

SUMMARY OF CHANGES FOR THE HYBRID VEGETABLE SEED CROP PROVISIONS
(22HVS-0066)
(Released April 2021)

The following is a brief description of changes to the Hybrid Vegetable Seed Crop Provisions that will be effective for the 2022 and succeeding crop years. Please refer to the Crop Provisions for more complete information.

- Section 1- Revised the definition of Minimum Guaranteed Payment to specify that if a processor contract contains more than one payment amount, the highest payment amount specified in the processor contract will be used as the Minimum Guarantee Payment.



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

1. **Definitions.**

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

Certified seed test – 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 – Hybrid vegetable seed which has been conditioned by the processor/seed company.

Commercial hybrid vegetable seed - 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 – 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 – 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 the insured must ensure are provided to RMA by the processor or seed company.

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

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

Good farming practices – 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 – Combining and/or threshing the female parent plants to obtain commercial hybrid vegetable seed.

Hybrid vegetable seed processor contract – A legal

written contract between you and a processor or seed company, executed on or before the acreage reporting date, which is in effect for the crop year, containing, at a minimum:

- (a) Your commitment 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 or seed company;
- (b) The processor or seed company's commitment to purchase the commercial hybrid vegetable seed stated in the hybrid vegetable seed processor contract; and
- (c) A stated value, compensation, or method to derive a value that will be paid to you for the production stated in the hybrid vegetable seed processor contract for the clean commercial hybrid vegetable seed variety.

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

Insurable interest – In lieu of the definition in the Basic Provisions, your share of the financial loss that occurs in the event seed production is damaged by a cause of loss specified in section 10 of these Crop Provisions.

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

Minimum guaranteed payment – The minimum amount (often stated in dollars) specified in your hybrid vegetable seed processor contract that will be paid or credited to you by the processor or seed company regardless of the quantity of seed produced or value to you 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 these Crop Provisions, such payment will be converted to a female acre basis.

Planted acreage – 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.

Planting pattern – 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 two consecutive rows of female parent plants.

Pound – A unit of weight equal to 16 ounces avoirdupois.

Practical to replant – 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 or seed company agrees in writing that it will accept the production from the replanted acreage.

Processor - 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 – 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 – 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).

Seed company – A business enterprise that possesses all licenses for processing or marketing commercial hybrid vegetable seed required by the state in which it is domiciled or operates, and which possesses or has contractual access to facilities with enough drying and storage 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 clean seed produced by female parent plants of appropriate dryness and size, with a germination rate of at least 85 percent as determined by a certified seed test unless a different percentage is specified in the Special Provisions.

Type – A category of hybrid vegetable seed identified as a type in the Special Provisions (e.g., hybrid carrot seed or other hybrid vegetable seed types, as applicable). Notwithstanding type as the basis for the insured crop, type may be separated into subcategories (e.g., winter or spring) for the purpose of establishing separate premium rates, prices elections, price percentages or other applicable purposes under hybrid vegetable seed policy.

2. Unit Division.

- (a) 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 hybrid vegetable seed processor contract;
- (b) There will be no more than one basic unit for all production contracted with each hybrid vegetable seed processor contract;
- (c) In accordance with section 12 of these Crop Provisions, for contracts specifying an amount of production to be delivered, 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

- (d) The optional, enterprise and whole-farm unit provisions in the Basic Provisions are not applicable.

3. Insurance Guarantees, Coverage Levels, and Prices.

In accordance with the requirements of section 3 of the Basic Provisions:

- (a) You may select only one coverage level for each crop you elect to insure in the county.
- (b) You may select only one price election for each insured type in the county unless the actuarial documents provide different price elections by type (e.g., hybrid carrot seed-winter). If different price elections by type are designated in the actuarial documents, you may select one price election for each type even if the prices for each type are the same. The price elections you choose for each type are not required to have the same percentage relationship to the maximum price election offered by us for each type. For example, if you choose 100 percent of the maximum price election for one type, you may choose 65 percent of the maximum price election for another type.
- (c) In lieu of the production reporting requirements contained in section 3 of the Basic Provisions, the insured must ensure the processor or seed company provides the records required by FCIC to establish the county yield for each type (e.g., hybrid carrot seed).

4. Contract Changes.

In accordance with section 4 of the Basic Provisions, the contract change date is April 30 preceding the cancellation date.

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation date is July 15, and the termination date is November 30.

6. Report of Acreage.

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

- (a) Report the applicable type contained in the Special Provisions, the location and insurable acreage of the insured crop;
- (b) Report any uninsured acreage, including that portion of the total acreage occupied by male parent plants;
- (c) Submit a copy of the processor/seed company contract to us on or before the applicable acreage reporting date; and
- (d) Report the amount, if any, of any minimum guaranteed payment.

7. Insured Crop.

- (a) In accordance with section 8 of the Basic Provisions, the crop insured will be all acreage of the female parent plants of the type (e.g., hybrid carrot seed) contained in the Special Provisions for which you elect insurance coverage in the county

and for which a premium rate is provided by the actuarial documents:

- (1) In which you have a share;
 - (2) That is grown under a hybrid vegetable seed processor contract;
 - (3) That is planted for harvest as commercial hybrid vegetable seed in accordance with the requirements of the hybrid vegetable seed processor contract and the production management practices of the processor/seed company;
 - (4) That is irrigated; and
 - (5) That is not (unless allowed by the Special Provisions):
 - (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 vegetable seed;
 - (iii) Interplanted with another crop;
 - (iv) Planted into an established grass or legume; or
 - (v) Planted to a variety not contained in the Special Provisions.
- (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 hybrid vegetable seed processor contract will be treated as a contract under which you have an insurable interest in the crop.
- (c) A hybrid vegetable seed producer who is also a commercial hybrid vegetable seed company may be able to insure the hybrid vegetable seed crop if the following requirements are met:
- (1) The seed company has an insurable interest in the hybrid vegetable seed crop;
 - (2) Prior to the sales closing date, the Board of Directors of the seed company has executed and adopted a corporate resolution that contains the same terms as a hybrid vegetable seed processor contract. This corporate resolution will be considered a hybrid vegetable seed processor contract under this policy;
 - (3) Sales records for at least the previous year's 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 not be insured; and
 - (4) Our inspection reveals that the drying, processing and storage facilities satisfy the definition of a seed company.

Any of the insured crop that is under a hybrid vegetable seed processor contract with different processors/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.

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 hybrid vegetable seed processor contract;
- (c) If either the female or male parent plants are damaged before the final planting date and we determine that the insured crop is practical to replant but it is not replanted; or
- (d) If for such acreage:
 - (1) The minimum guaranteed payment for the unit (minimum guaranteed payment per female acre multiplied by the female plant acreage in the unit) exceeds the applicable amount of insurance multiplied by the female parent plant acreage in the unit; or
 - (2) A hybrid vegetable seed processor contract allows payment to you for the sole purpose of growing the hybrid vegetable seed crop on the acreage without any responsibility for the costs and related financial risk of producing the crop.

9. Insurance Period.

- (a) In addition to section 11 of the Basic Provisions, insurance attaches upon completion of planting of the:
 - (1) Female parent plant seed or female and male parent plant seed, as applicable, on or before the final planting date designated in the Special Provisions; or
 - (2) Male parent plant seed in accordance with standard planting practices generally established for the insured crop and production area if a final planting date is not specified for male parent plant seed in the Special Provisions.
- (b) In accordance with section 11 of the Basic Provisions, the calendar date for the end of the insurance period is October 31 of the crop year.

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 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 due to a cause of loss contained in section 10 (a) (1) through (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) 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 specified in the Special Provisions;
 - (3) Failure to follow the requirements stated in the hybrid vegetable seed 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 Crop Provisions in a manner sufficient to assure adequate pollination of the female parent plants.

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 three complete planting patterns of the female and male parent plant rows that extend the entire length of each field in the unit. If you intend 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, 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. If you do not provide the required notice under this subsection, no indemnity payment will be due for the unit.

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 for any basic units, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for the units.
- (b) 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 the amount of insurance (per female acre) for the type;
 - (2) Dividing the total production to count for the unit by the number of female acres;
 - (3) Multiplying the hybrid vegetable seed processor contract price for each level of hybrid seed production per female acre contained in your hybrid vegetable seed processor contract (in descending order starting with the highest hybrid vegetable seed processor contract price) by the applicable level of production and totaling the results;

- (4) Multiplying the result of section 12(b)(3) by the number of insured female acres;
- (5) Subtracting the result of section 12(b)(4) from the result of section 12(b)(1); and
- (6) Multiplying the result of section 12(b)(5) by your share.

Example 1:

You have a 100 percent share in 20 female acres of the winter hybrid carrot seed in the unit. The amount of insurance guarantee per female acre is \$6,750.00 [county yield of 600 pounds per female acre multiplied by your price election of \$15.00 per pound (the actuarial documents price election of \$15.00 times your 100 percent price election percentage), the result multiplied by 0.75 for the 75 percent coverage level equals \$6,750.00 per female acre minus the minimum guaranteed payment of zero]. Your hybrid carrot seed production to count for the unit was 6,000 pounds (300 pounds per female acre) which will be valued based on the hybrid vegetable seed processor contract price for each level of production contained in your hybrid vegetable seed processor contract (\$25/lb. for the first 175 pounds of production; \$15/lb. for the next 300 pounds of production; and \$10/lb. for pounds in excess of 475 pounds).

The premium due is \$12,150.00 (\$6,750.00 amount of insurance X 20 female acres X .09 premium rate X 100% share).

- (1) 20 acres x \$6,750.00 = \$135,000.00 amount of insurance guarantee;
- (2) Production to count/acre = 300 pounds (6,000 pounds total production to count ÷ 20 female acres);
- (3) Value of hybrid seed production/acre = \$6,250 [(\$25/pound x 175 lbs./acre) + (\$15/pound x 125 lbs./acre)];
- (4) Total value of hybrid carrot seed production = \$125,000.00 (\$6,250 x 20 female acres);
- (5) \$135,000.00 - \$125,000.00 = \$10,000.00; and
- (6) \$10,000.00 x 100 percent share = \$10,000.00 indemnity payment.

Example 2:

You have a 100 percent share in 20 female acres of the winter hybrid carrot seed in the unit insured. The amount of insurance guarantee per female acre is \$1,750.00 [county yield of 600 pounds female acre multiplied by your price election of \$15.00 per pound (the actuarial documents price election of \$15.00 times your 100 percent price election percentage), the result multiplied by 0.75 for the 75 percent coverage level equals \$6,750.00 per female acre minus the minimum guaranteed payment of \$5,000.00 per female acre]. Your hybrid carrot seed production to count for the unit was 6,000 pounds (300 pounds per female acre)

which will be valued based on the hybrid vegetable seed processor contract price for each level of production contained in your hybrid vegetable seed processor contract (\$25/lb. for the first 175 pounds of production; \$15/lb. for the next 300 pounds of production; and \$10/lb. for pounds in excess of 475 pounds).

The premium due is \$3,150.00 [(\$6,750.00 amount of insurance - \$5,000.00 minimum guaranteed payment)] X 20 female acres X .09 premium rate X 100% share).

- (1) 20 acres x \$1,750.00 = \$35,000.00 amount of insurance guarantee;
 - (2) Production to count/acre = 300 pounds (6,000 pounds total production to count ÷ 20 female acres);
 - (3) Value of hybrid seed production/acre = \$6,250 [(\$25/pound x 175 lbs./acre) + (\$15/pound x 125 lbs./acre)];
 - (4) Total value of hybrid carrot seed production = \$125,000.00 (\$6,250 x 20 female acres);
 - (5) \$35,000.00 - \$125,000.00 = \$00.00; and
 - (6) No indemnity due.
- (c) Production to be counted as hybrid vegetable seed production will include:
- (1) All appraised production as follows:
 - (i) Not less than the amount of insurance (per female 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) 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;
- (2) Harvested clean seed production regardless of quality, unless the production has inadequate germination;
 - (3) 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 in the Special Provisions; and
 - (4) In accordance with section 2(c) of these Crop Provisions, any harvested hybrid vegetable seed production from any other insurable units that has been used to fulfill your hybrid vegetable seed processor contract for this unit.

13. Late Planting, Prevented Planting, and Written Agreements.

The late planting, prevented planting, and written agreement provisions of the Basic Provisions are not applicable.