November 8, 1999

INFORMATIONAL MEMORANDUM: R&D-99-058

TO: All Reinsured Companies
    All Risk Management Agency Field Offices

FROM: Tim B. Witt /s/ Roberta E. Waggoner (for)
      Deputy Administrator

SUBJECT:

The Risk Management Agency (RMA) has placed the Pilot Processing Cucumber Crop Provisions on the RMA WebSite. The crop provisions will be effective beginning the 2000 crop year. The

Michigan - Gratiot and St. Joseph Counties

North Carolina - Columbus, Duplin, Franklin, Greene, and Robeson Counties

South Carolina - Clarendon County

Texas - Frio, Medina, and Uvalde Counties

The RMA Website is located at http://www.rma.usda.gov. The 2000 pilot program crop provisions can be found at:


If you have any questions, please contact Mike O’Connell, Research and Evaluation Division,
UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
PILOT PROCESSING CUCUMBER CROP PROVISIONS

If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions; and (4) the Basic Provisions, with (1) controlling (2), etc.

1. Definitions.
   Acreage Bypassed - Land on which production is ready for harvest but the processor elects not to accept such production so it is not harvested.
   Allowable cost - The dollar amount per bushel for harvesting and hauling that is shown in the Special Provisions.
   Amount of Insurance - The amount shown on the actuarial documents for the corresponding coverage level percentage you select.
   Base Contract Price - The price per bushel stipulated in the processor contract.
   Direct Marketing - Sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the field for the purpose of picking all or a portion of the crop.
   Good farming practices - In addition to the provisions of section 1 of the Basic Provisions, good farming practices include those required by the processor contract.
   Harvest - The picking of cucumbers from the plant by hand or machine.
   Intermediary - A business enterprise that has all licenses and permits required by the state in which it operates and has an agreement in writing with a processor that authorizes the intermediary to contract processing cucumber production on behalf of the processor.
   Marketable cucumbers - Processing cucumbers that meet the U.S. Standards for Grades of U.S. No. 3 or better.
   Planting period - The period of time designated in the actuarial document during which the cucumbers must be planted to be considered spring-planted or fall-planted cucumbers.
   Potential production - The number of bushels of cucumbers that the cucumber plants will or would have produced per acre by the end of the insurance period assuming normal growing conditions and practices.
   Practical to replant - In lieu of the definition of "Practical to replant" contained in section 1 of the Basic Provisions, practical to replant is defined as:
   (a) Our determination, after loss or damage to the insured crop, based on factors including, but not limited to, moisture availability, condition of the field, time to crop maturity, availability of labor, and marketing window, that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period; and
   (b) The processor agrees in writing to accept the production from the replanted acreage. However, if you and the processor are the same or related persons, our determination will be final.
   Processor - Any business enterprise regularly engaged in processing cucumbers for human consumption, that possesses all licenses and permits for processing cucumbers 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 the contracted cucumbers within a reasonable amount of time after harvest.
   Processor contract - A written agreement between you and a processor, or between you and an intermediary, containing at a minimum:
   (a) Your commitment to plant and grow the processing cucumbers, and to deliver the cucumber production to the processor or intermediary;
   (b) The processor's, or intermediary's, commitment to purchase all the production stated in the processor contract; and
   (c) A base contract price.
   Multiple contracts with the same processor that specify amounts of production will be considered a single processor contract unless the contracts are for different types of cucumbers.
   Processing cucumbers - Varieties of cucumbers with characteristics that enable them to be processed by pickling.

2. Unit Division.
   (a) In addition to the requirements contained in section 1 of the Basic Provisions, additional basic units will be established for each planting period.
   (b) Optional units as authorized in the Basic Provisions do not apply unless allowed by the Special Provisions.

3. Amounts of Insurance.
   (a) In addition to the requirements of section 3 of the Basic Provisions, you may select only one coverage level (and the corresponding amount of insurance designated in the actuarial table for the applicable planting period and practice) for all the processing cucumbers in the county insured under
4. **Contract Changes.**
In accordance with section 4 of the Basic Provisions, the contract change date is November 30 preceding the cancellation date.

5. **Cancellation and Termination Dates.**
In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are:

<table>
<thead>
<tr>
<th>State and County</th>
<th>Cancellation Date</th>
<th>Termination Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>January 31</td>
<td>January 31</td>
</tr>
<tr>
<td>North Carolina</td>
<td>February 28</td>
<td>February 28</td>
</tr>
<tr>
<td>South Carolina</td>
<td>February 28</td>
<td>February 28</td>
</tr>
<tr>
<td>Michigan</td>
<td>March 15</td>
<td>March 15</td>
</tr>
</tbody>
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6. **Report of Acreage.**
(a) In addition to the requirements of section 6 of the Basic Provisions, on or before the acreage reporting date contained in the Special Provisions for each planting period, you must:
   (1) Report to us all the acreage of processing cucumbers in the county insured under this policy in which you have a share; and
   (2) Report to us the dates the acreage was planted within each planting period.
   (3) Provide us a copy of all processor contracts you have executed.

7. **Insured Crop.**
(a) In accordance with section 8 of the Basic Provisions, the crop insured will be all the cucumbers in the county for which a premium rate is provided by the actuarial documents:
   (1) In which you have a share;
   (2) That are planted for harvest as processing cucumbers;
   (3) That are grown under and in accordance with the requirements of a processor contract. The processor contract must be executed on or before the acreage reporting date and the cucumbers must not be excluded from the processor contract at any time during the crop year;
   (4) That are planted within the planting periods designated in the actuarial documents;
   (5) That are initially planted in rows unless otherwise provided in the Special Provisions;
   (6) That are grown by a person who, in at least one of the three previous crop years:
      (a) Grew processing cucumbers for commercial sale; or
      (b) Managed a processing cucumber farming operation;
   (7) That are not:
      (a) Interplanted with another crop; or
      (b) Planted into an established grass or legume;
   (8) You will be considered to have a share in the insured crop to the extent that you are at risk of loss of the insured crop under the processor contract and the processor contract provides for the delivery of the processing cucumbers under specific conditions and at a stipulated base contract price.
   (9) A commercial processing cucumber producer who is also a processor or intermediary may establish an insurable interest if the following requirements are met:
      (a) The producer must comply with these Crop Provisions;
      (b) Prior to the sales closing date, the Board of Directors or officers of the processor or the intermediary must execute and adopt a resolution that contains the same terms as an acceptable processor contract. Such resolution will be considered a processor contract under this policy; and
      (c) Our inspection reveals that the processing facilities comply with the definition of a processor contained in these Crop Provisions.

8. **Insurable Acreage.**
In addition to the provisions of section 9 of the Basic Provisions:
(a) Any acreage of the insured crop that is damaged before the final planting date for the respective planting period, to the extent that the majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant; and
(b) We will not insure acreage that:
   (1) Does not meet any rotation requirements, if applicable, contained in the Special Provisions; or
   (2) Is intended for direct marketing.
(c) For any processing contract that stipulates an amount of production to be delivered, the maximum acreage insurable will be determined by the quantity stated in the processing contract divided by the expected yield per acre stated in the Special Provisions.

9. **Insurance Period.**
In lieu of the provisions of section 11 of the Basic Provisions, coverage begins on each unit or part of a unit the later of the date we accept your application, or when the cucumbers are planted in each planting period. Coverage ends at the earliest of:
(a) The date the cucumbers:
   (1) Were destroyed; or
   (2) Were abandoned.
(b) The date harvest should have started on the unit on any acreage that will not be harvested;
(c) The date the proceeds from the processor minus the allowable costs exceed the dollar amount of insurance for the unit;
(d) Final adjustment of a loss on the unit;
(e) Final harvest; or
(f) The calendar date for the end of the insurance period as follows:
   (1) July 1 for spring-planted cucumbers in South
Carolina; 
(2) July 20 for spring-planted cucumbers in Texas; 
(3) July 31 for spring-planted cucumbers in St Joseph County, Michigan and North Carolina; 
(4) September 20 for all cucumbers in Gratiot County, Michigan and for fall planted cucumbers in St Joseph County, Michigan; 
(5) October 10 for fall-planted cucumbers in North Carolina; 
(6) October 20 for fall-planted cucumbers in South Carolina; 
(7) November 15 for fall-planted cucumbers in Texas.

(a) In accordance with the provisions of section 12 of the Basic Provisions, insurance is provided only against the following causes of loss that occur during the insurance period:
   (1) Adverse weather conditions, including but not limited to:
       (i) Excessive moisture that prevents the harvesting equipment from entering the field or that prevents the timely operation of harvesting equipment; and
       (ii) Abnormally hot or cold temperatures that cause an unexpected number of acres to be ready for harvest at the same time, affecting the timely harvest of a large number of acres or the processing of such production is beyond the capacity of the processor, either of which causes the acreage to be bypassed.
   (2) Fire;
   (3) Insects and disease, but not damage due to insufficient or improper application of control measures;
   (4) Wildlife;
   (5) Earthquake;
   (6) Volcanic eruption; or
   (7) Failure of the irrigation water supply, if caused by a cause of loss specified in sections 10(a)(1) through (6) that occurs during the insurance period.
(b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against any loss of production due to:
   (1) Nematode damage, unless the acreage has been fumigated in the same calendar year or an approved screening test for the applicable crop year is negative, unless otherwise allowed by the Special Provisions;
   (2) Failure to harvest as a direct result of:
       (i) Acreage bypassed due to the breakdown of harvesting or processing equipment or failure to operate such equipment;
       (ii) Acreage bypassed whenever insured under the terms of this policy and acreage that is not insured is harvested instead; or
       (iii) Acreage bypassed if you and the processor are the same or related persons;
   (3) Your failure to follow the requirements contained in the processor contract.
   (c) We do not insure against loss of production due to inadequate pollination unless you can prove that you caused an adequate number of honeybees to be placed in and about the field during the entire period of time the cucumber plants were flowering.

11. Duties In The Event of Damage or Loss.
In addition to the requirements contained in section 14 of the Basic Provisions, you must also give us notice:
(a) Not later than 48 hours after:
   (1) Total destruction of the processing cucumbers on the unit; or
   (2) Discontinuance of harvest on a unit on which unharvested production remains.
(b) Within 3 days after the date harvest should have started on any acreage that will not be harvested unless we have previously released the acreage. You must also provide acceptable documentation of the reason any acreage was bypassed. Failure to provide such documentation will result in our determination that the acreage was bypassed due to an uninsured cause of loss. If the crop will not be harvested and you wish to destroy the crop, you must leave representative samples of the unharvested crop for our inspection. The samples must be at least 10 feet wide and extend the entire length of each field in each unit. The samples must not be destroyed until the earlier of our inspection or 15 days after notice is given to us; and
(c) At least 15 days prior to the beginning of harvest if you intend to claim an indemnity on any unit, or immediately if damage is discovered during the 15 day period or during harvest. If you fail to notify us and such failure results in our inability to inspect the damaged production, we will consider all such production to be undamaged and include it as production to count. You are not required to delay harvest.

(a) We will determine your loss on a unit basis. In the event you are unable to provide separate 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 units, 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 of production or damage to the insured crop covered by this policy, we will settle your claim by:
   (1) Multiplying the insured acreage for each planting period by the amount of insurance per acre;
   (2) Totaling the results of section 12 (b)(1);
   (3) Subtracting either of the following values from
the result of section 12(b)(2);

(I) For other than catastrophic risk protection coverage, the total value of production to be counted (see section 12(c)); or

(ii) For catastrophic risk protection coverage, the result of multiplying the total value of production to be counted (see section 12(c)) by fifty-five percent; and

(4) Multiply the result of section 12(b)(3) by your share.

For example on a unit:
You have 100 percent share in 50 acres of processing cucumbers with an amount of insurance per acre of $250. You have elected coverage other than the catastrophic level. We determine the value of your harvested and appraised production to count is $10,000. Your indemnity would be calculated as follows:

(I) 50 acres X $250 = $12,500;

(ii) $12,500 guarantee value - $10,000 production value = $2,500 loss; and

(iii) $2,500 X 100 percent share = $2,500 indemnity payment.

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

(1) Not less than the amount of insurance per acre for any acreage:

(I) That is abandoned;

(ii) Put to another use without our consent;

(iii) That is damaged solely by uninsured causes;

(iv) For which you fail to provide acceptable production records;

(v) That is bypassed due to conditions described in section 10(b)(2);

(2) The value of the following appraised production will not be less than the dollar amount obtained by multiplying the number of bushels of appraised cucumbers by the minimum value per bushel shown in the Special Provisions for the planting period as follows:

(I) Potential production and unharvested marketable cucumbers which also includes production that would have been marketable had the crop been timely harvested (unharvested production that is damaged or defective due to insured causes and is not marketable will not be counted as production to count);

(ii) Production lost due to uninsured causes;

(iii) 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

(3) The total value of all harvested production from the insurable acreage will be the dollar amount obtained by subtracting the allowable cost shown in the Special Provisions from the price received for each bushel of cucumbers (this result may not be less than the minimum value shown in the Special Provisions for a bushel of cucumbers), and multiplying this result by the number of bushels of cucumbers harvested. Harvested production that is damaged or defective due to insured causes and is not marketable will not be counted as production to count.

13. Replanting Payment

14. Late and Prevented Planting.
Late and prevented planting provisions of the Basic Provisions do not apply.

15. Written Agreements
The written agreement provisions of the Basic Provisions do not apply.
DISPOSAL DATE:

This Informational Memorandum is for the purpose of transmitting information and the expiration date is December 31, 1999.

Attachments