

Proposed Rules

Federal Register

Vol. 62, No. 68

Wednesday, April 9, 1997

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 Parts 447 and 457

Popcorn Crop Insurance Regulations; and Common Crop Insurance Regulations, Popcorn Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes specific crop provisions for the insurance of popcorn. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions, which contain standard terms and conditions common to most crops. The intended effect of this action is to provide policy changes to better meet the needs of the insured, include the current Popcorn Crop Insurance Regulations with the Common Crop Insurance Policy for ease of use and consistency of terms, and to restrict the effect of the current Popcorn Crop Insurance Regulations to the 1997 and prior crop years.

DATES: Written comments on this proposed rule will be accepted until close of business May 9, 1997 and will be considered when the rule is to be made final.

ADDRESSES: Interested persons are invited to submit written comments to the Director, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131.

FOR FURTHER INFORMATION CONTACT: Linda Williams, Insurance Management Specialist, Research and Development, Product Development Division, Federal Crop Insurance Corporation, 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 this rule to be exempt for the purposes of Executive Order 12866, and therefore, this rule has not been reviewed by OMB.

Paperwork Reduction Act of 1995

The amendments set forth in this proposed rule contains information collection that requires clearance by the Office of Management and Budget (OMB) under the provisions of 44 U.S.C. chapter 35.

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

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

All information is reported annually. The reporting burden for this collection of information is estimated to average 16.9 minutes per response for each of the 3.6 responses from approximately 1,755,015 respondents. The total annual burden on the public for this information collection is 2,669,970 hours.

FCIC is requesting comments 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 regarding paperwork reduction should be submitted to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

OMB is required to make a decision concerning the collections 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 full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the proposed regulation.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates 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. New provisions included in this rule will not impact small entities to a greater extent than larger entities. Under the current regulations, a producer is required to complete an application and an acreage report. If the crop is damaged or destroyed, the insured is required to give notice of loss and provide the necessary information to complete a

claim for indemnity. The insured also must annually certify to the previous years production if adequate records are available to support the certification. The producer must maintain the production records to support the certified information for at least three years. This regulation does not alter those requirements. The amount of work required of the insurance companies delivering and servicing these policies will not increase significantly from the amount of work currently required. This rule does not have any greater or lesser impact on the producer. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

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

Executive Order 12372

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

Executive Order 12988

The provisions of this rule will not have retroactive effect prior to the effective date. The provisions of this rule will preempt state and local laws to the extent such state and local laws are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action for judicial review may be brought.

Environmental Evaluation

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

National Performance Review

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

Background

FCIC proposes to add to the Common Crop Insurance Regulations (7 CFR part 457), a new section, 7 CFR 457.126, Popcorn Crop Insurance Provisions. The new provisions will be effective for the 1998 and succeeding crop years. These

provisions will replace and supersede the current provisions for insuring popcorn found at 7 CFR part 447 (Popcorn Crop Insurance Regulations). FCIC also proposes to amend 7 CFR part 447 to limit its effect to the 1997 and prior crop years. FCIC will later publish a regulation to remove and reserve 7 CFR part 447.

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

1. Section 1—Add definitions for the terms "base contract price," "days," "FSA," "final planting date," "good farming practices," "interplanted," "irrigated practice," "merchantable popcorn," "planted acreage," "pound," "practical to replant," "processor," "processor contract," "production guarantee," "timely planted" and "written agreement" for clarification.

2. Section 3—Clarify that an insured may select only one price election for all the popcorn in the county insured under the policy, unless the Special Provisions provide different price elections by type, in which case the insured may select one price election for each popcorn type designated in the Special Provisions.

3. Section 4—Change the contract change date to November 30 for all counties that currently have April 15 cancellation and termination dates. This change is made to maintain an adequate time period between this date and the cancellation dates revised to correspond to the changes in the sales closing date to comply with the Federal Crop Insurance Reform Act of 1994, for producers to make informed risk management decisions.

4. Section 5—Change the cancellation and termination dates from April 15 to January 15 for certain Texas counties. The cancellation and termination dates for all other Texas counties and all other states are changed from April 15 to March 15. These changes are made to standardize the cancellation and termination dates with the sales closing dates.

5. Section 6—Require the insured to provide a copy of the processor contract to the insurance provider on or before the acreage reporting date to establish liability and insurability before a loss is likely to occur.

6. Section 7(a)(4)—Permit consideration for requests for a written agreement to insure popcorn that is interplanted with another crop or

planted into an established grass or legume.

7. Section 7(c)—Specify the requirements under which a popcorn producer who is also a processor may establish an insurable interest in the insured crop.

8. Section 8—Clarify that any acreage damaged prior to the final planting date to the extent that the majority of growers in the area would normally not further care for the crop must be replanted unless the insurance provider agrees that it is not practical to replant.

9. Section 9(a)—Add provisions for the insurance period to end when the popcorn should have been harvested or when enough popcorn is delivered to fulfill the producer's processor contract. This requirement is consistent with other crops produced under a processor contract.

10. Section 12—Require that representative samples of the unharvested crop must be 10 feet wide and extend the entire length of each field in the unit and cannot be harvested or destroyed until the earlier of our inspection or 15 days after harvest is completed.

11. Section 13(c)(1)(iv)—Require the insured to leave intact, and provide sufficient care for, representative samples when the insured does not agree with the appraisal on that acreage. Production to count for such acreage will be determined using the harvested production if the crop is harvested, or our reappraisal if the crop is not harvested.

12. Section 14—Add provisions for providing insurance coverage by written agreement. FCIC has a long standing policy of permitting certain modifications of the insurance contract by written agreement for some policies. This amendment provides for individual written agreements consistent with FCIC's usual policy.

List of Subjects in 7 CFR Parts 447 and 457

Crop insurance, Popcorn, Popcorn crop insurance regulations.

Proposed Rule

Accordingly, for the reasons set forth in the preamble, the Federal Crop Insurance Corporation hereby proposes to amend 7 CFR parts 447 and 457, as follows:

PART 447—POPCORN CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR part 447 is revised to read as follows:

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

2. The subpart heading preceding Section 447.1 is revised to read as follows:

Subpart—Regulations for the 1987 Through the 1997 Crop Years

3. Section 447.7 is amended by revising the introductory text of paragraph (d) to read as follows:

§ 447.7 The application and policy.

* * * * *

(d) The application for the 1987 and succeeding crop years is found at subpart D of part 400—General Administrative Regulations (7 CFR 400.37, 400.38). The provisions of the Popcorn Insurance Policy for the 1987 through 1997 crop years are as follows:

* * * * *

PART 457—COMMON CROP INSURANCE REGULATIONS; REGULATIONS FOR THE 1994 AND SUBSEQUENT CONTRACT YEARS

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

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

5. Section 457.126 is added to read as follows:

§ 457.126 Popcorn crop insurance provisions.

The Popcorn Crop Insurance Provisions for the 1998 and succeeding crop years are as follows:

FCIC policies:

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Reinsured policies:

(Appropriate title for insurance provider)

Both FCIC and reinsured policies:

Popcorn Crop Insurance Provisions

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

1. Definitions.

Base contract price—The price stipulated on the contract executed between you and the processor before any adjustments for quality.

Days—Calendar days.

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

Final planting date—The date contained in the Special Provisions for the insured crop by which the crop must initially be planted in order to be insured for the full production guarantee.

Good farming practices—The cultural practices generally in use in the county for the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee, and

are those required by the popcorn processor contract and recognized by the Cooperative State Research, Education and Extension Service as compatible with agronomic and weather conditions in the county.

Harvest—Removing the grain or ear from the stalk either by hand or by machine.

Interplanted—Acreage on which two or more crops are planted in a manner that does not permit separate agronomic maintenance or harvest of the insured crop.

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

Merchantable popcorn—Popcorn that meets the provisions of the processor contract.

Planted acreage—Land in which 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. Popcorn must initially be placed in rows far enough apart to permit mechanical cultivation. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions or by written agreement.

Pound—Sixteen (16) ounces avoirdupois.

Practical to replant—In lieu of the definition of “Practical to replant” contained in section 1 of the Basic Provisions (§ 457.8), practical to replant is defined as our determination, after loss or damage to the insured crop, based on factors, including but not limited to moisture availability, marketing windows, condition of the field, and time to crop maturity, that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. It will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the processor contract.

Processor—Any business enterprise regularly engaged in processing popcorn for human consumption, that possesses all licenses, permits or approved inspections for processing popcorn required by the state in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process contracted popcorn within a reasonable amount of time after harvest.

Processor contract—A written agreement between the producer and a processor, containing at a minimum:

(a) The producer's commitment to plant and grow popcorn, and to deliver the popcorn production to the processor;

(b) The processor's commitment to purchase all the production stated in the contract;

(c) A date, if specified on the processor's contract, by which the crop must be harvested to be accepted; and

(d) A base contract price.

Production guarantee (per acre)—The number of pounds determined by

multiplying the approved APH yield per acre by the coverage level percentage you elect.

Replanting—Performing the cultural practices necessary to replace the popcorn seed and then replacing the popcorn seed in the insured acreage with the expectation of growing a successful crop.

Timely planted—Planted on or before the final planting date designated in the Special Provisions for the insured crop in the county.

Written agreement—A written document that alters designated terms of a policy in accordance with section 15.

2. Unit Division.

(a) Unless limited by the Special Provisions, a unit as defined in section 1 (Definitions) of the Basic Provisions (§ 457.8), (basic unit) may be divided into optional units, if for each optional unit you meet all the conditions of this section or if a written agreement to such division exists.

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

(c) Optional units will be available only if the processor contract stipulates the number of acres that are under contract and not a specific amount of production.

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

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

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

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

(2) You must plant the crop in a manner that results in a clear and discernable break in the planting pattern at the boundaries of each optional unit;

(3) For each crop year, records of marketed production or measurement of stored production from each optional unit must be maintained in such a manner that permits us to verify the production from each optional unit, or the production from each unit must be kept separate until loss adjustment is completed by us; and

(4) Each optional unit must meet one or more of the following criteria, as applicable:

(i) **Optional Units by Section, Section Equivalent, or FSA Farm Serial Number:** Optional units may be established if each optional unit is located in a separate legally identified section. In the absence of sections, we may consider parcels of land legally identified by other methods of measure including, but not limited to Spanish grants, railroad surveys, leagues, labors, or Virginia Military Lands, as the equivalent of sections

for unit purposes. In areas that have not been surveyed using the systems identified above, or another system approved by us, or in areas where such systems exist but boundaries are not readily discernable, each optional unit must be located in a separate farm identified by a single FSA Farm Serial Number.

(ii) *Optional Units on Acreage Including Both Irrigated and Non-irrigated Practices:* In addition to, or instead of, establishing optional units by section, section equivalent, or FSA Farm Serial Number, optional units may be based on irrigated acreage and non-irrigated acreage if both are located in the same section, section equivalent, or FSA Farm Serial Number. To qualify as separate irrigated and non-irrigated optional units, the non-irrigated acreage may not continue into the irrigated acreage in the same rows or planting pattern. The irrigated acreage may not extend beyond the point at which the irrigation system can deliver the quantity of water needed to produce the yield on which the guarantee is based, except the corners of a field in which a center-pivot irrigation system is used will be considered as irrigated acreage if separate acceptable records of production from the corners are not provided. If the corners of a field in which a center-pivot irrigation system is used do not qualify as a separate non-irrigated optional unit, they will be a part of the unit containing the irrigated acreage. Non-irrigated acreage that is not a part of a field in which a center-pivot irrigation system is used may qualify as a separate optional unit provided that all requirements of this section are met.

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

In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions (§ 457.8), you may select only one price election for all the popcorn in the county insured under this policy unless the Special Provisions provide different price elections by type, in which case you may select one price election for each popcorn type designated in the Special Provisions. The price elections you choose for each type must have the same percentage relationship to the maximum price offered by us for each type. For example, if you choose 100 percent (100%) of the maximum price election for one type, you must also choose 100 percent (100%) of the maximum price election for all other types.

4. Contract Changes.

In accordance with section 4 (Contract Changes) of the Basic Provisions (§ 457.8), the contract change date is November 30 preceding the cancellation date.

5. Cancellation and Termination Dates.

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

State and county	Cancellation and termination dates
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties Texas, and all Texas counties lying south thereof.	Jan. 15.
All other Texas counties and all other states.	Mar. 15.

6. Report of Acreage.

In addition to the provisions of section 6 (Report of Acreage) of the Basic Provisions (§ 457.8), you must provide a copy of the processor contract to us on or before the acreage reporting date.

7. Insured Crop.

(a) In accordance with section 8 (Insured Crop) of the Basic Provisions (§ 457.8), the crop insured will be all the popcorn in the county for which a premium rate is provided by the actuarial table:

- (1) In which you have a share;
- (2) That is planted for harvest as popcorn;
- (3) That is grown under, and in accordance with the requirements of, a processor contract executed before the acreage reporting date and is not excluded from the processor contract at anytime during the crop year; and

(4) That is not (unless allowed by the Special Provisions or by written agreement):

- (i) Interplanted with another crop; or
- (ii) Planted into an established grass or legume.

(b) You will be considered to have a share in the insured crop if, under the processor contract, you retain possession of the acreage on which the popcorn is grown, and the processor contract provides for delivery of popcorn under specified conditions and at a stipulated base contract price, and you retain an insurable interest in the crop.

(c) A popcorn producer who is also a processor may be able to establish an insurable interest if the following requirements are met:

- (1) The processor must meet the requirements as defined in these crop provisions and have an insurable interest in the popcorn crop;
- (2) The Board of Directors or officers of the processor must have instituted a resolution that sets forth essentially the same terms as a processor contract. Such resolution will be considered a contract under the terms of the popcorn crop insurance policy; and
- (3) Our inspection of the processing facilities determines that they satisfy the definition of a processor contained in these crop provisions.

8. Insurable Acreage.

In addition to the provisions of section 9 (Insurable Acreage) of the Basic Provisions (§ 457.8), any acreage of the insured crop damaged before the final planting date, to the extent that the majority of growers in the area would normally not further care for the crop, must be replanted unless we agree that it is not practical to replant.

9. Insurance Period.

In lieu of the provisions contained in section 11 (Insurance Period) of the Basic

Provisions (§ 457.8), regarding the end of the insurance period, insurance ceases on each unit or part of a unit at the earliest of:

- (a) The date the popcorn:
 - (1) Was destroyed;
 - (2) Should have been harvested;
 - (3) Was abandoned; or
 - (4) Was harvested;
- (b) The date you have harvested sufficient production to fulfill your processor contract;
- (c) Final adjustment of a loss; or
- (d) December 10 immediately following planting.

10. Causes of Loss.

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

- (1) Adverse weather conditions;
- (2) Fire;
- (3) Insects, but not damage due to insufficient or improper application of pest control measures;
- (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (5) Wildlife;
- (6) Earthquake;
- (7) Volcanic eruption; or
- (8) Failure of the irrigation water supply, if caused by an insured cause of loss that occurs during the insurance period.

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

- (1) Damage resulting from frost or freeze after the date designated by the Special Provisions;

(2) Failure to follow the requirements contained in the processor contract; or

(3) Damage that occurs to unharvested production after you deliver the production required by the processor contract.

11. Replanting Payment.

(a) In accordance with section 13 (Replanting Payment) of the Basic Provisions (§ 457.8), a replanting payment is allowed if the crop is damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent (90%) of the production guarantee for the acreage and it is practical to replant.

(b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent (20%) of the production guarantee or 150 pounds, multiplied by your price election, multiplied by your insured share.

(c) When popcorn is replanted using a practice that is uninsurable as an original planting, the liability for the unit will be reduced by the amount of the replanting payment. The premium amount will not be reduced.

12. Duties In The Event of Damage or Loss.

In accordance with the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions (§ 457.8), the representative samples of the unharvested crop must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.

13. Settlement of Claim.

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

(1) For any optional unit, we will combine all optional units for which such production records were not provided; or

(2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.

(b) In the event of loss or damage covered by this policy, we will settle your claim by:

(1) Multiplying the insured acreage by its respective production guarantee, by type if applicable;

(2) Multiplying each result of section 13(b)(1) by the respective price election, by type if applicable;

(3) Totaling the results of section 13(b)(2);

(4) Multiplying the total production to be counted of each type, if applicable, (see subsection 13(c)) by the respective price election;

(5) Totaling the results of section 13(b)(4);

(6) Subtracting the result of section 13(b)(5) from the result in section 13(b)(3); and

(7) Multiplying the result of section 13(b)(6) by your share.

(c) The total production to count (in pounds) 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

production records;

(ii) Production lost due to uninsured causes;

(iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with section 13(d));

(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.

(3) Any production from yellow or white dent corn will be counted as popcorn on a weight basis and any production harvested from plants growing in the insured crop may be counted as popcorn production on a weight basis.

(4) Any ear production for which we cannot determine a shelling factor will be considered to have an 80 percent (80%) shelling factor.

(d) Mature popcorn may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable, it will be made prior to any adjustment for quality.

(1) Production will be reduced by 0.12 percent for each 0.1 percentage point for moisture in excess of 15 percent (15%). We may obtain samples of the production to determine the moisture content.

(2) Popcorn production will be eligible for quality adjustment if, due to an insurable cause of loss that occurs within the insurance period, it is not merchantable popcorn and is rejected by the processor. The production will be adjusted by:

(i) Dividing the value per pound of the damaged popcorn by the base contract price per pound for undamaged popcorn; and

(ii) Multiplying the result by the number of pounds of such popcorn.

14. Written Agreements.

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

(a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 14(e);

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

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

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

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

Signed in Washington, D.C., on April 2, 1997.

Kenneth D. Ackerman,

Manager, Federal Crop Insurance Corporation.

[FR Doc. 97-9008 Filed 4-8-97; 8:45 am]

BILLING CODE 3410-FA-P

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

7 CFR Parts 4279 and 4287

RIN 0570-AA25

Rural Venture Capital Demonstration Program

AGENCY: Rural Business-Cooperative Service (RBS), USDA.

ACTION: Advanced notice of proposed rulemaking.

SUMMARY: Section 761 of the Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127) adds section 381O to the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*) which authorizes a demonstration program using Federal loan guarantees to attract venture capital funds to rural areas. RBS is preparing to develop regulations to implement this program.

In order to afford the public the maximum opportunity to contribute to the development of this new program and to enable the Agency to consider as many options as possible, RBS is requesting comments to assist in drafting the proposed rule.

DATES: The advance notice of proposed rulemaking is subject to written comments received on or before May 9, 1997.

The Agency is limiting the comment period on this advanced notice to 30 days in order to expedite the rulemaking process. The proposed rule will have a longer comment period.

ADDRESSES: Submit written comments in duplicate to the Chief, Regulations and Paperwork Management Division, Rural Development, U.S. Department of Agriculture, Stop Box 0743, 1400 Independence Avenue SW., Washington, DC 20250-0743. All written comments will be available for public inspection during regular work hours at the above address. Comments may be submitted via the internet by addressing them to "comments@rus.usda.gov" and must contain "venture" in the subject.

FOR FURTHER INFORMATION CONTACT: Rick Bonnet, Senior Commercial Loan Specialist, RBS, U.S. Department of Agriculture, Stop 3221, 1400 Independence Avenue SW., Washington, DC 20250-3221, Telephone (202) 720-1804.

SUPPLEMENTARY INFORMATION:

Classification

This rule will be determined to be "significant" and will be reviewed by OMB under Executive Order 12866.