

SUMMARY OF CHANGES FOR THE SUGAR BEET CROP PROVISIONS (98-039)

The following is a brief description of changes to the crop provisions that will be effective for the 1998 crop year in counties with a November 30 contract change date and for the 1999 crop year in all other counties. Please refer to the crop 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 may include, but are not limited to:
 - (a) Removal of some definitions now contained in the Basic Provisions;
 - (b) Modification of unit division provisions since provisions previously contained in section 2 regarding unit division requirements and unit structure by section, section equivalent, FSA farm serial number, and irrigated and non-irrigated practices, have been moved from the crop provisions to the Basic Provisions;
 - (c) Modification to late and prevented planting provisions; and
 - (d) Removal of provisions regarding written agreements now contained in the Basic Provisions.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
SUGAR BEET 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.

Crop year - In Imperial, Lassen, Modoc, Shasta and Siskiyou counties, California and all other States, the period within which the sugar beets are normally grown, which is designated by the calendar year in which the sugar beets are normally harvested. In all other California counties, the period from planting until the applicable date for the end of the insurance period which is designated by:

- (a) The calendar year in which planted if planted on or before July 15; or
- (b) The following calendar year if planted after July 15.

Harvest - Topping and lifting of sugar beets in the field.

Initially planted - The first occurrence that land is considered as planted acreage for the crop year.

Local market price - The price per pound for raw sugar offered by buyers in the area in which you normally market the sugar beets.

Planted acreage - In addition to the definition contained in the Basic Provisions, sugar beets must initially be planted in rows, unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement.

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, time to crop maturity, and marketing window, that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. It will not be considered practical to replant if production from the replanted acreage cannot be delivered under the terms of the processor contract, or 30 days after the initial planting date for all counties where a late planting period is not applicable, unless replanting is generally occurring in the area.

Processor - Any business enterprise regularly engaged in processing sugar beets for sugar that possesses all licenses and permits for processing sugar beets 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 sugar beets within a reasonable amount of time after harvest.

Production guarantee (per acre):

- (a) First stage production guarantee - The final stage production guarantee multiplied by 60 percent.
- (b) Final stage production guarantee - The number of tons determined by multiplying the approved yield per acre by the coverage level percentage you elect.

Raw sugar - Sugar that has not been extracted from the sugar beet.

Standardized ton - A ton of sugar beets containing the percentage of raw sugar specified in the Special Provisions.

Sugar beet processor contract - A written contract between the producer and the processor, containing at a minimum:

- (1) The producer's commitment to plant and grow sugar beets, and to deliver the sugar beet production to the processor;
- (2) The processor's commitment to purchase the production stated in the contract; and
- (3) A price or formula for a price based on third party data that will be paid to the producer for the production stated in the contract.

Thinning - The process of removing, either by machine or hand, a portion of the sugar beet plants to attain a desired plant population.

Ton - Two thousand (2,000) pounds avoirdupois.

2. Unit Division

In addition to the requirements of section 34 of the Basic Provisions, basic units may be divided into optional units only if you have a sugar beet processor contract that requires the processor to accept all production from a number of acres specified in the sugar beet processor contract. Acreage insured to fulfill a sugar beet processor contract which provides that the processor will accept a designated amount of production or a combination of acreage and production will not be eligible for optional units.

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

- (a) In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions, you may select only one price election for all the sugar beets in the county insured under this policy.
- (b) The production guarantees are progressive by stages, and increase at specified intervals to the final stage. The stages are:
 - (1) First stage, with a guarantee of 60 percent (60%) of the final stage production guarantee, extends from planting until:
 - (i) July 1 in Lassen, Modoc, Shasta and Siskiyou counties, California and all other States except Arizona; and
 - (ii) The earlier of thinning or 90 days after planting in Arizona and all other California counties.
 - (2) Final stage, with a guarantee of 100 percent (100%) of the final stage production guarantee, applies to all insured sugar beets that complete the first stage.
- (c) The production guarantee will be expressed in standardized tons.
- (d) Any acreage of sugar beets damaged in the first stage to the extent that growers in the area would not normally further care for the sugar beets will be deemed to have been destroyed, even though you

may continue to care for it. The production guarantee for such acreage will not exceed the first stage production guarantee.

4. Contract Changes.

In accordance with the provisions of section 4 (Contract Changes) of the Basic Provisions, the contract change date is April 30 preceding the cancellation date for counties with a July 15 or August 31 cancellation date and November 30 preceding the cancellation date for all other counties.

5. Cancellation and Termination Dates.

In accordance with section 2 (Life of Policy, Cancellation, and Termination) of the Basic Provisions, the cancellation and termination dates are:

<u>State & County</u>	<u>Cancellation Date</u>	<u>Termination Date</u>
Arizona; and Imperial County, California	August 31	August 31
All California counties, except Imperial, Lassen, Modoc, Shasta and Siskiyou	July 15	November 30
All Other States, and Lassen, Modoc, Shasta and Siskiyou Counties, California	March 15	March 15

6. Annual Premium.

In lieu of the premium computation method contained in section 7 (Annual Premium) of the Basic Provisions, the annual premium amount is computed by multiplying the final stage production guarantee by the price election, the premium rate, the insured acreage, your share at the time of planting, and any applicable premium adjustment factors contained in the actuarial documents.

7. Insured Crop.

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

- (1) In which you have a share;
- (2) That are planted for harvest as sugar beets;
- (3) That are grown under a sugar beet processor contract executed before the acreage reporting date and are not excluded from the processor contract at any time during the crop year; and
- (4) That are not (unless allowed by the Special Provisions or by written agreement):
 - (i) Interplanted with another crop;
 - (ii) Planted into an established grass or legume; or
 - (iii) Planted prior to submitting a properly completed application.

(b) Sugar beet growers who are also processors may establish an insurable interest if they meet the following requirements:

- (1) The processor must meet the definition of a "processor" in section 1 of these crop provisions and have a valid insurable interest in the sugar beet crop;
- (2) The Board of Directors or officers of the processor must have duly promulgated a resolution that sets forth essentially the same terms as a sugar beet processor contract. Such resolution will be considered a sugar beet processing contract under the terms of the sugar beet crop insurance policy;

(3) The sales records of the processor showing the amount of sugar produced the previous year must be supplied to us to confirm the processor has produced and sold sugar in the past; and

(4) Our inspection of the processing facilities determines that they conform to the definition of processor contained in section 1 of these crop provisions.

8. Insurable Acreage.

In addition to the provisions of section 9 (Insurable Acreage) of the Basic Provisions:

- (a) We will not insure any acreage planted to sugar beets:
 - (1) The preceding crop year, unless otherwise specified in the Special Provisions for the county;
 - (2) In any crop year following the discovery of rhizomania on the acreage, unless allowed by the Special Provisions or by written agreement; or
 - (3) That does not meet the rotation requirements shown in the Special Provisions;
- (b) Any acreage of the insured crop damaged before the final planting date, (or within 30 days of initial planting for those counties without a final planting date) to the extent that growers in the area would normally not further care for the crop, must be replanted unless we agree that replanting is not practical.

9. Insurance Period.

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

- (1) July 15 in Arizona and in Imperial County, California;
- (2) The last day of the 12th month after the insured crop was initially planted in all California counties except Imperial, Lassen, Modoc, Shasta and Siskiyou;
- (3) October 31 in Lassen, Modoc, Shasta and Siskiyou Counties, California, and in Klamath County, Oregon;
- (4) November 25 in Ohio;
- (5) December 31 in New Mexico and Texas; and
- (6) November 15 in all other States and counties.

(b) In addition to the provisions of section 11 (Insurance Period) of the Basic Provisions, regarding the end of the insurance period, the insurance period ends for all units when the production delivered to the processor equals the amount of production stated in the sugar beet processor contract.

10. Causes of Loss.

In accordance with the provisions of section 12 (Causes of Loss) 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 peril that occurs during the insurance period.

11. Replanting Payments.

(a) In accordance with section 13 (Replanting Payment)

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 (90%) of the final stage 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 10 percent (10%) of the final stage production guarantee or one ton, multiplied by your price election, multiplied by your insured share.
- (c) When sugar beets are replanted using a practice that is uninsurable for an original planting, our liability on 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 (Duties in the Event of Damage or Loss) of the Basic Provisions:

- (a) 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; and
- (b) You must provide a copy of your sugar beet processor contract or corporate resolution if you are the processor.

13. 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 acceptable 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 on any unit by:

- (1) Multiplying the insured acreage by its respective production guarantee;
- (2) Subtracting the total production to count from the result in paragraph (b)(1);
- (3) Multiplying the result of paragraph (b)(2) by your price election; and
- (4) Multiplying the result of paragraph (b)(3) by your share.

(c) The total production to count (in standardized tons) 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) That is damaged solely by uninsured causes; or
 - (D) For which you fail to provide acceptable production records that are acceptable to us;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production (unharvested production that is appraised prior to the earliest delivery date that the processor accepts harvested production will not be eligible for a conversion to standardized tons in accordance with section 13(d) and (e));
 - (iv) Only appraised production in excess of the

difference between the first and final stage production guarantee for acreage that does not qualify for the final stage guarantee will be counted, except that all production from acreage subject to section 13(c)(1)(i) and (ii) will be counted; and

- (v) 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 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 insurable acreage.

(d) Harvested production or unharvested production that is appraised after the earliest delivery date that the processor accepts harvested production and that meets the minimum acceptable standards contained in the sugar beet processor contract or corporate resolution will be converted to standardized tons by:

- (1) Dividing the average percentage of raw sugar in such sugar beets by the raw sugar content percentage shown in the Special Provisions; and
- (2) Multiplying the result (rounded to three places) by the number of tons of such sugar beets.

The average percentage of raw sugar will be determined from tests performed by the processor at the time of delivery. If individual tests of raw sugar content are not made at the time of delivery, the average percent of raw sugar may be based on the results of previous tests performed by the processor during the crop year if it is determined that such results are representative of the total production. If not representative, the average percent of raw sugar will equal the raw sugar content percent shown in the Special Provisions.

(e) Harvested production or unharvested production that is appraised after the earliest delivery date that the processor accepts harvested production and that does not meet the minimum acceptable standards contained in the sugar beet processor contract due to an insured peril will be converted to standardized

tons by:

- (1) Dividing the gross dollar value of all of the damaged sugar beets on the unit (including the value of cooperative stock, patronage refunds, etc.) by the local market price per pound on the earlier of the date such production is sold or the date of final inspection for the unit;
- (2) Dividing that result by 2,000; and
- (3) Dividing that result by the county average raw sugar factor contained in the Special Provisions for this purpose.

For example, assume that the total dollar value of the damaged sugar beets is \$6,000.00; the local market price is \$0.10; and the county average raw sugar factor is 0.15. The amount of production to count would be calculated as follows: $(\$6,000.00 \div \$0.10) \div 2,000 \div 0.15 = 200$ tons.

14. Late Planting.

The late planting provisions contained in section 16 of the Basic Provisions are not applicable in California counties with a July 15 cancellation date.

15. Prevented Planting.

- (a) The prevented planting provisions contained in section 17 of the Basic Provisions are not applicable in California counties with a July 15 cancellation date.
- (b) Except in those counties indicated in section 15(a), your prevented planting coverage will be 45 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.