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HYBRID VEGETABLE SEED CROP INSURANCE STANDARDS HANDBOOK

2022 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO**

TITLE: Hybrid Vegetable Seed Crop Insurance Standards Handbook	NUMBER: 20500U 20500U-1
EFFECTIVE DATE: 2022 and succeeding Crop Years	ISSUE DATE: April 27, 2021
SUBJECT: Provides the procedures and instructions for administering the Hybrid Vegetable Seed crop insurance program	OPI: Product Administration and Standards Division
	APPROVED: <i>/s/ Richard Flournoy</i> Deputy Administrator of Product Management

REASON FOR ISSUANCE

Major changes: See changes or additions in text which have been highlighted. Three stars (***) identify information that has been removed.

1. Para. 36: Added Minimum Guaranteed Payment Conversion – Gross Acres to Female Acres example.
2. Exhibit 2: Revised the definition of minimum guaranteed payment to specify the payment is based on the maximum payment amount specified in the vegetable seed processor contract if more than one payment amount is specified.

HYBRID VEGETABLE SEED CROP INSURANCE STANDARDS HANDBOOK

CONTROL CHART

Hybrid Vegetable Seed Crop Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page No.(s)	Date	Directive Number
Remove	1-2	1-2	7-8	2	13-14	05-2019	FCIC-20500U
Insert	1-2	1-2	7-8	2	13-14	04-2021	FCIC-20500U-1
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FILING INSTRUCTIONS

This handbook replaces the 2019 Hybrid Vegetable Seed Crop Insurance Standards Handbook, FCIC-20500U (05- 2019). This handbook is effective for the 2022 and succeeding crop years and is not retroactive to any 2021 or prior crop year determinations.

**HYBRID VEGETABLE SEED CROP INSURANCE STANDARDS HANDBOOK
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The \$37,500 minimum guaranteed payment (\$7,500 per female acre × 5 female acres) exceeds the \$33,750 amount of insurance for the unit. Such acreage would not be insurable.

- (e) On which a contract payment is paid to the producer for the sole purpose of growing the HVS crop on the acreage without any responsibility for the costs and related financial risk of producing the crop.

33 Causes of Loss

A. Crop Provisions – Insured Causes

The CP provide crop insurance coverage only against the following causes of loss that occur within the insurance period:

- (1) Adverse weather conditions;
- (2) Fire (including smoke damage);
- (3) Wildlife;
- (4) Earthquake;
- (5) Volcanic eruption;
- (6) Failure of the irrigation water supply, if caused by a cause of loss specified in Para. 33A(1) – (5) that occurs during the insurance period;
- (7) Insects, but not damage due to insufficient or improper application of pest control measures; or
- (8) Plant disease, but not damage due to insufficient or improper application of disease control measures;

B. Exclusions

In addition to the causes of loss excluded in section 12 of the BP, coverage is not provided against damage or loss due to:

- (1) Use of unadapted, incompatible, or genetically deficient male or female parent plant seed;
- (2) Frost or freeze after the date established by the SP;
- (3) Failure to follow the requirements stated in the HVS processor contract and production management practices of the processor/seed company; or
- (4) Failure to plant the male parent plant seed in accordance with section 9(a) of these CP in a manner sufficient to assure adequate pollination of the female parent plants.

34 Unit Division

A. Basic Unit

In lieu of section 34(b) of the BP, basic units are established for all acreage planted to the insured crop in the county that will be used to fulfill a HVS processor contract.

There will be no more than one basic unit for all production contracted under each HVS processor contract.

B. Optional, Enterprise, and Whole-Farm Units

The optional, enterprise and whole-farm unit provisions in the BP are not applicable.

35 Quality Adjustment

Hybrid vegetable seed production is not adjusted for quality. All appraised and harvested production is counted (Exception: harvested production with a germination rate less than 85 percent due to insured causes of loss will not be considered production to count).

Any field-run or clean seed production purchased by a processor or seed company will be considered production to count regardless of the germination percent except as otherwise authorized on the SP.

36 Calculation Examples

Minimum Guaranteed Payment Conversion – Gross Acres to Female Acres

Step 1: Convert Gross acres to Female acres.

Insured Female Acres: Contracted gross acres are divided by two

Step 2: Convert Minimum Guarantee Payment.

Minimum Guarantee Payment: The **maximum** payment specified in the contract multiplied by two

Step 3: Double the yield to get the same amount of female acre production.

Contract Price Schedule:

Contract prices remain the same

Yield range/gross acre is multiplied by two to determine the yield range per female acre.

Gross Acre Price Schedule		Female Acre Price Schedule
\$25/lb. - 1st 85 lbs.	(85 x 2)	\$25/lb. – 1 st 170 lbs.
\$15/lb. - Next 150 lbs.	(150 x 2)	\$15/lb. – Next 300 lbs.
\$10/lb. - Excess of 235 lbs.	(237 x 2)	\$10/lb. – Excess of 470 lbs.

Example Calculations

Actuarial Document Information (per female acre)

County Yield – 600 pounds

Price Election – \$15/pound

Example 1:

The insured has a 100 percent share in 20 female acres of the winter hybrid carrot seed in the unit. The amount of insurance per female acre guarantee of is \$6,750.00 [county yield of 600

Definitions

Amount of insurance per acre (per female acre) – means a dollar amount determined by multiplying the applicable county yield by the applicable price election and coverage level the insured selects and subtracting any minimum guaranteed payment. If the insured's hybrid vegetable seed processor contract contains a minimum guaranteed payment stated in pounds or kilograms, the AIP will convert that value to dollars by multiplying it by the price election the insured selected.

Certified seed test – means a warm germination test on clean seed according to specifications of the "Rules for Testing Seeds" of the Association of Official Seed Analysts.

Clean seed – means hybrid vegetable seed which has been conditioned by the processor/seed company.

Commercial hybrid vegetable seed – means the offspring produced by crossing a male and female parent plant, each having a different genetic character. This offspring is the product intended for use by a grower to produce a commercial vegetable crop.

Condition – means a process to remove the husk, chaff, immature and undersized seeds, weed seeds, inert matter, other crop seeds, and other materials from the field-run production to the extent such removal is possible and subsequently drying the hybrid vegetable seed.

County yield – means an amount contained in the actuarial documents that represents the yield a type of the hybrid vegetable seed crop would be expected to produce per female plant acre. The applicable county yield is contained in the actuarial documents and will be based on records provided by the processor/seed company.

Female parent plants – means vegetable plants that are grown for the purpose of producing commercial hybrid vegetable seed and are male sterile.

Field-run – means commercial hybrid vegetable seed production before it has been conditioned.

Good farming practices – means in addition to the definition contained in the Basic Provisions, good farming practices include those practices required by the hybrid vegetable seed processor contract.

Harvest – means combining and/or threshing the female parent plants to obtain commercial hybrid vegetable seed.

Hybrid vegetable seed processor contract – means a legal contractual written agreement executed between a hybrid vegetable seed producer and a processor/seed company containing, at a minimum:

- (a) The producer's promise to plant and grow male and female parent plants and to deliver all field-run commercial hybrid vegetable seed produced from the female plants to the processor/seed company;
- (b) The processor/seed company's promise to purchase the commercial hybrid vegetable seed produced by the producer; and
- (c) A stated value, compensation, or method to derive a value that will be paid to the producer for the production as specified in the hybrid vegetable seed contract for the clean commercial hybrid vegetable seed variety.

Definitions (Continued)

Inadequate germination – means germination less than 85 percent of the commercial hybrid vegetable seeds as determined using a certified seed test.

Insurable interest – means the insured's share of the financial loss that occurs in the event seed production is damaged by a cause of loss specified in section 10 of the Crop Provisions.

Male parent plants – means vegetable plants grown for the purpose of pollinating the female parent plants.

*** Minimum guaranteed payment – means the minimum amount (often stated in dollars) specified in the insured's hybrid vegetable seed processor contract that will be paid or credited to the insured by the processor or seed company regardless of the quantity of seed produced or value to the insured or any limitations, exceptions, or exclusions that are contained in the processor contract. If your contract contains payment amounts that increase based on the insured crop's development, the highest payment amount stated in your processor contract will be used as the minimum guarantee payment. For purposes of the Crop Provisions, such payment will be converted to a female acre basis.

Planted acreage – means in addition to the definition contained in the Basic Provisions, the insured crop must be planted in rows wide enough to permit mechanical cultivation, unless otherwise provided by the Special Provisions.

Inadequate germination – means germination less than 80 percent of the commercial hybrid vegetable seeds as determined using a certified seed test.

Planting pattern – means the arrangement of the rows of male and female parent plants in a field such as planting two consecutive rows of male parent plants and then four consecutive rows of female parent plants.

Pound – means a unit of weight equal to 16 ounces avoirdupois.

Practical to replant – means in addition to the definition contained in the Basic Provisions, practical to replant applies to either the female or male parent plants. It will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the hybrid vegetable seed processor contract, or the processor/seed company agrees in writing that it will accept the production from the replanted acreage.

Processor – means any business enterprise regularly engaged in the processing of hybrid vegetable seed that possesses all licenses and permits for processing hybrid vegetable seed required by the state in which it operates and that owns or has contracted sufficient drying, screening, and bagging or packaging equipment to accept and process the hybrid vegetable seed within a reasonable amount of time after harvest.

Sample – means for the purpose of the certified seed test, at least the minimum weight of randomly selected clean hybrid vegetable seed specified in the Special Provisions for each type of hybrid vegetable seed.

Seed – means the applicable seed type for the specific hybrid vegetable seed crop. For example, the hybrid carrot seed crop is planted with either carrot seed or stecklings (transplanted roots).