

# Proposed Rules

Federal Register

Vol. 61, No. 196

Tuesday, October 8, 1996

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 407

RIN 0563-AB06

#### Group Risk Plan of Insurance

**AGENCY:** Federal Crop Insurance Corporation, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Federal Crop Insurance Corporation (FCIC) proposes to add regulations to provide for the operation of an alternative risk management tool to be known as the Group Risk Plan of Insurance (GRP). This plan will insure against the widespread loss of production of certain crops in a county. It is intended primarily for use by those producers whose yields tend to follow the county average yield. GRP pays only when the average yield of the entire county drops below the expected county yield for the insured crop as set by the FCIC. Payment is based on the percentage of decline in a county or area wide yield below the insured's trigger yield. The insured need not have a loss to collect an indemnity. Alternately, the insured may have a loss and not collect an indemnity.

**DATES:** Written comments, data, and opinions on this proposed rule will be accepted until close of business November 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 December 6, 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, 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 am to 4:45

pm, EST, Monday through Friday, except holidays.

#### FOR FURTHER INFORMATION CONTACT:

William Klein, Program Analyst, Research and Development Division, Product Development Branch, FCIC, at the Kansas City, MO address listed above. Telephone (816) 926-7730. For a copy of the Cost-Benefit Analysis to the GRP, contact David Winningham, Advisory and Corporate Operations Staff, Regulatory Review Group, Farm Service Agency, P.O. Box 2415, AG Box 0570, United States Department of Agriculture, Washington, D.C. 20250, telephone (202) 720-5457.

#### SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be significant for the purposes of Executive Order 12866 and, therefore, has been reviewed by the Office of Management and Budget (OMB). The sunset review date established for these regulations is January 1, 2001.

#### Cost Benefit Analysis

A Cost Benefit Analysis has been completed and is available to interested persons at the address listed above. In summary, the analysis finds that the expected benefits associated with this proposed regulation outweigh the costs. Producers have a risk management program available in GRP, which offers lower deductibles and in many cases, requires lower premiums. GRP provides benefits to the Government, taxpayers, and producers because it costs less to administer. Program costs are dependent on the total premium (premium per acre multiplied by the number of acres), and the premium per acre for GRP is lower than it is for APH-MPCI. In addition, under the GRP plan expense reimbursement to private companies is lower than under APH-MPCI because GRP does not require individual yield histories or individual loss adjustments. For the 1997 crop year the expense reimbursement is 27 percent of the total premium for GRP and 29 percent for APH-MPCI.

These regulations eliminate preliminary payments, a feature of the pilot program, which will further reduce FCIC's administrative costs and the additional costs incurred when NASS is required to provide early yield estimates. GRP Basic and Crop Provisions do not contain APH,

prevented planting, or loss adjustment requirements. A loss situation is triggered only when the NASS county yield for the crop year is less than the expected county average yield, regardless of whether or not the individual producer experiences a loss of production. Because adverse selection and moral hazard are not significant problems with GRP, FCIC losses will likely be minimal over the long run.

#### Paperwork Reduction Act of 1995

A Paperwork Reduction Package has been prepared to add the GRP Provisions to the Catastrophic Risk Plan (CAT) and Related Requirements. The CAT regulations were previously approved by OMB pursuant to the predecessor of the Paperwork Reduction Act of 1995 (44 U.S.C., chapter 35) under OMB control number 0563-0003 through September 30, 1998.

The information to be collected includes: a crop insurance acreage report, an 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 producers of GRP crops that are eligible for Federal crop insurance.

The information requested is necessary for the insurance company 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. For this rule, the reporting burden for collection of information is estimated to average 16.9 minutes per response for each of the 2.0 responses from approximately 15,637 respondents. The total annual burden on the public for this information collection is 25,760 hours.

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 gathering technology.

Comments should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503 and to Bonnie Hart, USDA, FSA, Advisory and Corporate Operations Staff, Regulatory Review Group, P.O. Box 2415, Ag Box 0572, Washington, D.C. 20013-2415, telephone (202) 690-2857. Copies of the information collection may be obtained from Bonnie Hart at the above address.

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 Mandate 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.

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 12612

It has been determined under section 6(a) of Executive Order 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. The provisions in this rule will not impact small entities to a greater extent than large entities. The amount of work required of

the insurance companies and the FSA offices delivering these policies and the procedures therein will not increase from the amount of work currently required to deliver previous policies to which this regulation applies. In fact, this action reduces the paperwork burden on the producer and the reinsured company because the yield is based on National Agricultural Statistics Service (NASS) yields rather than individual producer's yields. 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 12372

This program is not subject to the provisions of Executive Order 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 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 action for judicial review may be brought against FCIC.

#### 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.

#### Background

The GRP program was established as a pilot program to test the market acceptance of a crop insurance product that establishes coverage using NASS county average yields rather than individual yields. It was designed to provide greater coverage for the insured's premium dollar. This product is less costly to administer than traditional crop insurance, and as a result, it helped to solve the problem of

a costly administrative burden to the government. The Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66) and the Federal Crop Insurance Reform Act of 1994 (Public Law 103-354) amended the Federal Crop Insurance Act to authorize full implementation of the program.

The Agricultural Market Transition Act (AMTA) of 1995 set in motion the phase out of traditional agricultural programs by the year 2002. GRP is an alternative risk management product designed to provide a safety net for agricultural producers. During the pilot phase, we determined that the preliminary payment concept did not provide a significant benefit to a large number of insureds and was costly to administer. Consequently we have eliminated preliminary payments in the draft proposed rule. In addition, we determined that the GRP forage policy was deficient in that it did not provide coverage for producers whose forage was harvested through "rotational grazing". Our evaluation revealed that adding the practice of rotational grazing was an appropriate risk, and we included it as an insurable practice.

FCIC welcomes comments from the public, particularly from producers and the industry who are affected by GRP provisions on a daily basis. Ideas which were brought to our attention during the GRP pilot program, such as adding rotational grazing to the GRP Forage Crop Provisions, have contributed toward making GRP a better and more user friendly product.

FCIC hereby proposes regulations for a risk management product to be known as the Group Risk Plan. The Group Risk Plan Common Policy Basic Provisions and Crop Provisions for Barley, Corn, Cotton, Forage, Grain Sorghum, Peanuts, Soybeans and Wheat are proposed to be effective beginning with the 1998 and succeeding crop years. Group Risk Plan is a plan of insurance that indemnifies an insured whenever the NASS county yield for the crop year is less than the expected county average yield by more than a specified amount. Group Risk Plan provides protection against loss of crop production that affects a high percentage of the planted acreage in a county. It was developed for producers whose average yield from all the fields they farm in a county tends to increase or decrease in the same manner as the NASS county average yield. If the relationship of the yields is perfect, both the NASS county yield and the producer's yields would rise and fall by the same percentage each year. This is an insurance product for producers who want protection against catastrophic losses with minimal record

requirements to establish insurance protection.

#### List of Subjects in 7 CFR Part 407

Crop insurance, Group Risk Plan, Barley, Corn, Cotton, Forage, Grain sorghum, Peanut, Soybean, Wheat.

#### Proposed Rule

For the reasons set out in the preamble, the Federal Crop Insurance Corporation proposes to add a new part 407 to chapter IV of title 7 of the Code of Federal Regulations, effective for the 1998 and succeeding crop years, to read as follows.

### **PART 407—GROUP RISK PLAN OF INSURANCE; REGULATIONS FOR THE 1998 AND SUCCEEDING CROP YEARS**

Sec.

- 407.1 Applicability.
- 407.2 Availability of Federal crop insurance.
- 407.3 Premium rates, amounts of protection, and coverage levels.
- 407.4 OMB control numbers.
- 407.5 Creditors.
- 407.6 Good faith reliance on misrepresentation.
- 407.7 The contract.
- 407.8 The application and policy.
- 407.9 Group Risk Plan Common Policy.
- 407.10 Group risk plan for barley.
- 407.11 Group risk plan for corn.
- 407.12 Group risk plan for cotton.
- 407.13 Group risk plan for forage.
- 407.14 Group risk plan for grain sorghum.
- 407.15 Group risk plan for peanut.
- 407.16 Group risk plan for soybean.
- 407.17 Group risk plan for wheat.

Authority: 7 U.S.C. 1506(1), 1506(p).

#### **§ 407.1 Applicability.**

The provisions of this part are applicable only to those crops and crop years for which a Crop Provision is contained in this part.

#### **§ 407.2 Availability of Federal Crop insurance.**

(a) Insurance shall be offered under the provisions of this part on the insured crop in counties within the limits prescribed by and in accordance with the provisions of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et seq.) (the Act). The crops and counties shall be designated by the Manager of the Federal Crop Insurance Corporation (Corporation) from those approved by the Board of Directors of the Corporation.

(b) The insurance may be offered through companies reinsured by the Corporation under the same terms and conditions as the contract contained in this part. These contracts are clearly identified as being reinsured by the Corporation. Additionally, this provision may be offered by means

other than through reinsured companies. The contract contained in this part may be offered directly to producers through agents of the Farm Service Agency (FSA). Those contracts are specifically identified as being offered by the Corporation.

(c) No person may have in force more than one insurance policy issued or reinsured by the Corporation on the same crop for the same crop year, in the same county, unless specifically approved in writing by the Corporation.

(d) If a person has more than one contract under the Act outstanding on the same crop for the same crop year, in the same county, that have not been properly approved by the Corporation, all such contracts shall be voided for that crop year and the person will be liable for the premium on all contracts, unless the person can show to the satisfaction of the Corporation that the two policies of insurance were inadvertent and without the fault of the person.

(e) If the unapproved multiple contracts of insurance are shown to be inadvertent, and without the fault of the insured, the contract with the earliest application will be valid and all other contracts on that crop in the county for that crop year will be canceled. No liability for indemnity or premium will attach to the contracts so canceled.

(f) The person must repay all amounts received in violation of this section with interest at the rate contained in the contract (see § 407.8, paragraph 21).

(g) A person whose contract with the Corporation or with a company reinsured by the Corporation under the Act has been terminated because of violation of the terms of the contract is not eligible to obtain crop insurance under the Act with the Corporation or with a company reinsured by the Corporation unless the person can show that the termination was improper and should not result in subsequent ineligibility.

(h) All applicants for insurance under the Act must advise the insurance provider, in writing, at the time of application, of any previous applications for insurance or policies of insurance under the Act and the present status of any such applications or insurance.

#### **§ 407.3 Premium rates, amounts of protection, and coverage levels.**

(a) The Manager of the Corporation shall establish premium rates, amounts of protection, and coverage levels for the insured crop that will be included in the actuarial table on file in the insurance provider's office for the county. Premium rates, amounts of protection,

and coverage levels may be changed from year to year.

(b) At the time the application for insurance is made, the person must elect an amount of protection and a coverage level from among those contained in the actuarial table for the crop year.

#### **§ 407.4 OMB control numbers.**

The information collection activity associated with this rule has been previously approved by the Office of Management and Budget (OMB) under control number 0563-0003.

#### **§ 407.5 Creditors.**

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

#### **§ 407.6 Good faith reliance on misrepresentation.**

(a) Notwithstanding any other provision of the crop insurance contract, whenever:

(1) A person entering into a contract of crop insurance under these regulations who, as a result of a misrepresentation or other erroneous action or advice by an agent or employee of the Corporation:

(i) Is indebted to the Corporation for additional premiums; or

(ii) Has suffered a loss to a crop which is not insured or for which the person is not entitled to an indemnity because of failure to comply with the terms of the insurance contract, but which the person believed to be insured, or believed the terms of the insurance contract to have been complied with or waived; and

(2) The Board of Directors of the Corporation, or the Manager in cases involving not more than \$100,000.00, finds that:

(i) An agent or employee of the Corporation made such misrepresentation or took other erroneous action or gave erroneous advice;

(ii) Said person relied thereon in good faith and acted thereon to the person's detriment; and

(iii) To require the payment of the additional premiums or to deny such person's entitlement to the indemnity would not be fair and equitable, such insured shall be granted relief the same as if otherwise entitled thereto.

(b) The following apply to FCIC Policy only: Requests for relief under this section must be submitted to the Corporation in writing. The

Corporation's reviewing officers must refer such application for relief to the Manager or Board of Directors of the Corporation for determination as to whether to grant relief. The Corporation's reviewing officers do not have authority to grant relief under this section.

(c) The following apply to Reinsured Policy only: The reinsured companies shall use arbitration, in accordance with the rules of the American Arbitration Association, under contracts for insurance issued by them under the Act to grant relief under the same terms and conditions as contained in this section or may establish procedures to administratively handle relief in accordance with such terms and conditions. Granting relief under this section does not absolve the reinsured company from liability to the Corporation for any unauthorized acts of its agents.

#### **§ 407.7 The contract.**

The insurance contract shall become effective upon the acceptance by the Corporation or the reinsured company of a duly executed application for insurance on a form prescribed or approved by the Corporation. The contract shall consist of the accepted application, policy, crop provisions, Special Provisions, Actuarial Table, and any amendments, endorsements, or options thereto. Changes made in the contract shall not affect its continuity from year to year. Except as may be allowed under § 407.6, and at the sole discretion of the Corporation, no indemnity shall be paid unless the person complies with all terms and conditions of the contract. The forms required under this part and by the contract are available at the office of the insurance provider.

#### **§ 407.8 The application and policy.**

(a) Application for insurance, on a form prescribed or approved by the Corporation, must be made by any person who wishes to participate in the program in order to cover such person's share in the insured crop as landlord, owner-operator, crop ownership interest, or tenant. No other person's interest in the crop may be insured under the application. The application must be submitted to the Corporation or the reinsured company through a crop insurance provider, and must be submitted on or before the applicable sales closing date on file in the insurance provider's local office.

(b) The Corporation or the reinsured company may reject or no longer accept applications upon the Corporation's determination that the insurance risk is

excessive. The Manager of the Corporation is authorized in any crop year to extend the sales closing date for submitting applications, unless prohibited by law, upon determining that the probability and severity of claims will not increase because of the extension, by placing the extended date on file in the insurance provider's office and publishing a notice in the Federal Register. If adverse conditions should develop during the extended period, the Corporation will require the insurance provider to immediately discontinue acceptance of applications.

(c) Since this Group Risk Plan differs significantly from traditional multiple peril crop insurance (MPCI), persons who purchase the Group Risk Plan and their insurance providers will be required to execute a disclaimer explaining that: the final Group Risk Plan indemnity payment, if any, will be made after the Group Risk Plan premium is received; a person may have a low yield on his or her individual farm and still not receive a payment under Group Risk Plan; and a person may not have any loss of production and still collect under the policy if a loss of production is general in the area. By executing this disclaimer, the insured certifies that he or she understands:

- (1) The Terms of the Group Risk Plan;
- (2) A MPCI policy is available in the county; and
- (3) A separate Group Risk Plan and MPCI policy cannot be purchased on the same crop by the same person in the same county for the same crop year.

#### **§ 407.9 Group Risk Plan Common Policy.**

United States Department of Agriculture Group Risk Plan Common Policy (This is a continuous policy. Refer to Provision 16.)

[FCIC Policies]

This insurance policy establishes a risk management program developed by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*) (Act). All terms of the policy and rights and responsibilities of the parties hereto are subject to the Act and all regulations under the Act published in chapter IV of 7 CFR, and may not be waived or varied in any way by the crop insurance agent, or any other agent or employee of FCIC or the Farm Service Agency (FSA).

Throughout this policy, "you" and "your" refer to the person shown on the accepted application and "we," "us" and "our" refer to the Federal Crop Insurance Corporation. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

[Reinsured Policies]

This insurance policy establishes a risk management program created by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government under the authority of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*)

This insurance policy is reinsured by FCIC under the provisions of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*) (Act). All terms of the policy and rights and responsibilities of the parties are subject to the Act and all regulations under the Act published in chapter IV of 7 CFR, and may not be waived or varied in any way by the crop insurance agent, or any other agent or employee of the company.

Throughout this policy, "you" and "your" refer to the person shown on the accepted application and "we," "us" and "our" refer to the reinsured company issuing this policy. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

[Both Policies]

The Group Risk Plan of Insurance (GRP) is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. It is primarily intended for use by those producers whose farm yields tend to follow the average county yield. It is possible for you to have a low yield on the acreage that you farm and still not receive a payment under this plan.

For limited or additional coverage you may select any percent coverage level shown on the Actuarial Table. Multiplying your coverage level percent by the expected county yield shown on the Actuarial Table gives your trigger yield. If the payment yield that FCIC publishes for the insured crop year falls below your trigger yield, you will receive a payment.

You may select any dollar amount of protection between 60 and 100 percent of the maximum dollar amount of protection shown on the Actuarial Table. This protection will be provided for each acre of the crop planted (unless otherwise provided in the crop provisions) in which you have a share, by the acreage reporting date.

In accordance with the Act, the Government will pay a portion of your premium, as published in the Actuarial Table. The premium rates, practices, types, maximum protection per acre, and maximum subsidy per acre are also shown on the Actuarial Table.

FCIC will issue the payment yield in the calendar year following the crop year insured. This yield will be the official estimated yield published by the National Agricultural Statistics Service (NASS), or successor agency. You will be paid if the payment yield falls below your trigger yield. The amount of your payment per net insured acre will be calculated by subtracting the payment yield from the trigger yield, dividing that quantity by the trigger yield, and multiplying that result by your protection per acre for each net acre that you have insured.

To be eligible to participate in the Group Risk Plan of Insurance for any crop in any

county, and to receive an indemnity thereunder, you must have an insurable interest in an insured crop that is planted in the county shown on the approved application. The crop must be planted for harvest and be reported to us by the acreage reporting date. You may only purchase coverage under the Group Risk Plan of Insurance on your net acres of the insured crop.

The insurance contract shall become effective upon the acceptance by us of a duly executed application for insurance on our form. Acceptance occurs when we issue a Summary of Protection to you. The policy shall consist of the accepted application, Group Risk Plan of Insurance Common Policy Basic Provisions, Crop Provisions, Special Provisions, Actuarial Table, and any amendments, endorsements, or options.

#### Agreement To Insure

In return for your payment of the premium and your compliance with all applicable provisions, we agree to provide risk protection as stated in this policy. If a conflict exists among the Group Risk Plan Basic Provisions, the Crop Provisions, and the Special Provisions, the Special Provisions will control the Crop Provisions and the Group Risk Plan Basic Provisions; and the Crop Provisions will control the Group Risk Plan Basic Provisions.

**Terms and Conditions**—Group Risk Plan of Insurance Basic Provisions

#### 1. Definitions

**Acreage report**—A document that you must submit annually by the acreage reporting date, which contains the acreage planted to each insured crop, whether or not insurable, your report of your share of the insured crop, and any other information required by your insurance provider.

**Acreage reporting date**—The date contained in the Special Provisions by which you must submit your acreage report in order to be eligible for Group Risk Insurance.

**Act**—Federal Crop Insurance Act, as amended.

**Actuarial Table**—The forms and related material approved by FCIC, which are available for public inspection in your insurance provider's local office. The Actuarial Table shows the maximum protection per acre, expected county yield, coverage levels, premium rates, program dates, Special Provisions, and other related information with respect to the insured crop in the county for the crop year.

**Billing date**—The date, contained in the Actuarial Table, by which we will bill you for premium on the insured crop.

**Cancellation date**—The calendar date specified in each Crop Provision on which insurance for the next crop year will automatically renew unless the policy is canceled in writing by either you or us prior to that date.

**County**—A political subdivision of a State (also may be known as a parish or other name) that is stated on your accepted application.

**Crop practice**—The combination of inputs such as fertilizer, herbicide, and pesticide, and operations such as planting, cultivation,

and irrigation, used to produce the insured crop. The insurable practices are contained in the Actuarial Table.

**Crop provisions**—The part of the policy that contains the specific terms of insurance for each insured crop.

**Crop year**—The period of time within which the insured crop is normally grown, and is designated by the calendar year in which the crop is normally harvested.

**Expected county yield**—The yield contained in the Actuarial Table, on which your coverage for the crop year is based. This yield is determined using historical NASS county average yields, adjusted for long term yield trends.

**FCIC**—The Federal Crop Insurance Corporation, an agency of USDA.

**FSA**—The Farm Service Agency or successor agency, USDA.

**GRP**—Group Risk Plan of Insurance.

**Insurance provider**—A private insurance company approved by FCIC which provides crop insurance coverage to producers participating in any Federal crop insurance program administered under the Act.

**MPCI**—Multiple peril crop insurance offered under the authority of the Act.

**NASS**—National Agricultural Statistics Service of the USDA or its successor, which publishes the official United States Government yield estimates.

**Net acres**—The planted acreage of the insured crop multiplied by your share.

**Payment yield**—The yield determined by FCIC based on NASS yields for each insurable crop's type and practice, and used to determine whether an indemnity will be due.

**Person**—An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a state or a political subdivision or agency of a state.

**Protection per acre**—The dollar amount per acre selected by you for each insured crop practice and type specified in the Actuarial Table. Your protection per acre is shown on your Summary of Protection.

**Sales closing date**—The date contained in the Actuarial Table by which you must file your signed application with us.

**Share**—Your percentage of interest in the insured crop, as an owner, operator, or tenant. Premium will be determined on your share as of the acreage reporting date. Any indemnity which may be due will be determined based on your share on the acreage reporting date or on the date of harvest, whichever is less. You may insure only your share of the crop, which may include any share of your spouse and dependent children unless it is demonstrated to our satisfaction, prior to the sales closing date, that the farming operations of you and your spouse are maintained completely separate and apart from each other and that each spouse is the operator of his or her own separate operation. Any commingling of any part of the operations will cause shares of you and your spouse to be combined.

**Special Provisions**—The part of the Actuarial Table that contains specific provisions of insurance for each crop that may vary by geographic area.

**Subsidy**—The portion of your premium, shown as minimum and maximum amounts

in the Actuarial Table, that the Government will pay in accordance with the Act.

**Summary of Protection**—Our statement to you of the crop insured, protection per acre, premiums, and other information obtained from your accepted application, acreage report, and the Actuarial Table.

**Termination date**—The calendar date contained in the Crop Provisions upon which insurance on your crop will cease due to your failure to pay premiums or any other amount you owe us.

**Trigger yield**—The result of multiplying the expected county yield by the coverage level percentage chosen by you. When the payment yield falls below the trigger yield, a payment is made.

**Type**—Plants of the insured crop having common traits or characteristics that distinguish them as a group or class, and which are designated in the Actuarial Table.

**USDA**—United States Department of Agriculture.

#### 2. Insured Crop

The insured crop will be the crop shown on your accepted application and as specified in the applicable crop provisions, and must be grown on insurable acreage.

#### 3. Insured and Insurable Acreage

(a) The insurable acreage is all of the acreage of the insured crop for which premium rates are provided by the Actuarial Table and in which you have an interest and which acreage is in the county or counties listed in your accepted application. The protection per acre, amount of premium, and indemnity will be calculated separately for each county, type, and practice.

(b) Only the acreage planted to the insured crop on or before the acreage reporting date (except forage) and physically located in the county or counties listed on your accepted application will be insured. Crops grown on acreage physically located in another county must be reported and insured separately.

(c) We will not insure any crop grown on any acreage where the crop was destroyed or put to another use during the insurance period for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA.

(d) We will not insure any acreage where you have failed to follow good farming practices for the insured crop.

#### 4. Policy Protection

(a) For catastrophic risk protection GRP policies, the dollar amount of protection per acre is shown on the Actuarial Table for each insured crop, practice, and type. For limited and additional coverage GRP policies, you may select any percentage of the maximum amount of protection per acre shown on the Actuarial Table for the crop, practice, and type.

(b) The dollar amount of protection per acre, multiplied by your net insured acreage, is your policy protection for each insured crop, practice, and type specified in the Actuarial Table.

#### 5. Coverage Levels

(a) For catastrophic risk protection GRP policies, the coverage level is shown on the Actuarial Table for each insured crop,

practice, and type. For limited and additional coverage GRP policies, you may select any percentage of coverage shown on the Actuarial Table for the crop, practice, and type.

(b) Your coverage level multiplied by the expected county yield shown on the Actuarial Table is your trigger yield. If the payment yield, published by FCIC for the insured crop, practice, and type for the insured crop year falls below your trigger yield, you will receive an indemnity payment.

#### 6. Payment Calculation Factor

Your payment calculation factor will be ((your trigger yield—payment yield)÷your trigger yield) for the purposes of calculating the final payment.

#### 7. Report of Acreage and Share

(a) You must report on our form all acreage for each insured crop, practice, and type specified in the Actuarial Table in each county listed on your accepted application in which you have a share. This report must be submitted each year on or before the acreage reporting date for the insured crop contained in the Actuarial Table. If you do not submit an acreage report by the acreage reporting date, we may determine your acreage and share or deny liability on the policy.

(b) We will not insure any acreage of the insured crop planted after the acreage reporting date.

(c) Your premium will be based on the acreage reported as of the acreage reporting date or the acreage determined by us.

(d) The payment of an indemnity will be based on your insurable acreage on the acreage reporting date or the date of harvest, whichever is less. If the insurable acreage at the date of harvest is less than the insurable acreage on the acreage report, a revised acreage report will be required prior to the payment of an indemnity. Neither the amount of acreage or your share may be revised to increase your policy protection.

(e) If you misrepresent any information, we may revise the premium or liability or both for each insured crop in the county, by type and practice to the amount we determine to be correct.

#### 8. Administrative Fees and Annual Premium

(a) If you obtain a catastrophic risk protection GRP policy, you will pay an administrative fee of \$50 per crop per county, not to exceed \$200 per producer per county up to a maximum of \$600 per producer, at the time of application. For continuous catastrophic risk protection policies in effect, the administrative fee will be paid on or before the acreage reporting date.

(b) If you obtain a limited coverage GRP policy, you will pay an administrative fee of \$50 per crop per county, not to exceed \$200 per county up to a maximum of \$600 per producer. The administrative fee will be payable under the same terms and conditions as the premium for the policy.

(c) If you obtain an additional coverage GRP policy, you will pay an administrative fee of \$10 for each crop. The administrative fee will be payable under the same terms and conditions as the premium for the policy.

(d) For limited and additional coverage GRP policies, your premium is determined by multiplying your policy protection times the premium rate per hundred dollars of protection for your coverage level, times 0.01, less the applicable subsidy.

(e) The annual premium is earned and payable at the time the insured crop is planted. For each insured crop, you will be billed for premium by the billing date specified in the Special Provisions. Premium is due on the billing date and interest will accrue if the premium is not received by us before the first day of the month following the premium billing date.

(f) The premium due, plus any accrued interest, will be considered delinquent if any amount due us is not received by us on or before the termination date listed in the crop provisions. This may affect your eligibility for benefits under other USDA programs. A debt for any crop insured with us under the authority of the Act will be deducted from any replant payment, indemnity due you for any other crop insured with us.

(g) Failure to pay the premium due, plus any accrued interest and penalties, by the termination date will make you ineligible for any crop insurance under the Act for subsequent crop years until the debt, including interest and penalties, is paid.

#### 9. Written Agreements

As specified in the Crop Provisions, designated terms of the policy may be altered by written agreement. Each written agreement must be applied for by the producer in writing prior to the sales closing date and is valid for one year only. If not specifically renewed the following year, continuous insurance will be in accordance with the printed policy. All applications for written agreements as submitted by the producer must contain all variable terms of the contract between the insurance provider and the producer that will be in effect if the written agreement is not approved.

#### 10. Access to Insured Crop and Record Retention

We may examine the insured crop and any records relating to the crop and this insurance at any location where such crop or such records may be found or maintained, as often as we reasonably require. Records relating to the planting of the insured crop and your net acres must be retained for three years after the end of the crop year or three years after the date of payment of the final indemnity, whichever is later. Failure to maintain such records may, at our option, result in cancellation of the policy or determination that no indemnity is due.

#### 11. Transfer of Right to Indemnity

If you transfer any part of your share during the crop year, you also may transfer the equivalent part of your right to payment under this policy. Any transfer must be on our form and is effective upon our written approval. Both you and the person to whom you transfer your right are jointly and severally liable for payment of the premium.

#### 12. Assignment of Indemnity

You may assign your right to an indemnity payment to another person for the current

crop year. The assignment must be on our form and is effective upon our written approval.

#### 13. Other Insurance

You may not obtain any other crop insurance product subsidized under the Act for the insured crop in the counties listed on your accepted application. If we determine that there is more than one policy in effect that covers your share, the policy with the earliest application date will be in effect and all later policies will be void.

[FCIC Policy]

#### 14. Suit Against Us

You cannot bring suit against us unless you have complied with all of the policy provisions and exhausted all administrative remedies. Any suit based on denial of a claim must be brought within one year after the date on which final notice of denial of the claim is provided to you. Any suit brought against us based on the denial of a claim must be brought in the United States district court in the district where your insured farm is located.

[Reinsured Policy]

#### 14. Suit Against Us

You cannot bring suit against us unless you have complied with all of the policy provisions. If you do file suit against us based on the denial of a claim, you must do so within one (1) year of the final notice of denial of the claim.

[FCIC Policy]

#### 15. Restrictions, Limitations, and Amounts Due Us

(a) We may restrict the amount of acreage we will insure to the amount allowed under any acreage limitation program established by the USDA.

(b) Violation of Federal statutes including, but not limited to, the Act; the Food Security Act of 1985; the Food, Agriculture, Conservation, and Trade Act of 1990; and the Omnibus Budget Reconciliation Act of 1993, and any regulation promulgated thereunder, will result in cancellation, termination, or voidance of your crop insurance contract. You must repay any and all monies paid to you or received by you, and the amount of premium you paid less up to 30 percent for administrative expenses will be refunded to you.

(c) Our maximum liability under this policy will be limited to the policy protection specified in section 4 of this policy. Under no circumstances will we be liable for the payment of damages (compensatory, punitive, or other), attorney's fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such indemnity.

(d) Any delinquent amount due us may be deducted from any loan or payment due you under any Act of Congress or program administered by the USDA or its agencies or from any amount due you from any other United States Government agency.

(e) Interest will accrue at the rate not to exceed one and one-quarter percent (1¼%) simple interest per calendar month, or any part thereof, on any unpaid premium

balance. Interest will begin to accrue on the first day of the month following the billing date.

(f) We will pay simple interest computed on the net indemnity ultimately found to be due by us or determined by a final judgment of a court of competent jurisdiction or a final administrative determination from, and including, the 61st day after the date we receive the NASS county yield estimates for the insured crop year. Interest will be paid only if the reason for our failure to timely pay is not due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611), and published in the Federal Register.

(g) For repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice for the collection of the unearned amount is issued to you. Interest on the unearned amount will not be charged if payment is made in full within 30 days after the date shown on the notice issued to you. Interest and penalties will be charged in accordance with 31 U.S.C. 3717 and 4 CFR part 102. The penalty for accounts more than 90 days past due is six percent (6%) per annum. See 31 U.S.C. 3717(e)(2) and 4 CFR 122.13(e). Interest on any amount due us found to have been received by you because of fraud, misrepresentation, or presentation of a false claim by you will start on the date you received the amount, with the 6 percent (6%) penalty beginning 31 days after the notice of amount due. This interest is in addition to any other amount found to be due under any other Federal criminal or civil statute.

(h) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.

(i) All amounts paid will be applied first to the expenses of collection, second to any penalties which may have been assessed, then to accrued interest, and finally, to reduction of the principal balance.

#### [Reinsured Policy]

#### 15. Restrictions, Limitations, and Amounts Due Us

(a) We may restrict the amount of acreage we will insure to the amount allowed under any acreage limitation program established by the USDA.

(b) Violation of Federal statutes including, but not limited to, the Act; the Food Security Act of 1985; the Food, Agriculture, Conservation, and Trade Act of 1990; and the Omnibus Budget Reconciliation Act of 1993, and any regulation promulgated thereunder, will result in cancellation, termination, or voidance of your insurance contract. You must repay any and all monies paid to you or received by you, and the amount of premium you paid less 30 percent for administrative expenses will be refunded.

(c) Our maximum liability under this policy will be limited to the policy protection specified in section 4 of this policy. Under no circumstances will we be liable for the

payment of other amounts including compensatory, punitive, or other damages, attorney's fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such indemnity.

(d) For repayment of amounts found not to have been earned, such as overpaid indemnities, interest will start to accrue on the date notice for the collection of the unearned amount is issued to you. Interest on unearned amounts will not be charged if payment in full is made within 30 days after the date shown on the notice issued to you. For premium amounts due us, interest will start to accrue on the first day of the month following the premium billing date specified in the Special Provisions. Interest not to exceed one and one-quarter percent (1¼%) simple interest per calendar month, will be charged on unearned indemnities and on past-due premium.

(e) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.

(f) All amounts paid will be applied first to the payment of expenses of collection, second to reduction of any penalties which may have been assessed, then to reduction of accrued interest, and, finally, to reduction of the principal balance.

#### [Both Policies]

#### 16. Death, Disappearance, or Incompetence of the Insured

If, after insurance attaches, you die, disappear, or are judicially declared incompetent, or if you are a person other than an individual and such person is dissolved, any payment due will be paid to the person legally determined to be beneficially entitled to it. If such events occur prior to the attachment of insurance, the policy will terminate as of the date of death, judicial declaration, or dissolution.

#### [FCIC Policy]

#### 17. Determinations

All determinations required by the policy will be made by us. If you disagree with our determinations, you may obtain reconsideration or you may appeal our determinations in accordance with 7 CFR parts 11 and 780.

#### [Reinsured Policy]

#### 17. Determinations

If a dispute arises out of or relates to this policy, at the election of either of us, such dispute shall be settled by arbitration in accordance with the rules of the American Arbitration Association. If arbitration is elected by either party, no suit at law or in equity based on such disputes shall be instituted by either party, other than to enforce the decision in arbitration.

#### [Both Policies]

#### 18. Holidays and Weekends

If any date specified in this program falls on Saturday, Sunday, or a legal Federal holiday, then the date will be extended to the next business day.

#### 19. Life of Policy and Policy Renewal

(a) This is a continuous policy that remains in effect unless it is canceled in writing by either you or us on or before the cancellation date.

(b) This policy will automatically terminate for the subsequent crop year if you have not paid any amount due us by the termination date.

(c) You may change the coverage level or amount of protection for each insured crop on or before the sales closing date. Changes must be in writing and received by us by the sales closing date.

(d) The cancellation and termination dates are contained in the Crop Provisions for each insured crop.

#### 20. Policy Changes

We may change any terms and conditions of this policy from year to year. All policy changes will be filed in your insurance provider's office before the contract change date for the insured crop contained in the Crop Provisions. You will be advised of policy changes by written notice mailed to the address of record contained in your insurance provider's office. This notice will be mailed as soon after the contract change date as practical.

#### An Example To Demonstrate How GRP Works

Producer A buys ninety percent (90%) coverage and selects \$160 protection per acre. Producer B buys seventy-five percent (75%) coverage and selects \$185 protection per acre. Both producers have one-hundred percent (100%) share and both plant 200 acres of a crop in the county. The expected county yield is 45 bushels. The premium rate for ninety percent (90%) coverage is \$6.14 per hundred dollars of protection and the premium rate for seventy-five percent (75%) coverage is \$3.30 per hundred dollars of protection. The maximum subsidy amount per acre is \$3.07 and the limited subsidy amount is \$2.21 per acre.

A's trigger yield is 40.5 bushels per acre (90% of 45), and the total premium due is \$1,965 (\$160 multiplied by \$6.14 multiplied by 200 acres multiplied by 0.01). Of that amount, FCIC pays \$614 (200 acres multiplied by the maximum subsidy of \$3.07 per acre). A's policy protection is \$32,000 (\$160 multiplied by 200 acres). B's trigger yield is 33.8 bushels per acre (75% of 45), and the total premium due is \$1,221 (\$185 multiplied by \$3.30 multiplied by 200 acres multiplied by 0.01). Of that amount, FCIC pays \$442 (200 acres multiplied by the limited subsidy amount of \$2.21 per acre). B's policy protection is \$37,000 (\$185 multiplied by 200 acres).

#### Scenario 1 (Likely)

FCIC issues a payment yield of 46 bushels per acre. This is above both producers' trigger yields, so no indemnity payment is made, even if one or both of them have low individual yields.

#### Scenario 2 (Less Likely)

FCIC issues a payment yield of 38 bushels per acre. A's payment calculation factor is 0.062 ((40.5 - 38) ÷ 40.5). This number



multiplied by the policy protection yields an indemnity payment of \$1,984 (.062 multiplied by \$32,000). B's trigger yield is below the payment yield, so no indemnity payment is made.

#### Scenario 3 (Least Likely)

FCIC issues a payment yield of 22 bushels per acre. A's payment calculation factor of 0.457 ((40.5 - 22) ÷ 40.5). The payment is \$14,624 (0.457 multiplied by \$32,000). B's payment calculation factor is 0.349 ((33.8 - 22) ÷ 33.8), and the final indemnity payment is \$12,913 (0.349 multiplied by \$37,000).

[Both Policies]

#### 21. Eligibility for Other Farm Program Benefits

If GRP, or any other plan of insurance, is available in the county, to remain eligible for benefits under the Agriculture Marketing Transition Act, the conservation reserve program, or certain farm loans, you are required to obtain at least the catastrophic level of either GRP or such other insurance for all crops of economic significance or execute a waiver of your rights to any emergency crop assistance on or before the sales closing date for the crop.

#### § 407.10 Group Risk Plan for Barley.

##### 1. Definitions

**Harvest**—Combining or threshing the barley for grain.

**NASS yield**—The yield calculated by dividing the NASS estimate of the production of barley in the county by the NASS estimate of the acres of barley for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of barley are used to establish the expected county yield and calculate indemnities.

**Planted Acreage**—Land in which the barley seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

##### 2. Crop Insured

The insured crop will be all barley:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as grain; and

(d) Not planted into an established grass or legume, interplanted with another crop, or planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

##### 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to the April 1 following the crop year.

(c) We will issue any payment to you prior to the May 1 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

##### 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Kit Carson, Lincoln, Elbert, El Paso, Pueblo, Las Animas Counties, Colorado and all Colorado Counties south and east thereof; all New Mexico counties except Taos County; Kansas; Missouri; Illinois; Indiana; Ohio; Pennsylvania; New York; Massachusetts; and all states south and east thereof.	September 30 .....	June 30.
Arizona; California; and Clark and Nye Counties, Nevada .....	October 31 .....	June 30.
All Colorado counties except Kit Carson, Lincoln, Elbert, EL Paso, Pueblo, and Las Animas Counties and all Colorado counties south and east thereof; all Nevada counties except Clark and Nye Counties; Taos County, New Mexico; and all other states except: Arizona, California, and (except) Kansas, Missouri, Illinois, Indiana, Ohio, Pennsylvania, New York, and Massachusetts and all States south and east thereof.	March 15 .....	November 30.

#### § 407.11 Group Risk Plan for Corn.

##### 1. Definitions

**Harvest**—Combining or picking corn for grain, or severing the stalk from the land and chopping the stalk and ear for the purpose of livestock feed.

**NASS yield**—The yield calculated by dividing the NASS estimate of the production of corn in the county by the NASS estimate of the acres of corn, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of corn are used to establish the expected county yield and calculate indemnities.

**Planted acreage**—Land in which the corn seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed

that has been properly prepared for the planting method and production practice.

##### 2. Crop Insured

The insured crop will be all field corn:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as grain or silage; and

(d) Not planted into an established grass or legume or interplanted with another crop.

Hybrid seed corn, popcorn, sweet corn, and other specialty corn may be insured only if a written agreement exists between you and us. Your request to insure such crop must be in writing and submitted to your agent not later than the sales closing date.

##### 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to April 16 following the crop year.

(c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

##### 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15 .....	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas Counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15 .....	November 30.



State and county	Cancellation and termination dates	Contract change date
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina.	February 28 .....	November 30.
All other Texas counties and all other states .....	March 15 .....	November 30.

**§ 407.12 Group Risk Plan for Cotton.****1. Definitions**

*Harvest*—Removal of the seed cotton from the stalk.

*NASS yield*—The yield calculated by dividing the NASS estimate of the production of cotton in the county by the NASS estimate of the acres of cotton, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of cotton are used to establish the expected county yield and calculate indemnities.

*Planted acreage*—Land in which the cotton seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed

that has been properly prepared for the planting method and production practice.

**2. Crop Insured**

The insured crop will be all cotton:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;
- (b) Properly planted and reported by the acreage reporting date;
- (c) Planted with the intent to be harvested; and
- (d) Not colored lint cotton planted into an established grass or legume, interplanted with another spring planted crop, grown on acreage where hay was harvested in the same calendar year unless irrigated, grown on acreage where a small grain crop reached the heading stage unless irrigated.

**3. Payment**

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to July 16 following the crop year.

(c) We will issue any payment to you prior to the August 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

**4. Program Dates**

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15 .....	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28 .....	November 30.
All other Texas counties and all other States .....	March 15 .....	November 30.

**§ 407.13 Group Risk Plan for Forage.****1. Definitions**

*Harvest*—Removal of the forage from the field, and rotational grazing.

*NASS yield*—The yield calculated by dividing the NASS estimate of the production of the crop practice and type shown on the Actuarial Table for this purpose by the NASS estimate of the acres of such crop harvested that year in the county, for each practice and type contained in the Actuarial Table.

*Planted acreage*—Land seeded to forage, by a planting method appropriate for forage, into a properly prepared seedbed.

*Rotational grazing*—The defoliation of the insured forage by livestock, within a pasturing system where the forage field is subdivided into smaller parcels and livestock are moved from one area to another, allowing a period of grazing followed by a period for forage regrowth.

**2. Crop Insured**

The insured crop will be the forage types shown on the Special Provisions:

- (a) Grown on insurable acreage in the county or counties listed in the accepted application;
- (b) Properly planted and reported by the acreage reporting date;
- (c) Intended for harvest; and

- (d) Not grown with another crop.

**3. Insurable Acreage**

In lieu of section 3. (Insured and Insurable Acreage) of the Basic Provisions of the Group Risk Plan Common Policy (§ 407.9), only acreage seeded to forage on or before July 1 of the previous crop year and physically located in the counties listed on your application will be insurable. Acreage physically located in another county not listed on the accepted application is not insured under this policy.

**4. Payment**

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to May 1 following the crop year.

(c) We will issue any payment to you prior to the May 31 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

**5. Program Dates**

November 30 is the Cancellation and Termination Date for all States. The Contract Change Date is June 30 for all States.

**6. Annual Premium**

In lieu of Provision 6(b) of the Basic Provisions of the Group Risk Plan Common Policy, the annual premium is earned and payable on the acreage reporting date. You will be billed for premium due on the date shown in the Special Provisions. The premium will be determined based on the rate shown on the Actuarial Table.

**§ 407.14 Group Risk Plan for Sorghum.****1. Definitions**

*Harvest*—Combining or threshing the sorghum for grain, or severing the stalk from the land and chopping the stalk and head for the purpose of livestock feed.

*NASS yield*—The yield calculated by dividing the NASS estimate of the production of sorghum in the county by the NASS estimate of the acres of sorghum, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of sorghum are used to establish the expected county yield and calculate indemnities.

*Planted acreage*—Land in which the sorghum seed has been placed by a machine

appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

## 2. Crop Insured

The insured crop will be all sorghum:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as grain or silage; and

(d) Not interplanted with an established grass or legume or interplanted with another crop.

Hybrid sorghum seed may be insured only if a written agreement exists between you and us. Your request to insure such crop must be in writing and submitted to your agent not later than the sales closing date.

## 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to April 16 following the crop year.

(c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

## 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 15 .....	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15 .....	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina.	February 28 .....	November 30.
All other Texas counties and all other states .....	March 15 .....	November 30.

### § 407.15 Group Risk Plan for Peanuts.

#### 1. Definitions

*Harvest*—Combining or threshing the peanuts.

*NASS yield*—The yield calculated by dividing the NASS estimate of the production of peanuts in the county by the NASS estimate of the acres of peanuts, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of peanuts are used to establish the expected county yield and calculate indemnities.

*Planted acreage*—Land in which the peanut seed has been placed by a machine appropriate for the insured crop and planting

method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

#### 2. Crop Insured

The insured crop will be all peanuts:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date; and

(c) Planted with the intent to be harvested as peanuts.

#### 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to June 16 following the crop year.

(c) We will issue any payment to you prior to the July 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

#### 4. Program Dates

State and County	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas Counties lying south thereof..	January 15 .....	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties south and east thereof; and all other states.	February 28 .....	November 30.
New Mexico; Oklahoma; and all other Texas Counties .....	March 15 .....	November 30.

### § 407.16 Group Risk Plan for Soybeans.

#### 1. Definitions

*Harvest*—Combining or threshing the soybeans.

*NASS yield*—The yield calculated by dividing the NASS estimate of the production of soybeans in the county by the NASS estimate of the acres of soybeans, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of soybeans are used to establish the expected county yield and calculate the indemnities.

*Planted acreage*—Land in which the soybean seed has been placed by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

#### 2. Crop Insured

The insured crop will be all soybeans:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as soybeans; and

(d) Not planted into an established grass or legume or interplanted with another crop.

### 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to April 16 following the crop year.

(c) We will issue any payment to you prior to the May 16 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy

protection for each insured crop practice and type specified on the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

### 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas counties lying south thereof.	February 15 .....	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Maverick, Zavala, Frio, Atascosa, Karnes, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28 .....	November 30.
All other Texas counties and all other states .....	March 15 .....	November 30.

## § 407.17 Group Risk Plan For Wheat.

### 1. Definitions

**Harvest**—Combining or threshing the wheat for grain.

**NASS yield**—The yield calculated by dividing the NASS estimate of the production of wheat in the county by the NASS estimate of the acres of wheat, for each type and practice contained in the Actuarial Table. The Actuarial Table states whether harvested or planted acres of wheat are used to establish the expected county yield and calculate indemnities.

**Planted acreage**—Land in which the wheat seed has been planted by a machine appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

### 2. Crop Insured

The insured crop will be all wheat:

(a) Grown on insurable acreage in the county or counties listed in the accepted application;

(b) Properly planted and reported by the acreage reporting date;

(c) Planted with the intent to be harvested as grain; and

(d) Not planted into an established grass or legume, interplanted with another crop, or planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

### 3. Payment

(a) A payment will not be made unless your trigger yield is less than the payment yield for the insured crop year.

(b) Payment yields will be determined prior to April 1 following the crop year.

(c) We will issue any payment to you prior to the May 1 immediately following our determination of the payment yield.

(d) The payment is equal to the payment calculation factor multiplied by your policy protection for each insured crop practice and type specified in the Actuarial Table.

(e) The payment will not be revised even though the NASS yield may be subsequently revised.

### 4. Program Dates

State and county	Cancellation and termination dates	Contract change date
All Colorado counties except Alamosa, Conejos, Costilla, Rio Grande, and Saguache; all Montana counties except Daniels, Roosevelt, Sheridan, and Valley Counties; all South Dakota counties except Harding, Perkins, Corson, Walworth, Edmunds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties and all South Dakota counties north and east thereof; all Wyoming counties except Big Horn, Fremont, Hot Springs, Park, and Washakie Counties; and all other states except Alaska, Arizona, California, Maine, Minnesota, Nevada, New Hampshire, North Dakota, Utah, and Vermont.	September 30 .....	June 30.
Arizona; California; Nevada; and Utah .....	October 31 .....	June 30.
Alaska; Alamosa, Conejos, Costilla, Rio Grande, and Saguache Counties, Colorado; Maine; Minnesota; Daniels, Roosevelt, Sheridan, and Valley Counties, Montana; New Hampshire; North Dakota; Harding, Perkins, Corson, Walworth, Edmunds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties South Dakota, and all South Dakota counties north and east thereof; Vermont; and Big Horn, Fremont, Hot Springs, Park, and Washakie Counties, Wyoming.	March 15 .....	November 30.

Signed in Washington, DC, on October 1, 1996.

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

[FR Doc. 96-25640 Filed 10-07-96; 8:45 am]

BILLING CODE 3410-FA-P

## FEDERAL HOUSING FINANCE BOARD

### 12 CFR Part 935

[No. 96-62]

### Advances To Nonmembers

**AGENCY:** Federal Housing Finance Board.

**ACTION:** Proposed rule.

**SUMMARY:** The Board of Directors of the Federal Housing Finance Board (Finance Board) is proposing to amend its regulation on Federal Home Loan Bank (FHLBank) advances to nonmembers. The proposed rule establishes uniform eligibility requirements and review criteria for determining whether an entity may be certified as a nonmember mortgagee eligible to receive FHLBank advances and devolves responsibility for making