

SUMMARY OF CHANGES FOR THE SUGARCANE CROP PROVISIONS (04-038)

The following is a brief description of changes to the crop provisions that will be effective for the 2004 and succeeding crop years. Please refer to the crop provisions for more complete information.

- S Section 1 - Removed the definition of "local market price," and revised the definition of "sugarcane."
- S Section 5 - Added provision that makes uninsurable any sugarcane damaged the previous crop year to the extent the sugarcane is unable to produce the production guarantee. Added provision that sugarcane is not insurable if it exceeds the age limitations as specified in the Special Provisions.
- S Section 7(a) - Removed provisions for plant cane that allows coverage at a later date by an agreement in writing. Changed the date when insurance attaches for stubble cane damaged the previous crop year from the later of April 15 or 30 days following harvest to the later of April 30 or 30 days following harvest of the previous crop, in Louisiana.
- S Section 9(a) - Added provisions for sugarcane cut for seed that an appraisal must be performed if such sugarcane will produce less than the production guarantee. Clarified that if notice is not given prior to cutting sugarcane for seed, the acreage will be considered as put to another use without consent and the production to count for such acreage will not be less than the production guarantee.
- S Section 10 - Added examples of a claim for indemnity.
- S Section 10(c)(1)(iv) - Removed provisions that explained the process for making an inadequate stand appraisal.
- S Section 10(d) - Deleted this section as there is no local market price for raw sugar that can be used for quality adjustment purposes.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Sugarcane Crop Provisions



If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Catastrophic Risk Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions; and (4) the Basic Provisions with (1) controlling (2), etc.

1. Definitions

Crop year - The period within which the insured sugarcane is normally grown and designated by the calendar year in which the harvest of sugarcane normally begins in the county.

Harvest - Cutting and removing the mature sugarcane from the field.

Plant cane - The insured crop which grows from seed planted for the crop year.

Stubble cane - The insured crop which grows from the stubble of sugarcane that was harvested the previous crop year.

Sugarcane - The grass, *Saccharum officinarum*, that is grown to produce sugar.

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

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

(b) Instead of reporting your sugarcane production for the previous crop year as required by subsection 3.(c) of the Basic Provisions, there is a lag period of one year and you are required to report production from two crop years previously, e.g., 1994 crop year production must be reported by the required date for the 1996 crop year.

3. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is June 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 September 30.

5. Insured Crop

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

- (1) In which you have a share;
- (2) That is grown for processing for sugar or for seed; and
- (3) That is not interplanted with another crop, unless allowed by a written agreement.

(b) In addition to the crop listed as not insured in section 8(b) of the Basic Provisions, we will not insure any sugarcane:

- (1) That was damaged the previous crop year to the extent the sugarcane is unable to produce

the yield used to establish the production guarantee for the unit for the current crop year; or

- (2) That exceeds the age limitations (by variety, if applicable) contained in the Special Provisions, unless we agree in writing to insure such acreage. An agreement in writing will not be provided unless, after an appraisal, we determine that the crop is able to produce at least the yield used to establish the production guarantee for the unit for the current crop year.

6. Insurable Acreage

Section 9(a)(3) of the Basic Provisions, is not applicable to the Sugarcane Crop Provisions.

7. Insurance Period

(a) In addition to the provisions of section 11 of the Basic Provisions, insurance attaches:

- (1) On the later of the day we accept your application or at the time of planting for plant cane;
- (2) On the first day following harvest of the previous crop for stubble cane except as contained in sections 7(a)(3) and (4);
- (3) On the later of April 15 or 30 days following harvest of the previous crop for stubble cane damaged during the previous crop year in all states (except Louisiana); and
- (4) On the later of April 30 or 30 days following harvest of the previous crop for stubble cane damaged during the previous crop year in Louisiana.

(b) In accordance with the provisions of section 11 of the Basic Provisions, the calendar date for the end of the insurance period is:

- (1) January 31 in Louisiana; and
- (2) April 30 in all other states.

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 applicable, due to an unavoidable cause of loss occurring within the insurance period.

9. Duties in the Event of Damage or Loss or Cutting the Sugarcane for Seed

- (a) In addition to your duties under section 14 of the Basic Provisions, in the event of damage or loss:
 - (1) All sugarcane stubble must remain intact for our inspection; and
 - (2) You must give us notice at least 15 days before you begin cutting any sugarcane for seed. Your notice must include the unit number and the number of acres you intend to harvest as seed. Failure to give us timely notice will cause the acreage cut for seed to be considered as put to another use without consent. The production to count for such acreage will not be less than the production guarantee.
 - (3) You must request an appraisal if any time during the crop year sugarcane acreage cut for seed will not produce at least the production guarantee so we can determine the production to count. If you do not request an appraisal, the production to count for such acreage will be the production guarantee.
- (b) In accordance with the requirements of section 14 of the Basic Provisions, if you initially discover damage to any insured crop within 15 days of, or during harvest, you must leave representative samples of the unharvested crop for our inspection. 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 stubble must not be destroyed and the required samples must not be harvested 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 from this the total production to count;
 - (3) Multiplying the remainder by your price election; and

- (4) Multiplying this result by your share.

Example 1:

Assume you have a 100 percent share in a unit of 100 acres of sugarcane, an approved yield of 6,000 pounds of raw sugar per acre, a coverage election of 65 percent, and a price election of \$0.12 a pound. The production guarantee would be 3,900 pounds of raw sugar per acre (6,000 x 65%). Further assume that you are only able to harvest 200,000 pounds of raw sugar because the unit was damaged by an insurable cause of loss. Your indemnity would be calculated as follows:

- (1) 100 acres X 3,900 pound production guarantee = 390,000 pound production guarantee;
- (2) 390,000 pound production guarantee - 200,000 pounds harvested production = 190,000 pound production loss;
- (3) 190,000 pound production loss X \$0.12 price election = \$22,800 loss; and
- (4) \$22,800 loss X 100 percent share = \$22,800 indemnity payment.

Example 2:

Assume the same set of facts. Also, assume that you cut 20 acres of this unit for seed without giving notice that you were cutting this acreage for seed and that you are only able to harvest 200,000 pounds from the remaining 80 acres. Your indemnity would be calculated as follows:

- (1) 100 acres X 3,900 pound production guarantee = 390,000 pound production guarantee;
- (2) 390,000 pound production guarantee - 278,000 (200,000 pounds harvested production + 78,000 pounds production for putting acreage to another use without consent, (20 acres X 3,900 pound production guarantee per acre)) = 112,000 pound production loss;
- (3) 112,000 pound production loss X \$0.12 price election = \$13,440 loss; and
- (4) \$13,440 loss X 100 percent share = \$13,440 indemnity payment.

- (c) The total production (pounds of sugar) to count 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;
 - (D) For which you fail to provide records of production that are acceptable to us; or
 - (E) On which the sugarcane stubble is destroyed within 15 days after harvest is completed without our consent;
 - (ii) Production lost due to uninsured causes;

- (iii) Unharvested production;
 - (iv) Potential production on insured acreage harvested for seed (see section 9(a)(3));
 - (v) Potential production on insured acreage you want to put to another use or you wish to abandon and no longer care for, 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 insurable acreage. Final records of sugar production will be used to determine the amount of production to count. Preliminary mill estimates will not be used.

11. Late and Prevented Planting

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