

SUMMARY OF CHANGES FOR THE PILOT FORAGE SEED CROP PROVISIONS (07-107)

The following is a brief description of changes to the crop provisions that will be effective for the 2007 crop year. Please refer to the crop provisions for more complete information.

- a) Section 8(a)(1) – Moved Montana and Wyoming from subsection (ii) to subsection (i).
- b) Section 8(b) – Moved Montana and Wyoming from subsection (2) to subsection (1).

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
PILOT FORAGE SEED 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.

Actual value - The dollar value received, or that could be received, for the forage seed if the forage seed production is properly handled in accordance with the requirements in the forage seed contract or the applicable certifying agency's requirements.

Adequate stand - A population of live plants that equals or exceeds the minimum required number of plants per square foot as shown in the Special Provisions.

Amount of insurance - The amount obtained by multiplying the production guarantee per acre for each type and practice in the unit by the insured acreage of that type and practice, the applicable Base Price, and the percentage of Base Price you elected. The total of these results will be the amount of insurance for the unit.

Base price - For seed under contract, the price per pound (excluding any discounts or incentives that may apply) stated in the forage seed contract. For certified forage seed not under a forage seed contract, and for forage seed producers who are also forage seed companies, the price contained in the Special Provisions.

Certification application - The form used to request certification of forage seed by the certifying agency.

Certification standards - The standards and procedures of the certification agency to assure genetic purity and identity of the seed certified.

Certified forage seed - Forage seed that meets the certification standards administered by a certifying agency at the time of harvest and that has been grown under a certification application accepted by the certifying agency on or before the acreage reporting date.

Certifying agency - An agency authorized under the laws of a State, Territory, or possession, to officially certify seed, which has standards and procedures to assure the genetic purity and identity of the seed certified, and approves certification applications for the certified forage seed that meets the certification standards at time of harvest.

Established stand - An adequate stand of live plants for crop years after the seed-to-seed year.

Fall planted - Forage seed crop planted after May 31 of the previous crop year.

Forage seed company - A business enterprise that possesses all licenses for marketing forage seed required by the state in which it is domiciled or operates, and which possesses facilities with

enough storage and capacity to accept and process the insured crop timely.

Forage seed contract - A written contract executed between the forage seed crop producer and a forage seed company containing, at a minimum:

- (a) The producer's commitment to plant, grow, and deliver the forage seed produced from such plants to the seed company;
- (b) The seed company's commitment to purchase all the production from a specified number of acres or the specified quantity of production stated in the contract; and
- (c) Either a fixed price per unit of the forage seed or a formula to determine the price per unit value of such seed. Any formula for establishing value must be specified in the written contract. If the formula uses a future price that is settled after the applicable acreage reporting date, then the base price contained in the Special Provisions will apply.

Forage seed crop - Small seeded legume plants grown for seed (e.g., alfalfa, clovers, etc.) shown in the Special Provisions.

Harvest - Removal of seed from the windrow or field.

Pound - Sixteen (16) ounces avoirdupois.

Price election - In lieu of section 1 of the Basic Provisions, price election will be the base price used for computing the value per pound for the purposes of determining premium and indemnity under the policy.

Qualified seed testing laboratory - Laboratory qualified by the State to test the forage seed to determine whether it qualified as certified forage seed.

Seed-to-seed year - The calendar year in which planting occurs for spring planted forage seed and the subsequent calendar year for fall planted forage seed.

Spring planted - Forage seed crop planted before June 1 of the current crop year.

Type - Classes of a forage seed crop with similar characteristics that are grouped for insurance purposes and shown in the Special Provisions.

2. Unit Division.

In lieu of the optional units provisions in section 34 (c) of the Basic Provisions, you may select optional units by forage seed contract or variety if permitted by the Special Provisions.

3. Insurance Guaranties, Coverage Levels, and Prices for Determining Indemnities.

In addition to the requirements of section 3 of the Basic Provisions:

- (a) You may elect only one percentage of base price and one coverage level for each forage seed crop grown in the county and designated in the Special Provisions. If separate base prices are available by forage seed crop type, the percentage election of base price you choose for each forage seed crop type must be the same. For example, if you choose 100 percent of the base price for a specific forage seed crop type, you must choose 100 percent of the base price for all the forage seed crop types.
- (b) You must report the total production harvested from insurable acreage for each unit by the production reporting date.
- (c) For each unit, separate guarantees will be determined by forage seed crop type and practice.

4. Contract Changes

In accordance with section 4 of the Basic Provisions, the contract change date is June 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:

California and Nevada October 31;
All other statesSeptember 30.

6. Report of Acreage.

In addition to the requirements of section 6 of the Basic Provisions, you must submit to us a copy of your forage seed contract for your contracted forage seed acreage or if not contracted, a copy of the accepted certification application for your certified seed acreage on or before the acreage reporting date. Failure to provide a copy of the certification application accepted by the certifying agency or the forage seed contract by the acreage reporting date will result in denial of liability and no indemnity due.

7. Insured Crop.

- (a) In accordance with section 8 of the Basic Provisions, the crop insured will be all types and practices of each forage seed crop you elect to insure, that is grown in the county and for which a premium rate is provided by the actuarial documents:
 - (1) In which you have a share; and
 - (2) That is grown solely for harvest as:
 - (i) Certified forage seed; or
 - (ii) Seed grown under a forage seed contract executed on or before the acreage reporting date.
- (b) For contracted acreage of forage seed crops only, you will not be considered to have a share in the insured crop unless, under the terms of the contract, you are at risk of a

financial loss at least equal to the amount of insurance on such acreage.

- (c) In addition to the crop and acreage listed as not insured in sections 8 and 9 of the Basic Provisions, we will not insure any forage seed crop that:
 - (1) Is interplanted with another crop, unless otherwise specified in the Special Provisions;
 - (2) Is planted into an established grass or legume;
 - (3) Does not have an adequate stand at the beginning of the insurance period;
 - (4) Exceeds the age limitations for the forage seed crop or type contained in the Special Provisions; or
 - (5) Is utilized for any other purpose during the crop year other than for seed production.
- (d) A forage seed producer who is also a forage seed company may establish an insurable interest if the following requirements are met:
 - (1) The producer must comply with these Crop Provisions; and
 - (2) All the forage seed grown by the forage seed company is enrolled with the appropriate certifying agency.

8. Insurance Period.

- (a) Insurance attaches on acreage with an adequate stand on the later of the date we accept your application or the applicable date as follows:
 - (1) For fall planted seed-to-seed year and established stands of forage seed crops coverage begins for each crop year on:
 - (i) October 1 for counties in Idaho, Montana, Oregon, Washington and Wyoming; and
 - (ii) November 1 for counties in California and Nevada.
 - (2) For spring planted seed-to-seed year stands of forage seed crops coverage begins:
 - (i) May 1 for counties in California and Washington; and
 - (ii) May 15 for counties in Idaho, Montana, Nevada, and Wyoming; and for Malheur County, Oregon.
- (b) The calendar dates for the end of the insurance period for counties in the following states are:
 - (1) Idaho, Oregon, Montana, Washington and Wyoming.....September 30;
 - (2) California and NevadaOctober 31.

9. 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 and plant disease, but not damage due to insufficient or improper application of control measures;
 - (4) Wildlife;
 - (5) Earthquake;
 - (6) Volcanic eruption; or
 - (7) Failure of irrigation water supply, if caused by a peril specified in sections 9(a)(1) through (6) that occurs during the insurance period.
- (b) In addition to the causes of loss excluded by section 12 of the Basic Provisions, we will not insure against damage or loss of production due to:
- (1) The crop not being timely harvested, unless such delay in harvesting is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (6);
 - (2) Insufficient supply of pollinators, as determined by us, unless lack of pollinators or pollination is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (6);
 - (3) Failure of the certification standard or forage seed company contract acceptance caused by failure to follow proper isolation requirements or inadequate weed control, as determined by us, unless such failure is solely and directly due to a cause of loss specified in sections 9(a)(1) through (6); or
 - (4) Failure of the certification standard or forage seed contract acceptance due to failure to follow all other certification or contract requirements, as determined by us, unless such failure is solely and directly caused by a cause of loss specified in sections 9(a)(1) through (6).
- (3) Totaling the results of each crop type, if applicable, in section 10(b)(2);
- (4) Multiplying the total production to count for each type, if applicable, (see section 10(e)) by the respective percentage election of base price;
- (5) Totaling the results of each crop type in section 10(b)(4);
- (6) Subtracting the result in section 10(b)(5) from the result in section 10(b)(3); and
- (7) Multiplying the result in section 10(b)(6) by your share.
- (c) The total forage seed 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 per acre for acreage:
 - (A) That is abandoned;
 - (B) That is put to another use without our consent;
 - (C) That is damaged solely by uninsured causes; or
 - (D) For which you fail to provide production records that are acceptable to us.
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production; and
 - (iv) 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 and if:
 - (A) 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 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 appraisals made prior to giving consent to put the acreage to another use will

10. 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 units, we will combine all optional units for which such production records were not provided; or
 - (2) For any basic units, 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 to your forage seed crop covered by this policy, we will settle your claim by :
- (1) Multiplying the insured acreage for each type and practice by the production guarantee;
 - (2) Multiplying each result in section 10(b)(1) above by the respective percentage election of base price;

be used to determine the amount of production to count);

- (B) 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 insurable acreage.

- (d) In addition to the provisions of section 15 of the Basic Provisions, we may determine the amount of production of any unharvested forage seed on the basis of our field appraisals conducted after the normal time of harvest for the area. If the acreage is later harvested, production records must be provided and if the harvested production exceeds the appraised production, the claim will be adjusted

- (e) Production not meeting the minimum quality requirements contained in the forage seed contract or certifying agency's standards based on tests conducted by a qualified seed testing laboratory due to insurable causes will be reduced as follows:

(1) Divide the actual value by the Base Price for the insured type; and

(2) Multiply the result (not to exceed 1.0) by the number of pounds of such production.

Example:

You have a 100 percent share and 100 acres of forage seed in the unit, with a guarantee of 600 pounds per acre on 75 acres of an established stand of forage seed and a guarantee of 300 pounds per acre on 25 acres of a spring planted seed-to-seed year stand. All acreage is contracted with a base price of \$1.20 per pound and you have selected 100 percent of the base price. Losses due to insured causes of loss have reduced production and quality and you only harvested 37,000 pounds of seed. A portion of the total production was of poor quality; 10,000 pounds of seed failed to achieve the contract minimum germination requirement; and the salvaged production was valued at \$0.80 per pound. Your indemnity would be calculated as follows:

- (1) 75 acres x 600 pounds = 45,000 pound guarantee
25 acres x 300 pounds = 7,500 pound guarantee;
- (2) 45,000 pounds x \$1.20 per pound price election = \$54,000 value guarantee
7,500 pounds x \$1.20 per pound price election = \$9,000 value guarantee;
- (3) \$54,000 + \$9,000 = \$63,000 total value of the guarantee;
- (4) 27,000 pounds met the contract quality requirements = 27,000 pounds production to count
27,000 pounds x \$1.20 per pound = \$32,400
10,000 pounds x (\$0.80 per pound/\$1.20 per pound) = 6,667 pounds production to count
6,667 pounds x \$1.20 per pound = \$8,000;

(5) \$32,400 + \$8,000 = \$40,400 total value of production to count;

(6) \$63,000 - \$40,400 = \$22,600 loss; and

(7) \$22,600 x 100 % share = \$22,600 indemnity payment.

11. Late and Prevented Planting.

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

12. Written Agreements.

The written agreement provisions of the Basic Provisions do not apply.