

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

Common Crop Insurance Regulations; Arizona-California Citrus Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes specific crop provisions for the insurance of Arizona-California citrus. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions, which contain standard terms and conditions common to most crops. The intended effect of this action is to provide policy changes to better meet the needs of the insured and combine the current Arizona-California Citrus Crop Insurance Regulations with the Common Crop Insurance Policy for ease of use and consistency of terms.

DATES: Written comments, data, and opinions on this proposed rule will be accepted until close of business July 22, 1996, and will be considered when the rule is to be made final. The comment period for information collections under the Paperwork Reduction Act of 1995 continues through August 19, 1996.

ADDRESSES: Interested persons are invited to submit written comments to the Chief, Product Development Branch, Federal Crop Insurance Corporation, United States Department of Agriculture (USDA), 9435 Holmes Road, Kansas City, MO 64131. Written comments will be available for public inspection and copying in room 0324, South Building, USDA, 14th and Independence Avenue, S.W., Washington, D.C., 8:15 a.m.–4:45 p.m., Monday through Friday, except holidays.

FOR FURTHER INFORMATION CONTACT: John Meyer, Program Analyst, Research and Development Division, Product Development Branch, FCIC, at the

Kansas City, MO, address listed above, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order No. 12866 and Departmental Regulation 1512-1

This action has been reviewed under United States Department of Agriculture (USDA) procedures established by Executive Order No. 12866 and Departmental Regulation 1512-1. This action constitutes a review as to the need, currency, clarity, and effectiveness of these regulations under those procedures. The sunset review date established for these regulations is June 30, 2006.

This rule has been determined to be not significant for the purposes of Executive Order No. 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

Paperwork Reduction Act of 1995

The information collection requirements contained in the Arizona-California Crop Insurance Provisions have been submitted to OMB for approval under section 3507(j) of the Paperwork Reduction Act of 1995. This proposed rule will amend the information collection requirements under OMB control number 0563-0003 through September 30, 1998.

The Federal Crop Insurance Corporation will be amending the information collection to adjust the estimated reporting hours and revising the usage of FCI-12-P, Pre-Acceptance Perennial Crop Inspection Report as it applies to the Arizona-California Citrus Crop Insurance Provisions.

Section 7 of the 1998 Arizona-California Citrus Crop Provisions adds interplanting as an insurable farming practice as long as it is interplanted with another perennial crop. This practice was not insurable under the previous Arizona-California Citrus Crop Insurance Policy. Consequently, interplanting information will need to be collected using the FCI-12-P Pre-Acceptance Perennial Crop Inspection Report form for approximately 0.5 percent of the 2,468 insureds who interplant their Arizona-California citrus crop. Standard interplanting language has been added to most perennial crops. Interplanting is an insurable practice as long as it does not adversely affect the insured crop. This

is a benefit to agriculture because insurance is now available for more perennial crop producers and as a result less acreage will need to be covered by the noninsured crop disaster assistance program (NAP).

Revised reporting estimates and requirements for usage of OMB control number 0563-0003 will be submitted to OMB for approval under the provisions of 44 U.S.C., chapter 35. Public comments are due by August 19, 1996.

The title of this information collection is "Catastrophic Risk Protection Plan and Related Requirements including, Common Crop Insurance Regulations; Arizona-California Citrus Crop Insurance Provisions." The information to be collected includes a crop insurance acreage report, insurance application and continuous contract. Information collected from the acreage report and application is electronically submitted to FCIC by the reinsured companies. Potential respondents to this information collection are growers of Arizona-California citrus that are eligible for Federal crop insurance.

The information requested is necessary for the reinsured companies and FCIC to provide insurance and reinsurance, determine eligibility, determine the correct parties to the agreement or contract, determine and collect premiums or other monetary amounts, and pay benefits.

All information is reported annually. The reporting burden for this collection of information is estimated to average 25 minutes per response for each of the 3.6 responses from approximately 1,755,015 respondents. The total annual burden on the public for this information collection is 2,669,970.

The comment period for information collections under the Paperwork Reduction Act of 1995 continues on the following: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques

or other forms of information technology.

Comments regarding paperwork reduction should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Washington, DC 20503 and to Bonnie Hart, Advisory and Corporate Operations Staff, Regulatory Review Group, Farm Service Agency, PO Box 2415, Ag Box 0572, United States Department of Agriculture, Washington, DC 20013-2415. Copies of the information collection may be obtained from Bonnie Hart at the above address, telephone (202) 690-2857.

The Office of Management and Budget (OMB) is required to make a decision concerning the collection(s) of information contained in these proposed regulations between 30 and 60 days after submission to OMB. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the proposed regulation.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, FCIC generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures of State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires FCIC to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule.

This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and tribal governments or the private sector. Thus, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order No. 12612

It has been determined under section 6(a) of Executive Order No. 12612, Federalism, that this rule does not have sufficient Federalism implications to warrant the preparation of a Federalism

Assessment. The provisions contained in this rule will not have a substantial direct effect on States or their political subdivisions, or on the distribution of power and responsibilities among the various levels of Government.

Regulatory Flexibility Act

This regulation will not have a significant impact on a substantial number of small entities. Under the current regulations, a producer is required to complete an application and acreage report. If the crop is damaged or destroyed, the insured is required to give notice of loss and provide the necessary information to complete a claim for indemnity. The insured must certify to the number of acres and production on an annual basis or receive a transitional yield. The producer must maintain the records to support the certified information for at least 3 years. This regulation does not alter those requirements. Therefore, the amount of work required of the insurance companies and Farm Service Agency (FSA) offices delivering and servicing these policies will not increase significantly from the amount of work currently required. This rule does not have any greater or lesser impact on the producer. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order No. 12372

This program is not subject to the provisions of Executive Order No. 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order No. 12778

The Office of the General Counsel has determined that these regulations meet the applicable standards provided in sections 2(a) and 2(b)(2) of Executive Order No. 12778. The provisions of this rule will not have a retroactive effect prior to the effective date. The provisions of this rule will preempt State and local laws to the extent such state and local laws are inconsistent herewith. The administrative appeal provisions in 7 CFR parts 11 and 780 must be exhausted before any action for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

National Performance Review

This regulatory action is being taken as part of the National Performance Review Initiative to eliminate unnecessary or duplicative regulations and improve those that remain in force.

Background

FCIC proposes to add to the Common Crop Insurance Regulations (7 CFR part 457), a new section, 7 CFR 457.121, Arizona-California Citrus Crop Insurance Provisions. The new provisions will be effective for the 1998 and succeeding crop years. These provisions will supersede and replace the current provisions for insuring Arizona-California citrus found at 7 CFR part 409 (Arizona-California Citrus Crop Insurance Regulations). By separate rule, the current provisions for insuring Arizona-California citrus will be revised to restrict its effect through the 1997 crop year and later remove that part.

This rule makes minor editorial and format changes to improve the Arizona-California Citrus Crop Insurance Regulations' compatibility with the Common Crop Insurance Policy. In addition, FCIC is proposing substantive changes in the provisions for insuring Arizona-California citrus as follows:

1. *Section 1*—Add definitions for the terms "days," "dehorning," "direct marketing," "FSA," "good farming practices," "hedged," "interplanted," "irrigated practice," "non-contiguous," "production guarantee (per acre)," "scaffold limb," "set out," "type," and "written agreement" for clarification.

2. *Section 1*—Change the definition of "harvest," for clarification.

3. *Section 3(a)*—Clarify that an insured may select one price election for each citrus type, but that the price election selected for each type does not need bear the same percentage relationship to the maximum price offered for each type. However, if separate price elections are available by variety within each type, the price elections the insured chooses within the type must have the same percentage relationship to the maximum price offered by the insurance provider for each variety within the type. This helps protect against adverse selection and simplifies the administration of the program.

4. *Section 3(b)*—Add a provision to specify that instead of reporting citrus

production for the previous crop year as required by the Basic Provisions, there is a lag period of one year because the citrus is not harvested until after the production reporting date.

5. *Section 3(c)*—Add a provision to specify that the insured must report damage, dehorning, removal of trees, and change in practices that may reduce yields. Further, add provisions that for the first year of insurance for acreage interplanted with another perennial crop the insured must report the age and type, if applicable, the planting pattern, and any other information that the insurance provider requests to establish the yield upon which the production guarantee is based. If the insured fails to notify the insurance provider of circumstances that may reduce the yield below the yield upon which the insurance guarantee is based, the insurance provider will reduce the production guarantee at any time the circumstances become known. This allows the insurance provider to limit liability, if necessary, before insurance attaches.

6. *Section 5*—The cancellation and termination dates are changed to November 20. Currently, the policy states November 30. This change is consistent with other perennial crop policies and allows for ease of administration.

7. *Section 6*—Remove citrus type designations from the Arizona-California Citrus Crop Provisions and add them to the Special Provisions. This will eliminate the need to amend the Arizona-California Citrus Crop Provisions if FCIC decides to add additional types.

8. *Section 7*—Add a provision to make interplanted citrus insurable if planted with another perennial crop unless the insurance provider inspects the acreage and determines it does not meet the other requirements for insurability. This clause will make insurance available to more producers and will reduce the number of acres for which coverage would be available only under the noninsured crop disaster assistance program (NAP).

9. *Section 8(a)*—Change the beginning of the insurance period from December 1 to November 21 to be consistent with other perennial crops. However, if an application is accepted by the insurance company after November 20, insurance will attach on the 10th day after the application is received in the local agent's office, if approved.

10. *Section 8(b)*—Add provisions to clarify the procedure for insuring acreage when an insurable share is acquired or relinquished on or before the acreage reporting date.

11. *Section 9(a)*—Add the clause, "if caused by an insured peril that occurs during the insurance period," to the end of the phrase "failure of the irrigation water supply." This will limit coverage to a cause of loss covered by the policy.

12. *Section 9(b)*—Clarify that disease and insect infestation are excluded causes of loss unless adverse weather prevents the proper application of control measures, causes control measures to be ineffective when properly applied, or causes disease or insect infestation for which no effective control mechanism is available.

13. *Section 10*—The previous 15 day "notice of probable loss" requirement is replaced by the requirement that the insured provide notice of damage within 72 hours of discovery to be consistent with other citrus policies.

14. *Section 10(a)*—Add a provision requiring the insured to give notice within 3 days of the date harvest should have started if the crop will not be harvested in order to permit a timely appraisal of the marketable production.

15. *Section 10(b)*—Require the producer to give notice at least 15 days before any production from any unit will be marketed directly to consumers because insureds usually have inadequate records of such marketing and an appraisal is necessary to accurately determine the direct marketed production.

16. *Section 12*—Add provisions for providing insurance coverage by written agreement. FCIC has a long standing policy of permitting certain modifications of the insurance contracts by written agreement for some policies. This amendment will extend this practice to Arizona-California citrus fruit and make it possible to tailor the policy to a specific insured in certain specific instances.

List of Subjects in 7 CFR Part 457

Crop insurance, Arizona-California citrus.

Proposed Rule

Pursuant to the authority contained in the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*), the Federal Crop Insurance Corporation hereby proposes to amend the Common Crop Insurance Regulations (7 CFR part 457), effective for the 1998 and succeeding crop years, to read as follows:

PART 457—[AMENDED]

1. The authority citation for 7 CFR part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(l), and 1506(p)

2. 7 CFR part 457 is amended by adding a new § 457.121 to read as follows:

§ 457.121 Arizona-California Citrus Crop Insurance Provisions.

The Arizona-California Citrus Crop Insurance Provisions for the 1998 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Arizona-California Citrus Crop Provisions

If a conflict exists among the Basic Provisions (§ 457.8), these crop provisions, and the Special Provisions, the Special Provisions will control these crop provisions and the Basic Provisions, and these crop provisions will control the Basic Provisions.

1. Definitions

Carton—The standard container for marketing fresh packed fruit by citrus type as shown below. In the absence of marketing records on a carton basis, production will be converted to cartons on the basis of the following average net pounds of packed fruit in a standard packed carton.

Container size	Types of fruit	Pounds
Container #58 Navel oranges.	.....	38
	Valencia oranges & Sweet oranges	.....
Container #58 Lemons.	.....	40
Container #59 Grapefruit.	.....	32
Container #63 Tangerines.	.....	25
	(including Tangelos) & Mandarin oranges	.....

Crop year—In lieu of the definition in section 1 (Definitions) of the Basic Provisions (§ 457.8), crop year is the period beginning with the date insurance attaches to the citrus crop and extending through normal harvest time, and will be designated by the calendar year following the year in which the bloom is normally set.

Days—Calendar days.

Dehorning—Cutting of any scaffold limb to a length that is not greater than one-fourth (1/4) the height of the tree before cutting.

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.

FSA—The Farm Service Agency, an agency of the United States Department of Agriculture or any successor agency.

Good farming practices—The cultural practices generally in use in the county for

the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee, and generally recognized by the Cooperative Extension Service as compatible with agronomic and weather conditions in the county.

Harvest—The severance of mature citrus from the tree by pulling, picking, or any other means, or by collecting marketable fruit from the ground.

Interplanted—Acreage on which two or more crops are planted in any form of alternating or mixed pattern.

Irrigated practice—A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee on the irrigated acreage planted to the insured crop.

Non-contiguous land—Any two or more tracts of land owned by you, or rented by you for any consideration other than a share in the insured crop, whose boundaries do not touch at any point. Land that is separated only by a public or private right-of-way, waterway or irrigation canal will be considered to be contiguous.

Production guarantee (per acre)—The number of citrus (cartons) determined by multiplying the approved yield per acre by the coverage level percentage you elect.

Scaffold limb—A major limb attached directly to the trunk.

Set out—Transplanting a tree into the grove.

Type—Classes of fruit with similar characteristics that are grouped for insurance purposes as specified in the Special Provisions.

Written agreement—A written document that alters designated terms of a policy in accordance with section 12.

2. Unit Division

(a) A unit as defined in section 1 (Definitions) of the Basic Provisions (§ 457.8), will be divided into basic units by each citrus type designated in the Special Provisions.

(b) Unless limited by the Special Provisions, these basic units may be divided into optional units if, for each optional unit you meet all the conditions of this section or if a written agreement to such division exists.

(c) Basic units may not be divided into optional units on any basis including, but not limited to, production practice, type, and variety, other than as described in this section.

(d) If you do not comply fully with these provisions, we will combine all optional units that are not in compliance with these provisions into the basic unit from which they were formed. We will combine the optional units at any time we discover that you have failed to comply with these provisions. If failure to comply with these provisions is determined to be inadvertent, and the optional units are combined, that portion of the premium paid for the purpose of electing optional units will be refunded to you pro rata for the units combined.

(e) All optional units must be identified on the acreage report for each crop year.

(f) The following requirements must be met for each optional unit:

(1) You must have records, which can be independently verified, of acreage and production for each optional unit for at least the last crop year used to determine your production guarantee;

(2) You must have records of marketed production or stored production from each optional unit maintained in such a manner that permits us to verify the production from each optional unit, or the production from each unit must be kept separate until loss adjustment is completed; and

(3) Each optional unit must be located on non-contiguous land.

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 (§ 457.8), you may select only one price election and coverage level for each citrus fruit type designated in the Special Provisions that you elect to insure. The price elections you choose for each type need not bear the same percentage relationship to the maximum price offered by us for each type. For example, if you choose one hundred percent (100%) of the maximum price election for sweet oranges, you may choose seventy-five percent (75%) of the maximum price election for grapefruit. However, if separate price elections are available for varieties within each type, the price elections you choose for each variety must have the same percentage relationship to the maximum price offered by us for each variety within the type.

(b) In lieu of reporting your citrus production of marketable fresh fruit for the previous crop year, as required by the Basic Provisions (§ 457.8), there is a lag period of one year. Each crop year, you must report your production from two crop years ago, e.g., on the 1998 crop year production report, you will provide your 1996 crop year production.

(c) In addition, you must report, by the production reporting date designated in section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions (§ 457.8), by type, if applicable:

(1) The number of trees damaged, dehorned or removed, and any change in practices or any other circumstance that may reduce the expected yield below the yield upon which the insurance guarantee is based; and the number of affected acres;

(2) The number of bearing trees on insurable and uninsurable acreage;

(3) The age of the trees and the planting pattern; and

(4) For the first year of insurance for acreage interplanted with another perennial crop, and anytime the planting pattern of such acreage is changed:

(i) The age of the interplanted crop, and type, if applicable;

(ii) The planting pattern; and

(iii) Any other information that we request in order to establish your approved yield.

We will reduce the yield used to establish your production guarantee as necessary, based on our estimate of the effect of the

following: interplanted perennial crop; damage; dehorning; removal of trees; or change in practices on the yield potential of the insured crop. If you fail to notify us of any circumstance that may reduce yields from previous levels, we will reduce your production guarantee, as necessary, at any time we become aware of the circumstance.

4. Contract Changes

The contract change date is August 31 preceding the cancellation date (see the provisions of section 4 (Contract Changes) of the Basic Provisions (§ 457.8)).

5. Cancellation and Termination Dates

In accordance with section 2 (Life of Policy, Cancellation, and Termination) of the Basic Provisions (§ 457.8), the cancellation and termination dates are November 20.

6. Insured Crop

(a) In accordance with section 8 (Insured Crop) of the Basic Provisions (§ 457.8), the crop insured will be all the acreage in the county of each citrus type designated in the Special Provisions that you elect to insure and for which a premium rate is provided by the actuarial table:

(1) That in which you have a share;

(2) That is a type adapted to the area; and

(3) That is grown in a grove that, if inspected, is considered acceptable by us.

(b) In addition to citrus not insurable in section 8 (Insured Crop) of the Basic Provisions (§ 457.8), we do not insure any citrus fruit:

(1) That is not irrigated; and

(2) That has not reached the sixth growing season after being set out, unless we inspect and allow insurance on such acreage.

7. Insurable Acreage

In lieu of the provisions in section 9 (Insurable Acreage) of the Basic Provisions (§ 457.8), that prohibit insurance attaching to a crop planted with another crop, citrus interplanted with another perennial crop is insurable unless we inspect the acreage and determine it does not meet the requirements for insurability contained in your policy.

8. Insurance Period

(a) In accordance with the provisions of section 11 (Insurance Period) of the Basic Provisions (§ 457.8):

(1) Coverage begins on November 21 of each crop year, except that for the first crop year, if the application is accepted by us after November 20, insurance will attach on the 10th day after the application, if approved, is received in our local agent's office.

(2) The calendar date for the end of the insurance period for each crop year is:

(i) August 31 for Navel oranges and Southern California lemons;

(ii) November 20 for Valencia oranges; and

(iii) July 31 for all other types of citrus.

(b) In addition to the provisions of section 11 (Insurance Period) of the Basic Provisions (§ 457.8):

(1) If you acquire an insurable share in any insurable acreage after coverage begins, but on or before the acreage reporting date for the crop year, and after an inspection we consider the acreage acceptable, insurance will be considered to have attached to such acreage on the calendar date for the beginning of the insurance period.

(2) If you relinquish your insurable share on any insurable acreage of citrus on or before the acreage reporting date for the crop year, insurance will not be considered to have attached to such acreage for that crop year unless:

(i) A transfer of coverage and right to an indemnity, or a similar form approved by us, is completed by all affected parties; and

(ii) We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date.

If you relinquish your share, no premium or indemnity will be due unless a transfer of coverage is properly executed.

9. Causes of Loss

(a) In accordance with the provisions of section 12 (Causes of Loss) of the Basic Provisions (§ 457.8), insurance is provided only against the following causes of loss that occur during the insurance period:

(1) Adverse weather conditions;

(2) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the grove;

(3) Wildlife;

(4) Earthquake;

(5) Volcanic eruption; or

(6) Failure of irrigation water supply, if caused by an insured peril that occurs during the insurance period.

(b) In addition to the causes of loss excluded in section 12 (Causes of Loss) of the Basic Provisions (§ 457.8), we will not insure against damage or loss of production due to:

(1) Disease or insect infestation, unless adverse weather conditions:

(i) Prevents the proper application of control measures or causes properly applied control measures to be ineffective; or

(ii) Causes disease or insect infestation for which no effective control mechanism is available;

(2) Inability to market the citrus for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market due to quarantine, boycott, or refusal of any person to accept production.

10. Duties in the Event of Damage or Loss

In addition to the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions (§ 457.8), the following will apply:

(a) You must notify us within three 3 days of the date harvest should have started if the crop will not be harvested.

(b) You must notify us at least 15 days before any production from any unit will be marketed directly to consumers. We will conduct an appraisal that will be used to determine your production to count for direct marketed production. 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 that production will be marketed directly to consumers will result in an appraised amount of production to count that is not less than the production guarantee per acre if such failure results in our inability to make the required appraisal.

(c) If you intend to claim an indemnity on any unit, you must notify us prior to the beginning of harvest so that we may inspect the damaged production. You must not sell or dispose of the damaged crop until after we have given you written consent to do so. If you fail to meet the requirements of this section, all such production will be considered undamaged and included as production to count.

11. Settlement Of Claim

(a) We will determine your loss on a unit basis. In the event you are unable to provide 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 by:

(1) Multiplying the insured acreage for each type by its respective production guarantee;

(2) Multiplying each result in paragraph (1) by the respective price election for each type, or variety within a type;

(3) Totaling the results in paragraph (2);

(4) Multiplying the total production to be counted of each type or variety, if applicable (see section 11(c)), by the respective price election;

(5) Totaling the results of paragraph (4);

(6) Subtracting the total of paragraph (5) from the total in paragraph (3); and

(7) Multiplying the result of paragraph (6) by your share;

(c) The total production to count (in cartons) 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) Marketed directly to consumers if you fail to meet the requirements contained in section 10;

(C) 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 determined to be marketable as fresh packed fruit; and

(iv) Potential production on insured acreage that you intend to abandon or 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 do not agree with our appraisal, we may defer the claim only if you agree to continue to care for the crop. We will then make another appraisal when you notify us of further damage or that harvest is general in the area unless you harvested the crop, in which case we will use the harvested production. If you do not continue to care for the crop, our appraisal made prior to deferring the claim will be used to determine the production to count; and

(2) All harvested production marketed as fresh packed fruit from the insurable acreage.

(3) All disposed or sold damaged citrus that was disposed or sold without an inspection or written consent.

(d) Any production will be considered marketed or marketable as fresh packed fruit unless, due to insurable causes, such production was not marketed or marketable as fresh packed fruit.

(e) Citrus that cannot be marketed due to insurable causes will not be considered production to count.

(f) If we determine that frost protection equipment was not properly utilized or not properly reported, the indemnity for the unit will be reduced by the percentage of premium reduction allowed for frost protection equipment. You must, at our request, provide us records showing the start-stop times by date for each period the frost protection equipment was used.

12. Written Agreement

Designated terms of this policy may be altered by written agreement in accordance with the following:

(a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 12(e);

(b) The application for written agreement must contain all terms of the contract between you and us that will be in effect if the written agreement is not approved;

(c) If approved, the written agreement will include all variable terms of the contract, including, but not limited to, crop type or variety, the guarantee, premium rate, and price election;

(d) Each written agreement will only be valid for one year (If the written agreement is not specifically renewed the following year, insurance coverage for subsequent crop years will be in accordance with the printed policy); and

(e) An application for written agreement submitted after the sales closing date may be approved if, after a physical inspection of the acreage, it is determined that no loss has occurred and the crop is insurable in accordance with the policy and written agreement provisions.

Signed in Washington, DC., on June 13, 1996.

Kenneth D. Ackerman,
Manager, Federal Crop Insurance
Corporation.

[FR Doc. 96-15770 Filed 6-19-96; 8:45 am]

BILLING CODE 3410-FA-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 500

[Docket No. 95N-0417]

Carcinogenicity Testing of Compounds Used in Food-Producing Animals

AGENCY: Food and Drug Administration, HHS.

ACTION: Proposed rule.