelling factor.

(d) Mature popcorn 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 0.12 percent for each 0.1 percentage point for moisture in excess of 15 percent. We may obtain samples of the production to determine the moisture content.

(2) Popcorn production will be eligible for quality adjustment if, due to an insurable cause of loss that occurs within the insurance period, it is not merchantable popcorn and is rejected by the processor. The production will be adjusted by:

(i) Dividing the value per pound of the damaged popcorn by the base contract price per pound for undamaged popcorn; and

(ii) Multiplying the result by the number of pounds of such popcorn.

14. Late Planting.

Late planting provisions in the Basic Provisions are applicable for popcorn if you provide written approval from the processor by the acreage reporting date that it will accept the production from the late planted acres when it is expected to be ready for harvest.

15. 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.