(1) 100 acres × 400 pounds = 40,000 pound guarantee;

(2) 40,000 pounds × $1.00/pound price election = $40,000 value of guarantee;

(3) 20,000 pounds × $1.00/pound price election = $20,000 value of production to count;

(4) $40,000 − $20,000 = $20,000 loss; and

(5) $20,000 × 100 percent share = $20,000 indemnity payment.

(c) The total production (finished weight) to count from all insurable acreage on the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee for acreage:

(A) That is abandoned;

(B) Put to another use without our consent;

(C) Damaged solely by uninsured causes; or

(D) For which you fail to provide records of production that are acceptable to us;

(ii) Production lost due to uninsured causes;

(iii) Unharvested production (mature unharvested green weight production must be adjusted in accordance with section 11(d)); and

(iv) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the appraised amount of production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:

(A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the amount of production to count); or

(B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and

(2) All harvested production from the insurable acreage.

(d) Mature green weight for appraised or harvested production will be multiplied by the recovery percentage subject to the following:

(1) We may obtain samples of the production to determine the recovery percentage.

(2) The determined recovery percentage will be used to calculate your loss only if:

(i) All determined recovery percentages are established using samples of green weight production obtained by us or by the processor for sold or processed production; and

(ii) The samples are analyzed by an approved laboratory.

(3) If the conditions of section 11(d)(2) are not met, the standard recovery percentage will be used.

12. Late Planting

The provisions of section 16 of the Basic Provisions are not applicable.

13. Prevented Planting

The provisions of section 17 of the Basic Provisions are not applicable.

Signed in Washington, DC, on May 30, 2007.

Eldon Gould,

Manager, Federal Crop Insurance Corporation.

[FR Doc. E7–10824 Filed 6–5–07; 8:45 am]

BILLING CODE 3410–08–P

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

RIN 0563–AC01

Common Crop Insurance Regulations; Coverage Enhancement Option

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule with request for comments.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to add to 7 CFR part 457 a new § 457.172 Coverage Enhancement Option (CEO) that provides additional coverage to applicable crop provisions. The CEO will be used in conjunction with the Common Crop Insurance Policy Basic Provisions, which contain standard terms and conditions common to most crops and with the crop provisions for which it is approved. At this time, RMA has no plans to expand CEO to crops other than Texas Citrus Trees. The intended effect of this action is to convert the pilot CEO to a permanent option for the 2008 and subsequent crop years.

DATES: Written comments and opinions on this proposed rule will be accepted until close of business August 6, 2007 and will be considered when the rule is to be made final.

ADDRESSES: Interested persons are invited to submit comments, titled ''Coverage Enhancement Option Insurance Provisions'', by any of the following methods:

- By Mail to: Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, 6501 Beacon Drive, Stop 0812, Room 421, Kansas City, MO 64133–4676.
- E-mail: *DirectorPDD@rma.usda.gov.*
- Federal eRulemaking Portal: *http://www.regulations.gov.* Follow the instructions for submitting comments.

A copy of each response will be available for public inspection from 7 a.m. to 4:30 p.m., CDT, Monday through Friday except holidays at the above address.

FOR FURTHER INFORMATION CONTACT: William Klein, Risk Management Specialist, Product Management, Product Administration and Standards Division, Risk Management Agency, at the Kansas City, MO, address listed above, telephone (816) 926–7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

The Office of Management and Budget (OMB) has determined that this rule is non-significant for the purpose of Executive Order 12866 and, therefore, it has not been reviewed by OMB.

Paperwork Reduction Act of 1995

Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have been previously approved by OMB under control number 0563–0053 through November 30, 2007.

E-Government Act Compliance

FCIC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) 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. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees, and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine an indemnity payment in the event of an insured cause of crop loss. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure small entities are given the same opportunities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities and therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

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 12988

This proposed rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or to require the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 or 7 CFR part 400, subpart J for the informal administrative review process of good farming practices as applicable, must be exhausted before any action against FCIC may be brought.

Environmental Evaluation

This action is not expected to have a significant economic 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 Pilot Coverage Enhancement Option (CEO) was implemented beginning with the 2000 crop year for all counties for apples and grapes in Pennsylvania and Washington; canola in North Dakota; citrus Trees in Texas; cranberries in Massachusetts; potatoes in Idaho, Maine and Pennsylvania; rice in Arkansas, Louisiana, and Mississippi; stonefruit in California; and walnuts in California. For the 2001 crop year, CEO was expanded to citrus fruit in Florida and Texas. Citrus and stonefruit policies define additional ''crops'' by fruit type, for example, stonefruit includes fresh apricots, fresh peaches etc., so for insurance purposes, CEO was approved for 25 crops.

CEO was developed because producers expressed concern that the crop insurance program does not, in some cases, provide an adequate amount of coverage. The 75 percent coverage level, for many crops, is the highest coverage level offered, and some producers believed the cost for that coverage level was too expensive. They expressed a desire for higher amounts of coverage, without proportional premium rate increases affiliated with higher coverage levels. The CEO premium rate is set at the same rate as that of the underlying multiple peril crop insurance (MPCI) policy. CEO coverage levels available are from 55 percent through 85 percent, in 5 percent increments.

To be eligible for the program, producers must have an additional coverage level MPCI policy in force, with a price election of 100 percent for the insured crop and select the CEO by the sales closing date. They must choose a CEO coverage level of at least 5 percent higher than the MPCI base coverage level up to the maximum available CEO coverage level of 85 percent.

An indemnity does not trigger under CEO until the deductible of the underlying MPCI policy is met. For example, if the MPCI coverage level is 50 percent and the CEO option coverage level is 85 percent, the insured would have to sustain damage on the crop in excess of 50 percent before an indemnity would be paid under CEO.

RMA contracted for a review of CEO three years after it was implemented, and the contractor's final evaluation report was submitted on December 10, 2003. There were 25 crops approved for CEO, more than two-thirds of which were citrus tree and fruit crops insured in California, Florida, and Texas. Seven crops, most with minimal participation, had no losses since CEO was a pilot program, sixteen crops had minimal CEO participation and losses, and two crops had no CEO participation.

Nationwide, the percentage of acreage insured under CEO between 2000 and 2003 was low, except for Texas citrus trees, which had a high participation rate but no losses. The contractor determined apples, canola, grapes, potatoes, and rice had sufficient CEO participation and loss experience for a meaningful analysis. A comparison of the CEO losses relative to the non-CEO losses for these crops analyzed indicated a possible increase of poor or high-risk producers using CEO to obtain a higher amount of coverage, especially for apples and rice. The final report indicated further review was needed in order to draw a conclusion as to whether or not CEO is a greater insurance risk.

The contractor's recommendation was to terminate CEO for all crops except Texas citrus trees, due in part to the high level of CEO participation in the Texas citrus tree crop insurance program. The contractor found that CEO for Texas Citrus Trees provides additional coverage at a reasonable cost for a crop where the opportunity for adverse selection is limited by the design of the underlying policy. The contractor's recommendation was supported by the Federal Crop Insurance Corporation Board of

Directors on July 29, 2004. At that time, continuance of the CEO was approved for Texas citrus trees through the 2008 crop year. In order for CEO to be available for to Texas citrus tree producers for the 2009 crop year, it needs to be made permanent before the August 31, 2008, contract change date for Texas citrus trees. While the latest date RMA must convert CEO to a permanent program is August 31, 2008, RMA has targeted August 31, 2007, for conversion to a permanent program.

For the 2006 crop year, there were a total of 809 policies under the Texas Citrus Tree Crop Insurance Provisions, 714 buy-up and 95 Catastrophic Risk Protection (CAT) policies. There were 333 producers with CEO options, accounting for $45.2 million in liability and $2.4 million in premium. Forty-one percent of all Texas citrus tree insureds opted for CEO, accounting for 68 percent of the insured acreage for Texas citrus trees, 74 percent of the liability, and 75 percent of the premium.

FCIC is proposing to make changes to the pilot CEO policy. In section 1, FCIC is proposing to revise the definitions of ''MPCI dollar amount of insurance,'' ''MPCI indemnity factor,'' ''option dollar amount of insurance,'' and ''option coverage level.'' Previously, the definition of ''MPCI dollar amount of insurance'' did not explain how the value was determined for policies that are based on the actual production history so this will be clarified in the proposed definition. Further, the definition of ''MPCI indemnity factor'' did not explain that such factor is necessary to prorate losses in those cases where the producer does not suffer a total loss to the crop. The definition of ''option dollar amount of insurance'' did not accurately reflect how such amounts are calculated. FCIC is proposing to revise the provision to specify that such amount is determined by multiplying the option coverage level by the total value of the crop and subtracting the MPCI dollar amount of insurance (for example, if the coverage option selected is 80 percent and the MPCI dollar amount of insurance is $10,000 at the 50 percent coverage level, the option dollar coverage level would be $6,000 ($10,000 × 2 = $20,000 total value of the crop × .80 option coverage level = $16,000 combined MPCI and option dollar amounts of insurance—$10,000 MPCI dollar amount of insurance). In addition, the definition of ''option coverage level'' failed to discuss the relationship between the MPCI coverage level and the option coverage level. FCIC is proposing to revise the definition to specify that the effect of the option coverage level is to increase the coverage level under the MPCI policy from the MPCI coverage level to the option coverage level once a loss has been triggered under the MPCI policy.

FCIC is also proposing to add a definition of ''total value of the insured crop,'' which states that the total value is the MPCI dollar amount of insurance divided by the MPCI coverage level. This will determine what is the actual potential value of an undamaged crop and measure the total amount the producer will lose if there is a total loss.

FCIC is proposing to add a new section 2 to clarify that the option is only available for those insured crops that contain option coverage levels on the actuarial documents. This change is needed because the option will not be available in all areas where it was available as a pilot program. Therefore, producers must check the actuarial documents to see if the option is available in their area. The subsequent sections are redesignated as sections 3 through 7.

FCIC is proposing to revise redesignated section 4 to clarify that the option is now continuous and will remain in effect for as long as the producer continues to have a MPCI policy in effect for the insured crop, an option coverage level percent is contained in the actuarial documents, or it is cancelled by the producer or terminated by the approved insurance provider on or before the cancellation or termination date, as applicable.

FCIC is proposing to revise redesignated section 6 to clarify the coverage provided under the option. It effectively offers coverage that causes a portion of the deductible to disappear under the MPCI portion of the policy once the deductible has been met. However, the deductible disappears proportional to the amount of the loss, less the deductible required for the option coverage level (cannot exceed 85 percent, which creates a secondary deductible to 15 percent). This means that if the loss were 100 percent, the producer would receive an indemnity under the MPCI policy and option equal to the option coverage level times the total value of the crop (In the above stated example, this would equate to $16,000, a complete loss) but if the losses were less than 100 percent, less of the deductible is covered.

FCIC is proposing to add a new section 6(c) that clarifies that an indemnity is not payable under this option until after the underlying MPCI deductible (1—MPCI coverage level) is met, triggering an MPCI indemnity. The previous redesignated sections 6(c) and (d) are now designated as sections 6(d) and (e).

FCIC is proposing to revise the indemnity formula in section 7 to remove the references to determining the option dollar amount of insurance and the option coverage factor because FCIC is proposing to revise the definition of option dollar amount of insurance to include a means to calculate the amount.

FCIC also made technical changes for clarity but such changes do not change the coverage provided under the option.

FCIC proposes to amend the Common Crop Insurance Regulations (7 CFR part 457) by adding 7 CFR 457.172 (Coverage Enhancement Option) to make the CEO a permanent option, thus remaining available for Texas Citrus Tree policyholders and to allow for use in other appropriate crop programs as determined by FCIC. The proposed changes are as follows:

List of Subjects in 7 CFR Part 457

Crop insurance, Coverage enhancement option.

Proposed Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation proposes to amend 7 CFR part 457, Common Crop Insurance Regulations effective for the 2008 and succeeding crop years, to read as follows:

PART 457—COMMON CROP INSURANCE REGULATIONS

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

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

2. Section 457.172 is added to read as follows:

§ 457.172 Coverage enhancement option insurance provisions.

This option is available for the 2008 and succeeding years.

The Coverage Enhancement Option insurance provisions for the 2008 and succeeding crop years are as follows:

FCIC policies:

United States Department of Agriculture

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate Title for Insurance Provider)

Both FCIC and reinsured policies:

Coverage Enhancement Option Insurance Provisions

1. Definitions

MPCI—Multiple Peril Crop Insurance, the plan of insurance offered by the Federal Crop Insurance Corporation as published at 7 CFR part 457.

MPCI coverage level—The coverage level percentage you selected in the underlying MPCI policy to which this option is attached.

MPCI dollar amount of insurance—The value of the insurance coverage for the unit provided under the MPCI policy (the amount of insurance selected by you for dollar or similar plans of insurance or the amount determined by multiplying the production guarantee (per acre) times the price election, times the number of acres in the unit, times the MPCI coverage level you selected).

MPCI indemnity—The indemnity determined for each unit under the MPCI policy to which this option is attached, not including replant and prevented planting indemnities or any indemnity payable under this option.

MPCI indemnity factor—A factor determined by dividing the MPCI indemnity by the MPCI dollar amount of insurance for a unit. This factor is used to ensure that the indemnity paid under this option is proportional to the amount of loss and indemnity paid under the MPCI policy.

Option Dollar Amount of Insurance—The value of the additional insurance coverage for the unit provided by this option, which is determined by multiplying the option coverage level by the total value of the crop and subtracting the MPCI dollar amount of insurance.

Option Coverage Level—The coverage level percentage selected under this option. This percentage effectively becomes the coverage level under the MPCI policy when the losses under such policy exceed the deductible and an indemnity is owed.

Total value of the insured crop—The value of the crop that is determined by dividing the MPCI dollar amount of insurance by the MPCI coverage level.

2. This option is only available for insured crops that contain an option coverage level percent in the actuarial documents.

3. To be eligible for this coverage, you must have an MPCI policy in force for the insured crop (or for citrus fruit, citrus trees, and stone fruit, as applicable, the insured type) in accordance with the applicable Crop Provisions for the insured crop. You must choose an option coverage level percentage that is shown in the actuarial documents, by the sales closing date.

4. You must elect this option in writing on or before the crop sales closing date for the crop insured. This option is continuous and will remain in effect for as long as you continue to have a MPCI policy in effect for the insured crop, an option coverage level percent is contained in the actuarial documents, or it is cancelled by you or terminated by us on or before the cancellation or termination date, as applicable.

5. This option is not available if you have chosen the Catastrophic Risk Protection (CAT) level of coverage or a price election less than 100 percent.

6. If you elect this option and a MPCI indemnity is paid on any unit, your deductible will disappear in proportion to the amount of such loss and indemnity paid. For example, if you selected a 50 percent MPCI coverage level, select an 85 percent option coverage level, and had a total loss, the amount of indemnity paid under both the MPCI policy and this option would be equal to 85 percent of the total value of the insured crop. The amount of the additional indemnity and related terms and conditions are described below:

(a) All acreage of the insured crop insured under your MPCI policy will be covered under this option;

(b) The amount of any replant or prevented planting payment that is payable under the MPCI policy will not be affected by this option.

(c) An indemnity will be payable under this option only after the underlying MPCI deductible is met and an MPCI indemnity is paid.

(d) The total indemnity for each unit (MPCI coverage plus this option) cannot exceed the combination of both the MPCI and option dollar amounts of insurance.

(e) Your premium will be determined by:

(i) Totaling the MPCI dollar amount of insurance and the option dollar amount of insurance; and

(ii) Multiplying the result of section 6(e)(i) by the premium rate for the insured crop applicable to your MPCI coverage level.

7. In addition to the settlement of claim section for the applicable Crop Provisions, your indemnity will be computed on a unit basis as follows:

(a) Determine the MPCI indemnity factor;

(b) Multiply the MPCI indemnity factor times the Option Dollar Amount of Insurance to determine the indemnity under this option.

Example: Assume a policy with one unit; an MPCI coverage level of 50 percent and an option coverage level of 85 percent; 100% share; a $120,000 MPCI dollar amount of insurance; and a $40,000 payable indemnity under the MPCI portion of the policy.

Your indemnity would be calculated for each unit as follows:

(a) $40,000 loss ÷ by $120,000 MPCI dollar amount of insurance = .33333 MPCI indemnity factor.

(b) .33333 MPCI indemnity factor × $84,000 option dollar amount of insurance = $28,000 indemnity under this option.

Note: The total unit indemnity is $68,000 ($40,000 MPCI indemnity plus $28,000 option indemnity)

Signed in Washington, DC, on May 30, 2007.

Eldon Gould,

Manager, Federal Crop Insurance Corporation.

[FR Doc. E7–10825 Filed 6–5–07; 8:45 am]

BILLING CODE 3410–08–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2007–28355; Directorate Identifier 2007–NM–062–AD]

RIN 2120–AA64

Airworthiness Directives; Boeing Model 737–600, –700, –700C, –800 and –900 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for certain Boeing Model 737–600, –700, –700C, –800 and –900 series airplanes. This proposed AD would require inspecting ground blocks GD261 and GD264 for corrosion, measuring the electrical bond resistance between the ground blocks and the airplane structure, separating the ground wires for the fuel boost pump circuit between ground blocks GD261 and GD264, and doing corrective actions if necessary. This proposed AD results from a report of random flashes of the six fuel pump low pressure lights and intermittent operation of the fuel boost pumps. We are proposing this AD to prevent the simultaneous malfunction of all six fuel boost pumps, which could cause the engines to operate on suction feed and potentially flame out.

DATES: We must receive comments on this proposed AD by July 23, 2007.

ADDRESSES: Use one of the following addresses to submit comments on this proposed AD.

- *DOT Docket Web site:* Go to *http://dms.dot.gov* and follow the instructions for sending your comments electronically.
- *Government-wide rulemaking Web site:* Go to *http://www.regulations.gov*