

SUMMARY OF CHANGES FOR THE FRESH MARKET BEAN CROP PROVISIONS (06-105)(REV 06-05)

The following is a brief description of changes to the crop provisions that will be effective for the 2006 crop year. Please refer to the crop provisions for more complete information.

The crop provisions have been modified to add language similar to other Dollar Plans of insurance. These modifications may include, but are not limited to:

- (a) Section 1 – Added definition of “Amount of insurance” for clarification.
- (b) Section 1 – Modified definition of “Crop year” for clarification.
- (c) Section 1 – Added definition of “First handler” for clarification.
- (d) Section 1 – Added definition of “Lot” for clarification.
- (e) Section 1 – Added definition of “Management decisions” for clarification.
- (f) Section 1 – Added definition of “Marketable fresh market beans” for clarification.
- (g) Section 1 – Added definition of “Minimum value” for clarification.
- (h) Section 1 – Added definition of “Plant stand” for clarification.
- (i) Section 1 – Revised definition of “Practical to replant” for clarification.
- (j) Section 2 – Revised the provisions to limit unit structure to basic unit level.
- (k) Section 3 – Added language that could require the insured to meet specific production requirements for eligibility.
- (l) Section 8 – Added language to clarify participation requirements in management of fresh market bean operations.
- (m) Section 9 – Clarified language to give the insured the option to receive replant payment or indemnity.
- (n) Section 10 – Changed the section to be more consistent with other Dollar Amount of Insurance crop provisions.
- (o) Section 11 – Added clarification language to causes of loss provisions and removed statement 11(b)(3).
- (p) Section 12 – Edited wording for clarification.
- (q) Section 13 – Revised paragraphs to include procedures for handling inspections of direct market fresh market beans.
- (r) Section 14 – Added unit loss example and revised the wording for appraised production, harvested and unharvested production and added calculations for determining value of production sold by direct marketing or cash sales.
- (s) Section 14 – Specified that allowable costs and minimum value will be applied on a lot basis.
- (t) Section 17 – Eliminated Minimum Value Option provision.



**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
PILOT FRESH MARKET BEAN 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.

Acreage limitation percent - The maximum allowable annual percentage increase in insured acres, as specified on the Special Provisions.

Allowable cost - The dollar amount per bushel for harvesting and handling as shown on the Special Provisions.

Amount of insurance - The dollar amount of coverage per acre, obtained by multiplying the reference maximum dollar amount shown on the actuarial documents by the coverage level percent that you elect.

Bushel - Thirty pounds avoirdupois.

Crop year - In lieu of the definition of "crop year" in section 1 of the Basic Provisions, crop year is designated on the Special Provisions and is the period that begins on the earliest-planting date for the first planting period shown on the Special Provisions and continues through the last day of the insurance period for the last planting period shown on the Special Provisions, regardless of whether or not the insured crop is actually grown.

Direct marketing - Sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the field for the purpose of picking all or a portion of the crop.

First handler - A person or entity who takes possession of, or purchases, your insured crop for the purpose of acting as an intermediary in the marketing/sales process.

Fresh market beans - Plants of the family Leguminosae and the genus Phaseolus and of the types identified on the Special Provisions as pole, snap, or wax beans that are grown for their pods and used for human consumption.

Harvest - The removal of fresh market bean pods from the plants on the unit.

Lot - A quantity of production transported at one time and separated from other quantities of production by grade characteristics, load number, location, or other distinctive features.

Management decisions - Decisions specifically relating to the selection and use of inputs required for the production and sale of the insured crop.

Market price - The cash price per bushel for the U.S. No. 2 grade or better of snap beans offered by buyers in the area in which you normally market the

insured crop. This price will reflect the maximum limits of quality deficiencies allowed for the U.S. No. 2 grade of the insured crop. Only factors associated with grading under the Official United States Standards for Snap Beans will be considered.

Marketable fresh market beans - Fresh market beans that are sold or that grade U.S. No. 2 or better in accordance with the requirements of the United States Standards of Fresh Market Beans and will withstand normal handling and shipping.

Minimum value - The dollar amount per bushel that we will use to value marketable production to count. The minimum value will be specified on the Special Provisions.

Plant stand - The number of live plants per acre prior to the occurrence of an insurable cause of loss.

Planting period - The period of time designated in the actuarial documents in which fresh market beans must be planted to be considered fall, winter, or spring-planted fresh market beans.

Potential production - The number of bushels of fresh market beans that will be, or would have been produced per acre by the end of the insurance period, assuming normal growth conditions and cultural practices.

Practical to replant - In lieu of the definition of "practical to replant" contained in section 1 of the Basic Provisions, practical to replant is defined as our determination, after loss or damage to the insured crop, based on factors, including but not limited to moisture availability, condition of the field, marketing windows, and time to crop maturity, that replanting to the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. Inability to obtain seed will not be considered when determining if it is practical to replant.

2. Unit Division.

Unless otherwise specified on the Special Provisions,

(a) A basic unit, as defined in section 1 of the Basic Provisions, may also be divided into additional basic units by planting period.

(b) Provisions in section 34 of the Basic Provisions are not applicable.

3. Amounts of Insurance.

(a) In addition to the requirements of section 3 of the Basic Provisions, you must select only one coverage level, not to exceed the highest coverage level on the actuarial documents, for all the fresh market beans in the county insured

under this policy.

- (b) The amount of insurance you choose for each planting period and practice must have the same percentage relationship to the maximum price offered by us for each planting period and practice. For example, if you choose 100 percent of the maximum amount of insurance for a specific planting period and practice, you must also choose 100 percent of the maximum amount of insurance for all other planting periods and practices.
- (c) In lieu of the production reporting requirements contained in section 3 of the Basic Provisions, production reporting requirements for fresh market beans will be specified on the Special Provisions.
- (d) If specified on the Special Provisions, we may limit your amount of insurance if you have not produced the minimum production of fresh market beans specified on the Special Provisions for commercial sale.
- (e) Unless otherwise specified on the Special Provisions, the amounts of insurance per acre are progressive by stages as follows:

Stage	Percent of Amount of Insurance per acre that you selected	Length of time from Direct Seeding
1	40	From planting through the 30th day after planting
2	60	From the 31st day after planting until harvest
Final	100	Applies only to harvested acreage

- (f) Any acreage of fresh market beans damaged in the first, or second stage to the extent that the majority of producers in the area would not normally further care for it, will be deemed to have been destroyed. The indemnity payable for such acreage will be based on the stage the plants had achieved when the damage occurred.

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date shown below is the date preceding the cancellation date:

<u>State</u>	<u>Date:</u>
Florida;	June 30
North Carolina and Virginia;	November 30

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, unless specified on the Special Provisions, the cancellation and termination dates are:

<u>State</u>	<u>Cancellation and Termination Date</u>
Florida;	August 31
North Carolina, Virginia;	March 15

6. Report of Acreage.

In addition to the requirements of section 6 of the Basic Provisions, you must report on or before the acreage reporting date shown on the Special Provisions for each planting period:

- (a) All the acreage of fresh market beans in the county insured under this policy in which you have a share; and
- (b) The date the acreage was planted within each planting period.

7. Annual Premium.

In lieu of the premium amount determinations contained in section 7 of the Basic Provisions, the annual premium amount for each cultural practice (e.g., fall-planted irrigated) is determined by multiplying the final stage amount of insurance per acre by the premium rate for the cultural practice as established in the actuarial documents, by the insured acreage, by your share at the time coverage begins, and by any applicable premium adjustment factors contained in the actuarial documents.

8. Insured Crop.

In accordance with section 8 of the Basic Provisions, the crop insured will be all the fresh market beans in the county for which a premium rate is provided by the actuarial documents:

- (a) In which you have a share;
- (b) That is:
 - (1) Planted to be harvested and sold as fresh market beans;
 - (2) Planted within the planting periods designated in the actuarial documents; and
 - (3) Grown by a person who in at least three of the five previous crop years has:
 - (i) Grown fresh market beans or participated in the management decisions of a fresh market bean farming operation; and
 - (ii) Produced the minimum production of fresh market beans contained on the Special Provisions for commercial sale.
- (c) That is not (unless allowed by the Special Provisions):
 - (1) Planted into an established grass or legume;
 - (2) Interplanted with another crop; or
 - (3) Grown for direct marketing.

9. Insurable Acreage.

In addition to the provisions of section 9 of the Basic Provisions, and unless otherwise specified on the Special Provisions:

- (a) You must replant any acreage of fresh market beans damaged during the planting period in which initial planting took place whenever less than 75 percent of the plant stand remains: and
 - (1) It is practical to replant; and
 - (2) If, at the time the crop was damaged, the final day of the planting period has not passed.
- (b) Whenever fresh market beans are initially planted during a planting period and the conditions specified in section 9(a)(2) are not satisfied, you may elect:
 - (1) To replant such acreage and collect any replant payment due as specified in section 12. The initial planting period coverage will continue for such replanted acreage; or

(2) Not to replant such acreage and receive an indemnity based on the stage of growth the plants had attained at the time of damage. However, such an election will result in the acreage being uninsurable in the subsequent planting period within the same crop year in any county in which fall and winter planting periods are provided by the Special Provisions.

(c) Fresh market beans must initially be planted in rows far enough apart to permit mechanical cultivation. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions.

(d) We will not insure acreage that does not meet all applicable rotation requirements contained on the Special Provisions.

10. Insurance Period.

In lieu of the provisions of section 11 of the Basic Provisions, coverage begins on each unit or part of a unit the later of the date we accept your application, or when the fresh market beans are planted in each planting period. Coverage ends the earliest of:

(a) Total destruction of the fresh market beans on the unit;

(b) Abandonment of the fresh market beans on the unit;

(c) The date harvest should have started on the unit on any acreage that will not be harvested;

(d) Harvest;

(e) Final adjustment of a loss on the unit; or

(f) 65 days after the date of planting or replanting, unless otherwise provided in the Special Provisions.

11. Causes of Loss.

In accordance with the provisions of section 12 of the Basic Provisions:

(a) Insurance is provided only against the following causes of loss that occur during the insurance period:

(1) Adverse weather conditions:

(2) Earthquake;

(3) Wildlife;

(4) Fire;

(5) Insects and disease, unless excluded by the Special Provisions, but not damage due to insufficient or improper application of control measures;

(6) Volcanic eruption; or

(7) Failure of the irrigation water supply if due to a cause of loss contained in section 11(a)(1) through (6) that occurs during the insurance period;

(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss due to:

(1) Failure to harvest in a timely manner; or

(2) Failure to market fresh market beans, unless such failure is due to actual physical damage caused by an insured cause of loss that occurs during the insurance period.

12. Replant Payments.

Unless otherwise stated on the Special Provisions:

(a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if, due to an insured cause of loss, more than 25 percent of the plant stand will not produce fresh market beans and it is practical to replant.

(b) The maximum amount of the replanting payment per acre will be the lesser of your actual cost of replanting or the result obtained by multiplying the per acre replanting payment amount shown on the Special Provisions by your insured share.

(c) In lieu of the provisions contained in section 13 of the Basic Provisions limiting a replanting payment to one each crop year, only one replanting payment will be made for acreage planted during each planting period within the crop year.

13. Duties In The Event of Damage or Loss.

(a) In addition to the requirements contained in section 14 of the Basic Provisions, if you intend to claim an indemnity on any unit, you also must give us notice not later than 72 hours after the earliest of:

(1) Occurrence of damage;

(2) The time you discontinue harvest of any acreage on the unit;

(3) The date harvest normally would start if any acreage on the unit will not be harvested; or

(4) The calendar date for the end of the insurance period.

(b) Although direct marketed fresh market beans are not insurable, you must notify us at least 15 days before any production from any unit will be sold by direct marketing or sold for cash:

(1) We will conduct an initial inspection and appraisal before any production to be direct marketed or sold for cash is harvested.

(2) If damage occurs, you must notify us immediately and the following will apply:

(i) We will conduct an inspection.

(ii) The inspection and acceptable records provided by you will be used to determine your value of production to count.

(iii) If you continue to care for the crop, the calculation of the value of the production to count specified in section 14(c)(4) will be suspended until you notify us of the date that harvest first commences or recommences after damage.

(iv) Failure to give timely notice that production will be sold by direct marketing or sold for cash will result in an appraised amount of not less than the dollar amount of insurance per acre if such failure results in our inability to accurately determine the amount of production. For failure to give timely notice of a harvest delay, the value of

production will be calculated in accordance with section 14(c)(4).

- (c) In accordance with the requirements of section 14 of the Basic Provisions, any 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 7 days after harvest of the balance of the unit is completed. Failure to leave a representative sample will result in an appraised amount of production to count that is not less than the production guarantee per acre; and
- (d) In addition to all other notice requirements, if you are a broker, packer, processor, wholesaler, buyer or first handler of fresh market beans, you must notify us at least 15 days before harvest or the end of insurance period, whichever is earlier. We will conduct an appraisal that will be used to determine your value of production to count. If damage occurs after this appraisal, we will conduct an additional appraisal. These appraisals, and any acceptable records provided by you, will be used to determine your production to count. Failure to give timely notice will result in an appraised value of production to count that is not less than the insurance guarantee per acre.

14. Settlement of Claim.

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate 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 in each stage by the amount of insurance per acre for the final stage;
 - (2) Multiplying each result in section 14(b)(1) by the percentage for the applicable stage (see section 3(d));
 - (3) Total the results of section 14(b)(2);
 - (4) Subtracting either of the following values from the result of section 14(b)(3):
 - (i) For other than catastrophic risk protection coverage, the total value of production to be counted (see section 14(c)); or
 - (ii) For catastrophic risk protection coverage, the result of multiplying the total value of production to be counted (see section 14(c)) times fifty-five percent; and

- (5) Multiplying the result of section 14(b)(4) by your share.

For example, assume that on a unit:

You have a 100 percent share in 60 acres of fresh market beans in the unit (20.0 acres in stage 1 and 40.0 acres in the final stage), with a reference maximum dollar amount of insurance of \$1,667 per acre, and that you elect the 60% coverage level. Your amount of insurance per acre is \$1667 times 60%, or \$1,000.

Assume further that you are only able to harvest 4,400 bushels of fresh market beans that had a value of \$10,000. Your indemnity would be calculated as follows:

- (i) 20 acres X \$1,000 amount of insurance = \$20,000 and 40 acres X \$1,000 amount of insurance = \$40,000;
 - (ii) \$20,000 X .40 (percent for stage 1) = \$8,000 and \$40,000 X 1.00 (percent for final stage) = \$40,000;
 - (iii) \$8,000 + \$40,000 = \$48,000 amount of insurance for the unit;
 - (iv) \$48,000 - \$10,000 value of production to count = \$38,000 loss
 - (v) \$38,000 X 100 percent share = \$38,000 indemnity payment.
- (c) The total value of production to count from all insurable acreage on the unit will include all harvested and appraised production if the acreage is not harvested as follows:
 - (1) Not less than the amount of insurance per acre for the stage for any acreage:
 - (i) That is abandoned;
 - (ii) Put to another use without our consent;
 - (iii) That is damaged solely by uninsured causes;
 - (iv) For which you fail to provide acceptable production records;
 - (v) If you are a buyer, wholesaler, packer, processor, broker or first handler and you fail to meet the requirements contained in section 13(d).
 - (2) The value of the following appraised fresh market bean production will not be less than the dollar value obtained by multiplying the number of bushels of appraised fresh market beans by the minimum value per bushel shown on the Special Provisions for the planting period:
 - (i) Unharvested marketable fresh market bean production (unharvested production that is damaged or defective due to insurable causes and that are not marketable fresh market beans will not be counted as production to count);
 - (ii) Production lost due to uninsured causes; and

(iii) Potential production on insured acreage that you intend to put to another use or abandon without our consent.

(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, the amount of production to count value will not be less than the amount of insurance guarantee per acre); 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 the appraised production value at the time the crop reaches maturity if the crop is not harvested.

(3) The total value of all harvested production from the insurable acreage will be the dollar value obtained by subtracting the allowable cost shown on the Special Provisions from the average price per lot of fresh market beans, (this result may not be less than the minimum value shown on the Special Provisions per bushel of fresh market beans), and multiplying this result by the number of bushels of fresh market bean production. Harvested fresh market beans that are damaged or defective due to insurable causes, and that are not marketable fresh market beans, will not be included in the value of harvested production.

(4) The value of production that is direct marketed or sold for cash, as determined by our inspection and acceptable records provided by you, will be the dollar value obtained by subtracting the allowable cost shown on the Special Provisions from the price received for each bushel of fresh market beans sold (this result will not be less than the minimum value shown on the Special Provisions), and multiplying this result by the bushels of marketable fresh market beans.

15. Written Agreements.

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

16. Late and Prevented Planting.

The late and prevented planting provisions of the Basic Provisions are not applicable.

17. Minimum Value Option.

The Minimum Value Option is not applicable for this crop.