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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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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: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes 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.

EFFECTIVE DATE: August 28, 1996.

FOR FURTHER INFORMATION CONTACT: John Meyer, Program Analyst, Research and Development Division, Product Development Branch, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131, 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, 2001.

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

Following publication of the proposed rule, the public was afforded 60 days to submit comments, data, and opinions on information collection requirements previously approved by OMB under OMB control number 0563-0003 through September 30, 1998. No public comments were received.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandate Reform Act of 1995 (UMRA), Pub. L. 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 1 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) of 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. An insured must also annually certify to the previous years production or receive a transitional yield. The producer must maintain the production records to support the certified information for at least 3 years. This regulation does not alter those requirements. The amount of work required of the insurance companies 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 published at 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

On Thursday, June 20, 1996, FCIC published a proposed rule in the Federal Register at 61 FR 31464–31468 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 replace the current provisions for insuring Arizona-California citrus found at 7 CFR part 409 (Arizona-California Citrus Crop Insurance Regulations), thereby limiting the effect of the current provisions to the 1997 and prior crop years. After this final rule becomes effective, the current provisions for insuring Arizona-California citrus will be removed from 7 CFR part 409 and that part will be reserved.

Following publication of that proposed rule, the public was afforded 30 days to submit written comments, data, and opinions. A total of 14 comments were received from the crop insurance industry. The comments received, and FCIC's response are as follows:

Comment: The crop insurance industry commented that the proposed rule did not contain any reference to acreage reporting and suggested that such reference be added.

Response: Section 6 (Report of Acreage) of the Basic Provisions provides information on the reporting of acreage and specifies that the acreage reporting date will be included in the Special Provisions. No changes have been made to these provisions.

Comment: The crop insurance industry questioned the need to define "FSA" in the provisions and recommended deletion.

Response: FCIC agrees and has deleted the definition for "FSA".

Comment: The crop insurance industry stated that the provisions refer to a pro rata refund when optional units are combined into basic units when the insured reported optional units but does

not qualify. They questioned on what basis a pro rata refund would be determined.

Response: The reference to a pro rata refund has been deleted and the sentence changed to read, "If failure to comply with these provisions is determined to be inadvertent, and the optional units are combined into a basic unit, that portion of the premium paid for the purpose of electing optional units will be refunded to you for the units combined."

Comment: The crop insurance industry stated they did not understand why all optional units must be identified on the acreage report for each crop year. They said that listing every possible combination for every crop on a policy could test the limits on the number of policy lines allowed.

Response: Optional units are only allowed by non-contiguous land. Only those optional units determined for the crop year for which the acreage report is completed must be listed. Optional unit designation from past years or that could have been established for the current year, should not be listed on the current crop years' acreage report. The phrase "established for a crop year" has been added to the provisions for clarification.

Comment: The crop insurance industry suggested that the provision, "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", would cause confusion between the APH or policy year.

Response: The APH is based on the actual production of the producer for each crop year in which a crop is produced to a maximum of 10 crop years. There is no requirement that the producer have insured the crop before its production be included in the APH data base. FCIC believes the provision is clearly stated and has not made changes.

Comment: The crop insurance industry questioned why optional units were allowed only by non-contiguous land without the alternative of optional units by section/legal description whereas in other citrus policies optional units are offered by both criteria.

Response: Offering optional units by legal description would increase the administrative burden on the program without offering any benefit to producers, because most producers in Arizona and California tend to farm within a section. No change has been made to these provisions.

Comment: The crop insurance industry suggested that section 3(a)

begin with the phrase, "You may select only one price percentage * * *" It would not then be necessary to include complex provisions regarding different varieties with different maximum prices.

Response: Methods used to select price elections vary between insurance providers. While some require selection of a percentage, others require selection of a specific dollar amount. The suggested change will not work in all circumstances. No change has been made to the provisions.

Comment: The crop insurance industry suggested that statements listed in section 6(b)(1) "That is not irrigated" and 6(b)(2) "That has not reached the sixth growing season after being set out * * *" be changed to positive statements and listed under 6(a).

Response: FCIC agrees and has rewritten and rearranged the provisions in this section.

Comment: The crop insurance industry questioned why a 10 day delay was incorporated into section 8(a)(1) of the policy that states, "* * * 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 * * *" and if the 10 day period would allow enough time to complete inspections.

Response: The language in section 8(a)(1) has been changed as follows, "Coverage begins on November 21 of each crop year, except that for the year of application, if your application is received after November 11 but prior to November 21, insurance will attach on the 10th day after your properly completed application is received in our local office unless we inspect the acreage during the 10 day period and determine that it does not meet insurability requirements. You must provide any information that we require for the crop or to determine the condition of the grove." These provisions were modified to be consistent with other perennial crop provisions, to prevent adverse selection, and for the producer to avoid unnecessary exposure to uninsured losses during the waiting period. The insurance provider must expedite its review of the application and any supporting documentation filed by the producer, determine if a visual inspection is necessary, and perform any necessary inspections within the 10 day period. The period of 10 days is believed appropriate to meet the needs of both the producer and the insurance provider.

Comment: The crop insurance industry stated that some flexibility may be needed for obtaining signatures and for mail time if a transfer takes place shortly before the acreage reporting date, but the transfer form does not reach the company office until after the acreage reporting date.

Response: Section 8(b)(2)(ii) (Insurance Period) states, "We are notified by you or the transferee in writing of such transfer on or before the acreage reporting date;" If the transferor or the transferee signs the properly completed transfer form and gives the form to the crop insurance agent on or before the acreage reporting date, this requirement will be met. No change has been made to the provisions.

Comment: The crop insurance industry believes that the policy should not allow the producer to defer settlement and wait for a later, generally lower, appraisal on insured acreage the producer intends to abandon or no longer care for.

Response: The later appraisal will only be necessary if the insurance provider agrees that such appraisal would result in a more accurate determination, and if the producer continues to care for the crop. If the producer does not care for the crop, the original appraisal is used. If the insurance provider believes the original appraisal is accurate, resolution of the dispute may be sought through arbitration or appeal procedures, whichever is applicable. No change will be made to these provisions.

Comment: The crop insurance industry suggested combining the provisions contained in section 12(e) with the provisions in section 12(a).

Response: The provisions are clearly stated and have not been combined.

Comment: The crop insurance industry stated that they believe the written agreement should be continuous if no substantive changes occur from one year to the next.

Response: The written agreement can only be valid for 1 year because it must contain all the variable terms of the contract including, but not limited to, crop type or variety, the guarantee, premium rate, and price election. One or more of these variables often changes from year to year. No change has been made to these provisions. In addition, written agreements are, by design, temporary and should be replaced by applicable policy provisions.

In addition to the changes described above, FCIC has made the following changes to the Arizona-California Citrus Crop Provisions.

1. Section 1—Revised the definition of "non-contiguous land" so that a

producer who share rents acreage is not prohibited from having optional units on non-contiguous land and to conform to other perennial policies.

2. Section 1—Revised the definition of "carton" and "production guarantee (per acre)" for clarification.

3. Section 1—Added definitions for "crop" and "variety" for clarification.

4. Section 1—Removed the definition of "type" because the word "type" has been changed to "crop" throughout the provisions where appropriate since the citrus type designations used in the past will be replaced with individual crop codes beginning with the 1998 crop year.

5. Section 6—Added a provision to allow citrus sold by direct marketing to be insurable, if specifically allowed by the Special Provisions or by written agreement, to conform to other perennial policies.

6. Section 8(b)—Revised the provisions for when an insured relinquishes an insurable share on any insurable acreage of citrus on or before the acreage reporting date for the crop year.

7. Section 10—Removed the provision requiring the producer to notify the insurance provider within three days of the date harvest should have started if the crop will not be harvested. Citrus is harvested over a long period of time and this provision would be difficult to administer.

Good cause is shown to make this rule effective upon publication in the Federal Register. This rule improves the Arizona-California citrus crop insurance coverage and brings it under the Common Crop Insurance Policy Basic Provisions for consistency among policies. The contract change date required for new policies is August 31, 1996. It is therefore imperative that these provisions be made final before that date so that the reinsured companies and insureds may have sufficient time to implement the new provisions. Therefore, public interest requires the agency to act immediately to make these provisions available for the 1998 crop year.

List of Subjects in 7 CFR Part 457

Crop insurance, Arizona-California citrus.

Final 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 amends 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 the fresh packed citrus fruit crop 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	Fruit crop	Pounds
Container #58 ...	Navel oranges, Valencia oranges & Sweet oranges.	38
Container #58 ...	Lemons	40
Container #59 ...	Grapefruit	32
Container #63 ...	Tangerines (including Tangelos) & Mandarin oranges.	25

Crop—Citrus fruit as listed in the Special Provisions.

Crop year—The period beginning with the date insurance attaches to the citrus crop and extending through normal harvest time. It is 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.

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 whose boundaries do not touch at any point, except that land separated only by a public or private right-of-way, waterway or an irrigation canal will be considered as contiguous.

Production guarantee (per acre)—The number of citrus (cartons) determined by multiplying the approved APH 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.

Variety—Subclass of crop as listed 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 crop 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 into a basic unit, that portion of the premium paid for the purpose of electing optional units will be refunded to you for the units combined.

(e) All optional units established for a crop year must be identified on the acreage report for that 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; and

(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 by us; 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 crop designated in the Special Provisions that you elect to insure. The price election you choose for each crop need not bear the same percentage relationship to the maximum price offered by us for each crop. 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 by variety within each crop, 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 crop.

(b) In lieu of reporting your citrus production of marketable fresh fruit for the previous crop year, as required by section 3 of 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; 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; change in practices and any other circumstance on the yield potential of the insured crop. If you fail to notify us of any circumstance that may

reduce your yields from previous levels, we will reduce your production guarantee as necessary at any time we become aware of the circumstance.

4. Contract Changes

In accordance with section 4 (Contract Changes) of the Basic Provisions (§ 457.8), the contract change date is August 31 preceding the cancellation date.

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

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 crop designated in the Special Provisions that you elect to insure and for which a premium rate is provided by the actuarial table:

- (a) In which you have a share;
- (b) That is adapted to the area;
- (c) That is irrigated;
- (d) That is grown in a grove that, if inspected, is considered acceptable by us;
- (e) That is not sold by direct marketing, unless allowed by the Special Provisions or by written agreement; and
- (f) That has reached at least the sixth growing season after being set out. However, we may agree to insure acreage that has not reached this age if we inspect and approve a written agreement to insure 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 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 year of application, if your application is received after November 11 but prior to November 21, insurance will attach on the 10th day after your properly completed application is received in our local office unless we inspect the acreage during the 10 day period and determine that it does not meet insurability requirements. You must provide any information that we require for the crop or to determine the condition of the grove.

(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 citrus crops.

(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 and no premium will be due, and no indemnity paid, for 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;

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

(iii) The transferee is eligible for crop insurance.

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) If the Special Provisions permit or a written agreement authorizing direct marketing exists, you must notify us at least 15 days before any production from any unit will be sold by direct marketing. We will conduct an appraisal that will be used to determine your production to count for production that is sold by direct marketing. 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 sold by direct marketing will result in an appraised amount of production to count of not less than the production guarantee per acre if such failure results in our inability to make the required appraisal.

(b) If you intend to claim an indemnity on any unit, you must notify us before beginning to harvest any damaged production so that we may have an opportunity to inspect it. 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 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 for each crop, or variety if applicable, by its respective production guarantee;

(2) Multiplying the results of section

11(b)(1) by the respective price election for each crop, or variety, if applicable;

(3) Totaling the results of section 11(b)(2);

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

(5) Totaling the results of section 11(b)(4);

(6) Subtracting this result of section 11(b)(5) from the result of section 11(b)(3); and

(7) Multiplying the result of section 11(b)(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) For which you fail to provide acceptable production records;

(C) That is damaged solely by uninsured causes; or

(D) From which production is sold by direct marketing, if direct marketing is specifically permitted by the Special Provisions or a written agreement, and you fail to meet the requirements contained in section 10;

(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;

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

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

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

(e) Citrus that cannot be marketed as fresh packed fruit 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, D.C., on August 22, 1996.

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

[FR Doc. 96-21893 Filed 8-27-96; 8:45 am]

BILLING CODE 3410-FA-P