

**SUMMARY OF CHANGES FOR THE
HYBRID SEED RICE CROP PROVISIONS (19-0080)
(Released November 2018)**

The following is a brief description of significant changes to the Hybrid Seed Rice crop provisions that will be effective for the 2019 crop year. Please refer to these crop provisions for more complete information.

Throughout the Crop Provisions, “Hybrid Rice Seed” is changed to “Hybrid Seed Rice”; “hybrid seed rice processor contract” is changed to “processor contract”; “commercial hybrid seed rice company” and “hybrid seed company” are changed to “seed company”; and “variety” is changed to “hybrid”.

Section 1 – Added definition for “hybrid”; revised definitions for “processor contract”, “non-seed production”, and “planting pattern”; and removed definition for “insurable interest” and “variety”.

Section 2(a) and 2(b) – Redesignated section 2(b) as section 2(a) and redesignated section 2(a) as section 2(b). In redesignated section 2(b), replaced language regarding processor contracts that stipulate the amount of production to be delivered with language that refers to any other type of processor contract.

Section 6(c) – Revised language relating to documentation and reporting of processor contracts and contract changes.

Section 11(b)(3) – Revised language relating to documentation and reporting of processor contracts and contract changes.

Section 12(c)(3) – Added description of per-pound value calculation for the insured hybrid.

Section 12(c)(8) – Clarified the example.



UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
HYBRID SEED RICE CROP PROVISIONS

1. Definitions

Adjusted yield – An amount determined by multiplying the county yield by the coverage level factor.

Amount of insurance per acre – A dollar amount determined by multiplying the adjusted yield by the price election you select and subtracting any minimum guaranteed payment, not to exceed the total compensation specified in the processor contract. If your processor contract contains a minimum guaranteed payment that is stated in pounds, as hundred weights per acre, we will convert that value to dollars by multiplying it by the price election you selected.

Approved yield – In lieu of the definition contained in the Basic Provisions, an amount FCIC determines to be representative of the yield that the female parent plants are expected to produce when grown under specific production practice. FCIC will establish the approved yield based upon records provided by the seed company and other information it deems appropriate.

Pound – One pound avoirdupois of the insured crop.

Certified seed test – A warm germination test performed on clean seed according to specifications of the “Rules for Testing Seeds” of the Association of Official Seed Analysts.

Commercial hybrid seed rice – 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 an agricultural producer to produce commercial field rice.

County yield – An amount contained in the actuarial documents that is established by FCIC to represent that yield that a producer of hybrid seed rice would be expected to produce if the acreage had been planted to commercial field rice.

Coverage level factor – A factor contained in the Special Provisions to adjust the county yield for commercial field rice to reflect the higher value of hybrid seed rice, i.e. the elected coverage level divided by 75% or as determined by the FCIC.

Dollar value per pound – An amount that determines the value of any seed production to count. It is determined by dividing the amount of insurance per acre by the result of multiplying the approved yield by the coverage level percentage, expressed as a decimal.

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

Field run – Commercial hybrid seed rice production before it has been screened or processed.

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

Harvest – Combining, threshing or picking of the female parent plants to obtain commercial hybrid seed rice.

Hybrid – The name, number or code assigned to a specific genetic cross by the seed company or the Special Provisions for the insured crop in the county.

Processor contract – A contractual agreement executed in writing between the hybrid seed rice crop producer and a seed company containing, at a minimum:

- (a) The producer’s promise to plant and grow male and female parent plants, and to deliver all commercial hybrid seed rice produced from such female plants to the seed company;
- (b) The seed company’s promise to purchase the commercial hybrid seed rice produced by the producer; and
- (c) Either a fixed price per unit of measure (per pound) of the commercial hybrid seed rice or a formula to determine the value of such seed. Any formula for establishing the value must be based on data provided by a public third party that establishes or provides pricing information to the general public, based on prices paid in the open market (such as commodity futures exchanges), to be acceptable for the purpose of this policy.

Inadequate germination – Germination of less than 70 percent of the commercial hybrid seed rice as determined by using a certified warm seed test.

Local market price – The cash price offered by buyers for any production from the female parent plants not considered commercial hybrid seed rice under the terms of this policy.

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

Minimum guaranteed payment – A minimum amount (usually stated in dollars or pounds) specified in your processor contract that will be paid or credited to you by the seed company regardless of the quantity of seed produced.

Non-seed production – Production that does not qualify as seed production because of inadequate germination of less than seventy (70) percent or

not considered commercial hybrid seed rice under the terms of the policy.

Planted acreage – In addition to the definition contained in the Basic Provisions, the insured crop must be planted in the same manner as commercial rice unless otherwise provided by the Special Provisions.

Planting pattern – The arrangement of the rows, bays, plots or strips of the male and female parent plants in a field. An example of a planting pattern is 30 continuous feet of female parent plants followed by 15 continuous feet of male parent plants.

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

Sample – For the purpose of the certified seed test, at least three pounds of randomly selected field run seed rice for each type or hybrid of commercial hybrid seed rice grown on the unit.

Seed company – A business enterprise that possesses all licenses for marketing commercial hybrid seed rice required by the state in which it is domiciled or operates, and which possesses facilities with enough storage and drying capacity to accept and process the insured crop within a reasonable amount of time after harvest. If the seed company is the insured, it must also be a corporation.

Seed production – All seed produced by female parent plants with a germination rate of at least 70 percent as determined by a certified seed test.

Strip – one complete planting pattern of female acreage in the field that can be used to determine a loss.

Type – Hybrid seed rice grain parent plants.

2. Unit Division

(a) For a processor contract that stipulates a number of acres to be planted:

- (1) In lieu of the definition of “basic unit” contained in the Basic Provisions, a basic unit will consist of all acreage planted to the insured crop in the county that will be used to fulfill a processor contract;
- (2) In accordance with section 12, 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
- (3) Optional units may be established for acreage-based processor contracts if production records support such unit division.

(b) For any other type of processor contract:

- (1) In lieu of the definition of “basic unit” contained in the Basic Provisions, a basic unit will consist of all acreage planted to the insured crop in the county that will be used to fulfill a processor contract;
 - (2) There will be no more than one basic unit for all production contracted with each processor contract;
 - (3) In accordance with section 12, 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
 - (4) Optional units are not available.
- (c) Whole farm and enterprise units are not applicable to hybrid seed rice production.

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

- (a) In addition to the requirements of section 3 of the Basic Provisions, the price election for all hybrid seed rice in the county insured under this policy will be the projected price for rice issued in accordance with the Commodity Exchange Price Provisions.
- (b) The production reporting requirements contained in section 3 of the Basic Provisions are not applicable to this contract.

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 date is February 28.

6. Report of Acreage

In addition to the requirements of section 6 of the Basic Provisions, you must:

- (a) Report by type and hybrid, the location and insurable acreage of the insured crop;
- (b) Report any acreage that is uninsured, including that portion of the total acreage occupied by male parent plants; and
- (c) Certify that you have a processor contract and report the amount, if any, of any minimum guaranteed payment; and report if any waiver or amendment to the processor contract has been executed after the contract was executed. The hybrid seed processor contract shall be available for review upon request.

7. Insured Crop

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

- (1) In which you have a share;
- (2) That are grown under a processor contract executed before the acreage reporting date;

- (3) That are planted for harvest as commercial hybrid seed rice in accordance with the requirements of the processor contract and the production management practices of the seed company; and
- (4) That are not (unless allowed by the Special Provisions or by written agreement):
 - (i) Planted with a mixture of female and male parent seed in the same row;
 - (ii) Planted for any purpose other than for commercial hybrid seed rice;
 - (iii) Interplanted with another crop; or
 - (iv) Planted into an established grass or legume.
- (b) An instrument in the form of a "lease" under which you retain control of the acreage on which the insured crop is grown and that provides for delivery of the crop under substantially the same terms as a processor contract will be treated as a contract under which you have an insurable interest in the crop.
- (c) A commercial hybrid seed rice producer who is also a seed company may be able to insure the hybrid seed rice crop if the following requirements are met:
 - (1) The seed company has an insurable interest in the hybrid seed rice crop;
 - (2) Prior to the sales closing date, the Board of Directors of the seed company has executed and adopted a corporate resolution containing the same terms as an acceptable processor contract. This corporate resolution will be considered a contract under the terms of this policy;
 - (3) Sales records for at least the previous years' seed production must be provided to confirm that the seed company has produced and sold seed. If such records are not available, the crop may be insured under the Coarse Grains Crop Provisions with a written agreement; and
 - (4) Our inspection reveals that the storage and drying facilities satisfy the definition of a seed company.
- (d) Any of the insured crop that is under contract with different seed companies may be insured under separate policies with different insurance providers provided all acreage of the insured crop in the county is insured. If you elect to insure the insured crop with different insurance providers, you agree to pay separate administrative fees for each insurance policy.
- (e) No experimental hybrid seed rice acreage will be insured and production from such acreage shall not be considered production to count.

8. Insurable Acreage

In addition to the provisions of section 9 of the Basic Provisions, we will not insure any acreage of the insured crop:

- (a) Planted and occupied exclusively by male parent plants;
- (b) Not in compliance with the rotation requirements contained in the Special Provisions or, if applicable, required by the processor contract;
- (c) If either the female or male parent plants are damaged before the final planting date and we determine that insured crop is practical to replant but it is not replanted; or
- (d) That does not have an adequate water source or equipment to irrigate the insured crop throughout the growing season.

9. Insurance Period

(a) In addition to the provisions of section 11 of the Basic Provisions, insurance attaches upon completion of planting of:

- (1) The female parent plant seed on or before the final planting date designated in the Special Provisions, except as allowed in section 16 of the Basic Provisions; and
- (2) The male parent plant seed.

(b) In accordance with the provisions of section 11 of the Basic Provisions, the calendar date for the end of the insurance period is the October 31 immediately following planting.

10. Causes of Loss

(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;
- (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) Wildfire;
- (6) Earthquake;
- (7) Volcanic eruption; or
- (8) Failure of the irrigation water supply, if due to a cause of loss contained in section 10(a)(1) through (7) that occurs during the insurance period.

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

- (1) The use of unadapted, incompatible, or genetically deficient male or female parent plant seed;
- (2) Frost or freeze after the date set by the Special Provisions;
- (3) Failure to follow the requirements stated in the processor contract and production

- management practices of the seed company;
- (4) Inadequate germination, even if resulting from an insured cause of loss, unless you have provided adequate notice as required by section 11(b)(1); or
 - (5) Failure to plant the male parent plant seed at a time or in a manner sufficient to assure adequate pollination of the female parent plants, unless you are prevented from planting the male parent plant seed by an insured cause of loss.
- (c) In addition to the provisions of section 12 of the Basic Provisions, insurance is provided against hurricane and/or tropical storm if proper risk mitigation strategies have been employed.
- (1) An example of a risk mitigation strategy is spreading seed production planting in known hurricane and/or tropical storm locations over a five-week planting window where 20 percent of the seed crop is planted per week.
 - (2) In the case of damage or loss due to hurricane and/or tropical storm, risk mitigation strategies will be reviewed. The insured and seed company must show evidence of having a risk mitigation plan developed and implemented for hurricane and/or tropical storm if the land location places the insured crop in known paths of hurricanes and/or tropical storms. If there is a lack of a risk mitigation plan, the insuring company reserves the right to deny coverage.

11. Duties in the Event of Damage or Loss

- (a) In accordance with the requirements of section 14 of the Basic Provisions, you must leave representative samples of at least one complete planting pattern of the male and female parent plant rows that extend the entire length of each field in the unit. If you are going to destroy any acreage of the insured crop that will not be harvested, the samples must not be destroyed until after our inspection.
- (b) In addition to the requirements of section 14 of the Basic Provisions:
 - (1) You must give us notice of probable loss within 24 hours of damage during the first 30 days of the growing season;
 - (2) You must give us notice of probable loss at least 15 days before the beginning of harvest if you anticipate inadequate germination on any unit; and
 - (3) You must provide a completed copy of your processor contract or you must certify that your processor contract is the same as the executed processor contract provided by the seed company, and that you must provide a copy of any waivers or amendments made to the contract.

12. Settlement of Claim

- (a) We will determine your loss on a unit basis. In the event you are unable to provide separate acceptable production records we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.
- (b) You will not receive an indemnity payment on a unit if the seed company refuses to provide us with records we require to determine the dollar value per pound of production for each hybrid.
- (c) In the event of loss or damage covered by this policy, we will settle your claim on any unit by:
 - (1) Multiplying the insured acreage by its respective amount of insurance per acre, by type and hybrid, if applicable;
 - (2) Totaling the results of section 12(c)(1) if there are more than one type or hybrid;
 - (3) Determine the dollar value per pound for the insured hybrid by dividing the dollar amount of insurance per acre by the quantity equal to the approved yield multiplied by the coverage level percentage;
 - (4) Multiplying the total seed production to count (see section 12(d)) for each type and hybrid of commercial hybrid seed rice by the applicable dollar value per pound for that type or hybrid;
 - (5) Multiplying the total non-seed production to count (see section 12(e)) for each type and hybrid by the applicable local market price determined on the earlier of the date the non-seed production is sold or the date of final inspection;
 - (6) Totaling the results of sections 12(c)(3) and 12(c)(4) by type and hybrid;
 - (7) Subtracting the result of section 12(c)(5) from the result of section 12(c)(1) if there is only one type or hybrid or subtracting the result of 12(c)(5) from the result of section 12(c)(2) if there are more than one type or hybrid; and
 - (8) Multiplying the result of section 12(c)(6) by your share.

For example:

You have a 100 percent share in 50 acres insured for the development of type "A" hybrid seed rice in the unit, with an amount of insurance per acre guarantee of \$1,060 (county yield of 10,913 pounds times a coverage level factor of .867 for the 65 percent coverage level, times a price election of \$.112 per pound, minus the minimum guaranteed payment of zero). Your approved yield for the hybrid is 2,000 pounds per acre. Your seed production was 37,500 pounds and the dollar value per pound was \$.815. Your non-seed production was 4,500 pounds with a local market value of \$.06 per

pound. Your indemnity would be calculated as follows:

- (1) 50 acres x \$1,060 = \$53,000 amount of insurance guarantee;
- (2) \$1060 / (2000 pounds approved yield x .65) = \$.815 value per pound
- (3) 37,500 pounds x \$.815 = \$30,563 value of seed production;
- (4) 4,500 pounds x \$.06 = \$270 value of non-seed production;
- (5) \$30,563 + \$270 = \$30,833;
- (6) \$53,000 - \$30,833 = \$22,167;
- (7) \$22,167 x 100 percent share = \$22,167 indemnity payment.

(d) Production to be counted as seed production will include:

- (1) All appraised production as follows:
 - (i) Not less than the amount of insurance per acre for acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) That is damaged solely by uninsured causes; or
 - (D) For which you fail to provide acceptable production records;
 - (ii) Production lost due to uninsured causes;
 - (iii) Mature unharvested production with a germination rate of at least 70 percent of the commercial hybrid seed rice as determined by a certified seed test. Any such production may be adjusted in accordance with section 12(f);
 - (iv) Immature appraised production;
 - (v) 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 strips and 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 strips and samples intact, or fail to provide sufficient care for the strips or 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) Harvested production that you deliver as commercial hybrid seed rice to the seed company stated in your contract, regardless of quality, unless the production has inadequate germination.
- (e) Production to be counted as non-seed production will include all harvested or mature appraised production that does not qualify as seed production to count as specific in section 12(d). Any such production may be adjusted in accordance with section 12(f). Salvage production from male acres is not considered as production to count.
- (f) For the purpose of determining the quantity of mature production:
 - (1) Commercial hybrid seed rice production will be:
 - (i) Increased 0.12 percent for each 0.1 percentage point of moisture below 12.5 percent; or
 - (ii) Decreased 0.12 percent for each 0.1 percentage point of moisture in excess of 12.5 percent.
 - (2) When records of commercial hybrid seed rice production provided by the seed company have been adjusted to a basis of 12.5 percent moisture and pounds per acre, section 12(f)(1) above will not apply to harvested production. In such cases, records of the seed company will be used to determine the amount of production to count, provided that the moisture and weight of such production are calculated on the same basis as that used to determine the approved yield.

13. Prevented Planting

The prevented planting provisions of the Basic Provisions are not applicable.