

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
POPCORN REVENUE COVERAGE (PILOT) CROP PROVISIONS



1. Definitions.

Base contract price – A value stipulated on the processor contract that represents either a fixed price per pound or an adjustment to the price of a contract for corn on the Chicago Board of Trade. Any premiums or discounts for higher or lower quality will not be considered in determining the base contract price.

Basic Provisions – The Common Crop Insurance Policy Basic Provisions or successor document.

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

Harvest price - In lieu of the definition contained in the Basic Provisions, the harvest price will be the harvest price for grain type corn determined in accordance with the Commodity Exchange Price Provisions multiplied by a factor published in the actuarial documents and used to value production to count.

Merchantable popcorn – Popcorn that meets the objective standards of the processor contract. Popcorn accepted by the processor will be considered merchantable popcorn.

Planted acreage – In addition to the definition contained in the Basic Provisions, popcorn must initially be planted in rows far enough apart to permit mechanical cultivation, unless otherwise provided by the actuarial documents.

Pound – Sixteen (16) ounces avoirdupois.

Practical to replant – In addition to the definition contained in the Basic Provisions, it will not be considered practical to replant unless production from the replanted acreage can be delivered under the terms of the popcorn processor contract, or the processor agrees in writing that it will accept the production from the replanted acreage.

Processor – Any business enterprise regularly engaged in processing popcorn 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 the contracted popcorn within a reasonable amount of time after harvest.

Processor contract – A document that constitutes a legal agreement between you and a processor, containing at a minimum:

- (a) Your 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 processor 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.

Multiple contracts with the same processor, each of which stipulates a specific amount of production to be delivered, will be considered as a single processor contract.

Projected price – In lieu of the definition contained in the Basic Provisions, the projected price will be the projected price for grain type corn determined in accordance with the Commodity Exchange Price Provisions multiplied by a factor published in the actuarial documents.

2. Unit Division.

(a) For processor contracts that stipulate the amount of production to be delivered:

(1) In lieu of the definition contained in the Basic Provisions, a basic unit will consist of all the acreage planted to the insured crop in the county that will be used to fulfill contracts with each processor;

(i) There will be no more than one basic unit for all production contracted with each processor contract;

(ii) In accordance with section 13 of these Crop Provisions, all production from any basic unit in excess of the amount under contract will be included as production to count if such production is applied to any other basic unit for which the contracted amount has not been fulfilled; and

(2) Provisions in the Basic Provisions that allow optional units by section, section equivalent, or FSA farm serial number and by irrigated and non-irrigated practices are not applicable.

(b) Provisions contained in section 34 of the Basic Provisions regarding optional units are applicable to any processor contract that stipulates only the number of acres to be planted.

(c) Provisions contained in section 34 of the Basic Provisions regarding enterprise and whole-farm units do not apply.

3. Insurance Guarantees, Coverage Levels, and Prices

In lieu of the provisions contained in Section 3 of the Basic Provisions that allow you to select yield protection or revenue protection, you may only elect revenue protection under these Crop Provisions.

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is the November 30 that precedes the cancellation date.

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are March 15 of the crop year.

6. Report of Acreage.

In addition to the requirements of section 6 of the Basic Provisions, you must provide a copy of all processor contracts to us on or before the acreage reporting date.

7. Insured Crop.

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

- (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 on or before the acreage reporting date and is not excluded from the processor contract at any time during the crop year;
- (4) That is not (unless allowed by the Special Provisions):
 - (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 control of the acreage on which the popcorn is grown and you have a risk of loss.

(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 producer must comply with these Crop Provisions;
- (2) The Board of Directors or officers of the processor must, prior to the sales closing date, 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
- (3) 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 section 9 of the Basic Provisions, any acreage of the insured crop damaged before the final planting date, to the extent that the majority of producers 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 addition to section 11 of Basic Provisions 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 amount of production accepted by the processor equals the contracted amount if the processor contract stipulates a specific amount of production to be delivered;
- (b) The date the popcorn should have been harvested but was not harvested; or
- (c) December 10 immediately following planting.

10. Causes of Loss.

(a) In accordance with 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;
- (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;
- (8) Failure of the irrigation water supply, if caused by a cause of loss specified in sections 10(a)(1) through (7) that occurs during the insurance period; or
- (9) A change in the harvest price from the projected price, unless FCIC can prove the price change was the direct result of an uninsured cause of loss specified in section 12(a) of the Basic Provisions.

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

- (1) Damage resulting from frost or freeze after a date designated in the actuarial documents;
- (2) Your failure to follow the requirements contained in the processor contract; or
- (3) Rejection of popcorn by the processor for any reason other than damage due to a cause of loss specified in sections 10(a)(1) through (8).

11. Replanting Payment.

(a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if the crop is damaged by an insured cause of loss to the extent that the remaining stand will not produce at least 90 percent 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 of the production guarantee or 150 pounds, multiplied by the projected price, multiplied by your insured share.

(c) When popcorn is replanted using a practice that is uninsurable as an original planting, our liability for the damaged 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 of the Basic Provisions, 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 the revenue protection guarantee (per acre);
 - (2) Multiplying the production to count by the harvest price;
 - (3) Subtracting the result of section 13(b)(2) from the result of section 13(b)(1); and
 - (4) Multiplying the result of section 13(b)(2) by your share.

For example:

You have 100 percent share in 50 acres of popcorn in a unit with a production guarantee (per acre) of 3,500 pounds. The projected price is \$0.138 per pound and the harvest price is \$0.151 per pound. The production to count is 25,000 pounds.

- (1) $50 \text{ acres} \times (3,500 \text{ lbs. production guarantee} \times \$0.151 \text{ harvest price}) = \$26,425 \text{ revenue protection guarantee}$
 - (2) $25,000 \text{ pounds production to count} \times \$0.151 \text{ harvest price} = \$3,775 \text{ value of the production to count}$
 - (3) $\$26,425 - \$3,775 = \$22,650$
 - (4) $\$22,650 \times 1.000 \text{ share} = \$22,650 \text{ indemnity}$
- (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) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with section 13(d));
 - (iii) Potential production on insured acreage that you intend to put to another use or abandon, if you and we agree on the 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 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;
- (2) All harvested production from the insurable acreage in the unit;
 - (3) All harvested and appraised production lost or damaged by uninsured causes;
 - (4) For processor contracts that stipulate the amount of production to be delivered, all harvested popcorn production from any other insurable unit that has been used to fulfill your processor contract applicable to this unit;
 - (5) 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; and
 - (6) Any ear production for which we cannot determine a shelling factor will be considered to have an 80 percent 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. 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 quantity of such production will be adjusted by multiplying it by the quality adjustment factor, the value of which shall be determined as follows:
 - (i) The value per pound of production that is not merchantable and is rejected by the processor shall be established;
 - (ii) For that same date, the closing price per bushel of corn for the current year's December futures contract on the Chicago Board of Trade (CBOT) shall be established;
 - (iii) The price determined in (b) shall be multiplied by the factor published in the actuarial documents; and

(iv) The result from (a) shall be divided by the result from (c) provided, however, this result cannot be less than 0.000 or greater than 1.000.

In the event the price of the non-merchantable production is determined on a day there is no trading activity on the CBOT, the closing price from the most recent day a closing price is published will be substituted.

14. Late Planting.

Late planting provisions in the Basic Provisions are applicable for popcorn if you provide written approval from the processor by the acreage reporting date that it will accept the production from the late planted acres when it is expected to be ready for harvest.

15. Prevented Planting.

Your prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. If you pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.

16. Written Agreements

The written agreement provisions in the Basic Provisions are not applicable.