

**SUMMARY OF CHANGES FOR THE SUGARCANE CROP REPLACEMENT ENDORSEMENT
(21-0038a)**

(Released June 2020)

The following is a brief description of changes to the Sugarcane Crop Replacement Endorsement that will be effective for the 2021 crop year. Please refer to the Sugarcane Crop Replacement Endorsement for more complete information.

Section 3

- Added to the provision indicating the producer should elect a coverage option (A or B).
- Added to the provision indicating the applicable coverage if such election is not made.

Section 5

- Updated the crop years within the examples.

Option A

- Added heading to provide for separate coverage under Option A.
- Updated section numbering.

Option B

- Added a new Option B to provide crop replacement coverage without depreciation.

**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
SUGARCANE CROP INSURANCE
CROP REPLACEMENT ENDORSEMENT**



1. Definitions:
Crop replacement - Performing the cultural practices necessary to prepare the land to replace the seed cane and then replacing the seed cane in the same insured acreage for harvest in the current crop year or in a subsequent crop year (e.g., damaged 2018 crop year sugarcane is replaced for harvest in the 2018 or later crop years). The replacement sugarcane is not required to be the same variety as the damaged sugarcane.
Base payment amount - The dollar amount per acre shown in the Special Provisions that is used to calculate your crop replacement payment.
2. In return for payment of the required additional premium as contained in the actuarial documents, this Endorsement is attached to and made part of your Sugarcane Crop Provisions subject to the terms and conditions described herein. In the event of a conflict between the Sugarcane Crop Provisions and this Endorsement, this Endorsement will control.
3. You must elect this Endorsement and select either Option A or Option B on or before the sales closing date for the initial crop year in which you wish to insure your sugarcane under this Endorsement. If you elect this Endorsement but fail to select Option A or Option B, Option A will be applicable. This Endorsement:
 - (a) Will continue in effect until canceled; and
 - (b) May be canceled by either you or us for any succeeding crop year by giving written notice to the other party on or before the cancellation date.
4. Coverage under this Endorsement:
 - (a) Begins for plant cane on the later of the day we accept your application for coverage under this Endorsement or at the time of planting;
 - (b) Begins for first year stubble cane on the later of the day we accept your application for coverage under this Endorsement or August 1 (after the year of application, coverage begins on August 1); and
 - (c) Ends on July 31.
5. Provided all terms and conditions are met, this Endorsement provides a payment when insured plant cane or stubble cane is damaged and you replace the crop or, if the crop is not replaced, you destroy any remaining stubble on the damaged acreage.
 - (a) Only plant cane and first year stubble cane are insurable, and all such acreage in the county must be insured under this Endorsement. Any second year or older stubble cane is not insurable under this Endorsement, even if such acreage is insured under the terms of the Sugarcane Crop Provisions.
 - (b) You may not receive more than one replacement payment on the same acreage under your policy for a single crop year. For example, if you received a payment to replace 2021 crop year sugarcane under the terms of your 2021 policy, you cannot receive a payment to replace 2022 crop year sugarcane on the same acreage under the terms of your 2021 policy.
 - (c) If the insured crop is destroyed and not replaced for the current crop year, a replacement payment may be made provided:
 - (1) You certify in writing that the crop will be replaced on the same acreage within three crop years (e.g., if the 2021 crop is destroyed on or before the end of coverage under this endorsement (July 31, 2021), it must be replaced by the final planting date for the 2024 crop year; and
 - (2) You notify us when crop replacement has been completed. If you do not provide this notice and we determine the crop was not replaced by the date specified in section 5(c)(1), your actual cost will be considered to be zero and you must return the crop replacement payment for the applicable acreage to us.
6. A replacement payment may be made only if:
 - (a) The sugarcane acreage insured under this Endorsement is damaged within the insurance period by an insured cause of loss specified in section 8 of the Sugarcane Crop Provisions;
 - (b) Our appraisal of the potential production from the damaged crop acreage is less than 50.0 percent of the yield used to determine your production guarantee;
 - (c) The insured crop acreage that is replaced, or that is destroyed and not replaced, is at least the lesser of 20.00 acres or 20.0 percent of the insured acreage in the unit (for the purposes of this calculation, include only the acreage in the unit that is insured under this endorsement);
 - (d) We give you consent to replace or destroy the damaged crop; and
 - (e) You destroy the remaining crop on the damaged acreage.
7. In addition to the provisions in section 14(e)(4) of the Basic Provisions, we may request records or documents such as farm maps that indicate the location and number of acres of plant cane and first year stubble cane in the unit.
8. For the purposes of provisions in section 2 and 6 of the Basic Provisions, a crop replacement payment will be considered the same as a replant payment.

Option A
(REPLACEMENT PAYMENT ADJUSTED FOR DEPRECIATION)

1. The replacement payment will be the lesser of your actual cost to replace the damaged crop on insured acreage eligible for a replacement payment under this endorsement, or the amount determined by:

- (a) Multiplying the base payment amount by your coverage level;
- (b) Multiplying the result of section 1(a) by the applicable depreciation factor from the following table:

Crop Insured	Depreciation Category	Depreciation Factor
Plant Cane	Replaced for Current Year	1.000
Plant Cane	Replaced for Subsequent Year	0.667
Plant Cane	Not Replaced For Current or Subsequent Year, Destroyed	0.667
First Year Stubble	Replaced for Current Year	0.667
First Year Stubble	Replaced for Subsequent Year	0.333
First Year Stubble	Not Replaced For Current or Subsequent Year, Destroyed	0.333

- (c) Multiplying each result of section 1(b) by the number of by the number of acres in each depreciation category;
- (d) Totaling the results of section 1(c); and
- (e) Multiplying the result of section 1(d) by your share.

2. Example:

(a) Base payment	\$672.00
(b) Coverage level	70%
(c) Plant cane acres replaced for the subsequent crop year	160.00
(d) First year stubble cane acres replaced for the subsequent crop year	80.00
(e) Share	1.0000

The replacement payment will be calculated as follows:

1	Base payment		Coverage level		Result of 1
	\$672.00	x	70%	=	\$470.40
2	Result of 1		Plant cane subsequent year factor		Result of 2
	\$470.40	x	0.667	=	\$313.76
3	Result of 1		First stubble cane subsequent year factor		Result of 3
	\$470.40	x	0.333	=	\$156.64
4	Result of 2		acres		Result of 4
	\$313.76	x	160.00	=	\$50,202
5	Result of 3		acres		Result of 5
	\$156.64	x	80.00	=	\$12,531
6	Result of 4		Result of 5		Result of 6
	\$50,202.00	+	\$12,531.00	=	\$62,733
7	Result of 6		Share		Result of 7
	\$62,733.00	x	1.0000	=	\$62,733

Option B
(REPLACEMENT PAYMENT NOT ADJUSTED FOR DEPRECIATION)

1. The replacement payment will be the lesser of your actual cost to replace the damaged crop on insured acreage eligible for a replacement payment under this endorsement, or the amount determined by:

- (a) Multiplying the base payment amount by your coverage level;
- (b) Multiplying the result of section 1(a) by the applicable depreciation factor from the following table:

Crop Insured	Depreciation Category	Depreciation Factor
Plant Cane	Replaced for Current Year	1.000
Plant Cane	Replaced for Subsequent Year	1.000
Plant Cane	Not Replaced For Current or Subsequent Year, Destroyed	1.000
First Year Stubble	Replaced for Current Year	1.000
First Year Stubble	Replaced for Subsequent Year	1.000
First Year Stubble	Not Replaced For Current or Subsequent Year, Destroyed	1.000

- (c) Multiplying each result of section 1(b) by the number of by the number of acres in each depreciation category;
- (d) Totaling the results of section 1(c); and
- (e) Multiplying the result of section 1(d) by your share.

2. Example:

(a) Base payment	\$672.00
(b) Coverage level	70%
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(e) Share	1.0000

The replacement payment will be calculated as follows:

1	Base payment		Coverage level		Result of 1
	\$672.00	x	70%	=	\$470.40
2	Result of 1		Plant cane subsequent year factor		Result of 2
	\$470.40	x	1.000	=	\$470.40
3	Result of 1		First stubble cane subsequent year factor		Result of 3
	\$470.40	x	1.000	=	\$470.40
4	Result of 2		acres		Result of 4
	\$470.40	x	160.00	=	\$75,264
5	Result of 3		acres		Result of 5
	\$470.40	x	80.00	=	\$37,632
6	Result of 4		Result of 5		Result of 6
	\$75,264	+	\$37,632.00	=	\$112,896
7	Result of 6		Share		Result of 7
	\$112,896	x	1.0000	=	\$112,896