SUMMARY OF CHANGES FOR THE MACHINE HARVESTED PICKLING CUCUMBER CROP PROVISIONS (16-0132)

(Released November 2015)

The following is a brief description of changes to the Machine Harvested Pickling Cucumber Crop Provisions that will be effective for the 2016 crop year. Please refer to the Machine Harvested Pickling Cucumber Crop Provisions for more complete information.

Section 1 - Definitions

- Revised the definition of "price election" to clarify that the maximum price election is specified in the Special Provisions.

Section 3 - Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities

- Revised section 3(a) to clarify that the price election is the lesser of the maximum value specified in the Special Provisions or the value determined in accordance with sections 3(a)((1) through 3(d).

Section 13 - Settlement of Claim

- Added section 13(c) to provide for a reduction in the value of production to count when the a producer's price election determined in sections 3(a)(1) through 3(d) is greater than the maximum price election allowed in the Special Provisions. Sections previously designated 13(c) through 13(f) are redesignated as sections 13(d) through (g), respectively.

- Revised redesignated section 13(f) to clarify provisions regarding the limit on the amount of an indemnity after harvest has started on any acreage grown under the terms of a production contract that specifies the amount of production to be delivered.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
MACHINE HARVESTED PICKLING CUCUMBER CROP PROVISIONS

1. **Definitions.**

Base contract price - The price per bushel for each cucumber size grade stipulated in the production contract for the current crop year (without regard to discounts or incentives) and that are used to determine your price election. Base contract prices will not include any price for off-grade production.

Bushel - 50 pounds of cucumbers.

Bypassed acreage - Land on which production is ready for harvest but the production is not harvested.

Cucumbers - The fruit of Cucumis sativus, a plant in the Cucurbitaceae family.

Culls - Cucumbers that are decayed, over mature, or damaged by freezing, sunburn, disease or insects.

Good farming practices - In addition to the definition of "good farming practices" contained in section 1 of the Basic Provisions, good farming practices include the cultural practices required by the production contract.

Green shipper - Any business enterprise regularly engaged in buying cucumbers, that possesses all licenses and permits required by the State in which it operates, and that possesses facilities, or has contractual access to facilities, for cleaning and sorting cucumbers prior to delivery to a processor.

Harvest - The removal of cucumbers from the plant by mechanical means using a machine specifically designed for this purpose.

Lot - A quantity of production that can be separated from other quantities of production by load, land location or other distinctive feature.

Off-grade - Production including, but not limited to, cucumbers that are misshapen (nubs, ball shaped, crooked or curved), broken, or have a base contract price less than the amount specified in the Special Provisions for this purpose. Off-grade production does not include culls.

Practical to replant - In addition to the definition of "practical to replant" contained in the Basic Provisions, it will be considered practical to replant only if the green shipper or processor agrees in writing that it will accept the production from the replanted acreage.

Price election - The value per bushel, determined in accordance with section 3 of these Crop Provisions (but not exceeding the maximum price specified in the Special Provisions), used for the purpose of determining the amount of premium and indemnity under the policy.

Processor - Any business enterprise regularly engaged in buying and processing cucumbers, that possesses all licenses and permits required by the State in which it operates, and that possesses facilities, or has contractual access to such facilities, with equipment appropriate for brining or other means of processing cucumbers.

Production contract - An agreement, in writing, between the producer and a green shipper or processor, containing at a minimum:

(a) The producer’s commitment to plant and grow cucumbers and to deliver the production to the green shipper or processor;
(b) The green shipper's or processor’s commitment to purchase all the production stated in the production contract; and
(c) A base contract price for each cucumber size grade stipulated in the production contract.

Type - A category of cucumbers identified as a type in the Special Provisions.

2. **Units**

In addition to, or instead of establishing optional units as provided for in section 34 of the Basic Provisions, separate optional units may be established if each optional unit contains only spring planted cucumbers or only summer planted cucumbers. Separate optional units for spring planted cucumbers and summer planted cucumbers may be established only in counties for which the Special Provisions designate both spring and summer final planting dates.

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

(a) In lieu of the provisions in section 3(e) of the Basic Provisions, your price election for each unit will be the lesser of the maximum value specified in the Special Provisions for this purpose, or the value determined as follows:
  (1) Multiply each base contract price by the applicable average grade factor from (b) and (c);
  (2) Total the results of section 3(a)(1); and
  (3) Multiply the result of section 3(a)(2) by the price election percentage you elected.
(b) The average grade factors are determined as follows:
  (1) Total the number of bushels produced, by grade and crop year, for each year of production history in the APH database (include only those grades with a base contract price for the current crop year). If four years of data are not available, use the grade factor information specified in (c);
  (2) Divide each result of section 3(b)(1) by the total number of bushels for all grades included in section 3((b)(1) and produced in the applicable crop year (e.g., 7,755 bushels of grade 2B produced in crop year 2011 ÷ 52,169 total bushels produced in crop year 2011 = 14.9 percent grade 2B);
  (3) Total the results of section 3(b)(2) for all years, for each grade; and
  (4) Divide each result of section 3(b)(3) by the number of years of production history (include any year for

which grade factors specified in the Special Provisions are used in the price election computation (see paragraph 3(c) below)).

For example, assuming the following base contract prices, average grade factors and elected price election percentage, the price election is determined as follows:

Base contract price for grade 2A is $6.00;
Base contract price for grade 2B is $6.50;
Base contract price for grade 3A is $6.50;
Base contract price for grade 3B is $4.70;

The grade factors (calculated from (b) and (c)) are:

Year	2A	2B	3A	3B
2010	5.0%	20.0%	40.0%	35.0%
2011	6.9%	14.9%	39.1%	39.1%
2012	8.0%	13.9%	40.4%	37.7%
2013	10.9%	12.9%	39.8%	36.4%
Average Grade Factor	7.7%	15.4%	39.8%	37.1%

The elected price election percentage is 100.0%

Grade	Base Contract Price		Average Grade Factor		
2A	$6.00	x	7.7%	=	$0.46
2B	$6.50	x	15.4%	=	$1.00
3A	$6.50	x	39.8%	=	$2.59
3B	$4.70	x	37.1%	=	$1.74
			Total		$5.79

$5.79 total x 100.0% price election percentage = $5.79 price election

(c) When less than four crop years of production are included in the APH database, the grade factors for the missing year, as specified in the Special Provisions will be used to compute the average grade factor (e.g., if only three years of production are included in the APH database, the grade factors in the Special Provisions will be used for the one year needed to complete four years of grade factors);

(d) If you have two or more production contracts in effect, your price election will be the weighted average of the price elections determined in section 3(a). For example, if you have 7,000 bushels contracted under one production contract with a price election of $5.92, and you have 5,000 bushels contracted under another production contract with a price election of $5.03, your price election will be $5.55 ((7,000 X $5.92) + (5,000 x $5.03) = $66,590.00 and $66,590.00 ÷ 12,000 bushels = $5.55).

(e) Actual yields used in your actual production history will:
  (1) Include only production of the cucumber type being insured. For example, if machine harvested cucumbers are insured, only actual yields for machine harvested cucumbers will be used when calculating your approved yield (actual yields from hand harvested acreage will not be used); and
  (2) Not include any off-grade or cull production.

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 dates are February 28 in Texas, and March 15 in all other states.

6. Report of Acreage.
In addition to the provisions in section 6 of the Basic Provisions, you must provide a copy of all production 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 cucumbers in the county for which a premium rate is provided by the actuarial documents:
  (1) In which you have a share;
  (2) That are planted for machine harvest as pickling cucumbers;
  (3) That are grown in accordance with the requirements of a production contract executed on or before the acreage reporting date, and are not excluded from the production contract for or during the crop year; and
  (4) That are not, unless allowed by the Special Provisions:
    (i) Interplanted with another crop; or
    (ii) Planted into an established grass or legume; or
    (iii) Planted following the harvest of any crop other than cucumbers in the same crop year.

(b) In lieu of the provisions in section 8 of the Basic Provisions that do not allow insurance for a second cucumber crop on the same acreage where a cucumber crop has already been planted and harvested, the second cucumber crop is insurable provided it is summer planted and is grown in a county for which the Special Provisions designate both spring and summer final planting dates.

(c) A commercial cucumber producer who is also a green shipper or processor may establish an insurable interest if the following requirements are met:
  (1) The producer must comply with all policy provisions;
  (2) Prior to the sales closing date, the Board of Directors or officers of the green shipper or processor must execute and adopt a resolution that contains the same terms as an acceptable production contract. Such resolution will be considered a production contract under this policy; and
  (3) Our inspection reveals the processing facilities comply with the definition of "green shipper" or "processor" contained in these Crop Provisions.

8. Insurable Acreage.
In addition to the provisions of section 9 of the Basic Provisions:
(a) Any acreage of the insured crop that is damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.
(b) We will not insure any acreage that does not meet the rotation requirements, if applicable, contained in the Special Provisions.
(c) The number of insurable acres will be the number of acres planted to fulfill your production contract.

9. Insurance Period.
(a) In addition to the events listed in section 11 of the Basic Provisions that end coverage, coverage will end on the date sufficient production is harvested to fulfill the amount of production stated in your production contract. No indemnity will be paid for any loss of production on any unit after coverage ends.
(b) In accordance with the provisions of section 11 of the Basic Provisions, unless otherwise specified in the Special Provisions, the calendar date for the end of the insurance period is:
(1) July 31 for spring planted acreage and October 15 for summer planted acreage in Illinois, and in Knox County, Indiana;
(2) July 31 for spring planted acreage and November 20 for summer planted acreage in Texas;
(3) August 15 for spring planted acreage and October 5 for summer planted acreage in St. Joseph County, Michigan, and in all Indiana counties except Knox;
(4) August 15 for spring planted acreage and October 15 for summer planted acreage in North Carolina;
(5) August 20 for spring planted acreage and October 10 for summer planted acreage in Delaware and Maryland.
(6) September 15 in Wisconsin;
(7) September 20 in all Michigan counties except Allegan, Muskegon, Ottawa, and St. Joseph; and
(8) September 30 in Allegan, Muskegon and Ottawa Counties, Michigan.

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 which occur during the insurance period:
(1) Adverse weather conditions, including but not limited to:
(i) Excessive moisture that prevents timely harvest; and
(ii) Abnormally hot or cold temperatures that cause an unexpected number of acres to be ready for harvest at the same time, affecting the timely harvest of such acres or exceeding the capacity of the green shipper or processor to accept the production, either of which causes the acreage to be bypassed.
(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; and
(8) Failure of the irrigation water supply, if applicable, due to a cause of loss specified in section 10(a)(1) through (7) that also occurs during the insurance period.
(b) In addition to the provisions of section 12 of the Basic provisions, losses NOT covered will include losses caused by:
(1) Acreage being bypassed due to the breakdown or non-operation of equipment or facilities;
(2) The cucumbers not being timely harvested, unless such delay in harvesting is solely due to an insured cause of loss; or
(3) The failure to follow the requirements in the production contract.

11. Replanting Payment.
(a) In accordance with section 13 of the Basic Provisions, a replanting payment is allowed if the insured crop is damaged by an insurable 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 or we require you to replant in accordance with section 8(a).
(b) The maximum amount of the replanting payment per acre will be the lesser of 20 percent of the production guarantee (per acre) or 30 bushels, multiplied by your price election, multiplied by your insured share.
(c) When cucumbers are replanted using a practice that is uninsurable as an original planting, the liability for the unit will be reduced by the amount of the replanting payment that is attributable to your share. The premium amount will not be reduced.
(d) In lieu of the provisions contained in section 13 of the Basic Provisions that limit a replanting payment to one each crop year, in counties for which the Special Provisions designate both spring and summer final planting dates one replanting payment may be made for spring planted acreage and one replanting payment may be made for summer planted acreage.

12. Duties in the Event of Damage or Loss.
In addition to the notice required by section 14 of the Basic Provisions, you must give us notice:
(a) Not later than 48 hours after:
(1) Total destruction of the cucumbers on the unit; or
(2) Discontinuance of harvest on a unit on which unharvested production remains;
(b) Within 3 days after the date harvest should have started on any acreage that will not be harvested. You must also provide acceptable documentation of the reason the acreage was bypassed. Failure to provide such documentation will result in our determination that the acreage was bypassed due to an uninsured cause of loss. If the crop will not be harvested and you wish

to destroy the crop, you must leave representative samples of the unharvested crop for our inspection. The samples 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 notice is given to us; and

(c) At least 15 days prior to the beginning of harvest if you intend to claim an indemnity on any unit, or immediately if damage is discovered during the 15 day period or during harvest, so that we may inspect the damaged production. If you fail to notify us and such failure results in our inability to inspect the damaged production, we will consider all such production to be undamaged and include it as production to count. You are not required to delay harvest.

13. 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:

(1) For any optional units, we will combine all optional units for which such production records were not provided; or

(2) 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 by:

(1) Multiplying the insured acreage by its respective production guarantee (per acre);

(2) Multiplying each result in section 13(b)(1) by the price election;

(3) Totaling the results in section 13(b)(2);

(4) Multiplying the production to count of each cucumber grade with a base contract price specified in the production contract (does not include any off-grade production) by the applicable base contract price;

(5) Totaling the results in section 13(b)(4);

(6) Subtracting the result of section 13(b)(5) from the result of section 13(b)(3); and

(7) Multiplying the result in section 13(b)(6) by your share.

(c) When the value per bushel determined in accordance with sections 3(a)(1) through 3(d) is greater than the maximum price election specified in the Special Provisions, the value of production to count determined in section 13(b)(5) will be reduced by a factor that is determined by dividing the maximum price election by the value per bushel determined in accordance with sections 3(a)(1) through 3(d). For example, if the maximum price election in the Special Provisions is \$7.48 and the price determined in sections 3(a)(1) through 3(d) is \$9.00, the value of production to count will be reduced by a factor of 0.831 (\$7.48 ÷ \$9.00 = 0.831).

(d) The total production to count (in bushels) from all insurable acreage in the unit will include:

(1) All appraised production as follows:

(i) Not less than the production guarantee for acreage (each bushel will be valued at the price election for the purposes of calculating any claim):

(A) That is abandoned;

(B) On which the unharvested representative samples required by section 14 of the Basic Provisions or section 12(b) of these Crop Provisions are not left or are not maintained for the time period required in these respective sections.

(C) Put to another use without our consent;

(D) Damaged solely by uninsured causes; or

(E) For which you fail to provide records of production that are acceptable to us;

(ii) Production lost due to uninsured causes;

(iii) Production on bypassed acreage unless the acreage was bypassed due to an insured cause of loss which resulted in production which would not be acceptable under the terms of the production contract (the amount of such production is determined in accordance with section 13(c)((1)(iv));

(iv) All unharvested production, except off-grade production, that meets the grade and size standards specified in the production contract; and

(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 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 you 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; and

(2) All harvested production from the insurable acreage as follows:

(i) All harvested production, except off-grade production, that meets the grade and size standards specified in the production contract; and
(ii) All harvested production delivered to the green shipper or processor which does not meet the grade standards specified in the production contract due to not being timely delivered after harvest.

(e) Any lot of production rejected by the green shipper or processor or that is bypassed because it contains culls or off-grade production in excess of the amount allowed under the terms of the production contract, will not be production to count provided the excessive amount of cull or off-grade production is due to an insured cause.

(f) After harvest has begun on any acreage grown under the terms of a production contract that specifies the amount of production to be delivered, any indemnity will be limited to an amount that is based on the amount of production remaining to be delivered under the terms of the production contract. This amount will be determined by multiplying the number of bushels remaining to be delivered by your price election and your share.

(1) The number of bushels remaining to be delivered under the production contract will be determined on the last day any harvested production from the unit is delivered to the green shipper or processor, or, if no production is harvested from the unit, on the day we give you consent to put the acreage to another use.

(2) For example, assume you have a production contract for 24,000 bushels, four optional units, a price election of $5.79 and your share is 1.000. An insured cause of loss damages the first unit, no production is delivered from it and you are paid a $22,580 indemnity. There is no damage to the second and third units, and 23,000 bushels are delivered from them resulting in 1,000 bushels remaining to be delivered under your production contract. In this case, any additional indemnity will be limited to $5,790.00 (1000 bushels x$5.79 price election x 1.000 share).

(g) Example:

1	Approved yield	193
2	Coverage level	75%
3	Production guarantee per acre	144.8
4.	Insured acres	125.0
5.	Price election	$5.79
6.	Share	1.000
7.	Harvested acres	125.0

8. Harvested production to count and respective base contract prices:

Grade	Bu.	Base Contract Price
2A	1,150	$6.00
2B	2,300	$6.50
3A	4,000	$6.50
3B	3,400	$4.70

The claim will be calculated as follows:

1	Insured Acres 125.0	x	Production Guarantee/Ac. 144.8	=	Result 13(b)(1) 18,100.0 Bushels
2	Result 13(b)(1) 18,100.0 Bushels	x	Price Election $5.79	=	Result 13(b)(2) $104,799
3	Total results of 13(b)(2)			=	Result 13(b)(3) $104,799
4	2A Production To Count 1,150 Bushels	x	Base Contract Price $6.00	=	Result 13(b)(4) $6,900
4	2B Production To Count 2,300 Bushels	x	Base Contract Price $6.50	=	Result 13(b)(4) $14,950
4	3A Production To Count 4,000 Bushels	x	Base Contract Price $6.50	=	Result 13(b)(4) $26,000
4	3B Production To Count 3,400 Bushels	x	Base Contract Price $4.70	=	Result 13(b)(4) $15,980
5	Results of 13(b)(4) $6,900+$14,950+ $26,000+$15,980			=	Result of 13(b)(5) $63,830
6	Result 13(b)(3) $104,799	-	Result 13(b)(5) $63,830	=	Result 13(b)(6) $40,969
7	Result 13(b)(6) $40,969	x	Share 1.000	=	Result 13(b)(7) $40,969

14. Written Agreements.
The written agreement provisions of the Basic Provisions are not applicable to pickling cucumbers.

15. Late Planting.
A late planting period is not applicable to pickling cucumbers. Any cucumbers planted after the final planting date will not be insured but must be reported as uninsurable on the acreage report.

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