

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

Common Crop Insurance Regulations; Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Proposed rule with request for comments.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to amend the Fig Crop Insurance Provisions, Pear Crop Insurance Provisions, Walnut Crop Insurance Provisions, Almond Crop Insurance Provisions, Prune Crop Insurance Provisions, Table Grape Crop Insurance Provisions, Peach Crop Insurance Provisions, Plum Crop Insurance Provisions, Apple Crop Insurance Provisions and Stonefruit Crop Insurance Provisions. The intended effect of this action is to provide policy changes to better meet the needs of the insureds.

DATES: Written comments and opinions on this proposed rule will be accepted until close of business March 9, 2000 and will be considered when the rule is to be made final. The comment period for information collection under the Paperwork Reduction Act of 1995 continues through April 7, 2000.

ADDRESSES: Interested persons are invited to submit written comments to the Director, Product Development Division, Federal Crop Insurance Corporation, United States Department of Agriculture, 9435 Holmes Road, Kansas City, MO 64131. Comments relating to the Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit Crop Insurance Provisions may also be sent via the Internet to (pddirector@rm.fcic.usda.gov). A copy of each response will be available for public inspection and copying from 7:00 a.m. to 4:30 p.m., CDT, Monday through

Friday except holidays, at the above address.

FOR FURTHER INFORMATION CONTACT: Gary Johnson, Insurance Management Specialist, Research and Development, Product Development Division, Federal Crop Insurance Corporation, at the Kansas City, MO, address listed above, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

This rule has been determined to be exempt for the purpose of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget (OMB).

Paperwork Reduction Act of 1995

In accordance with section 3507(j) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501), the information collection and recordkeeping requirements included in the proposed rule have been submitted for approval to OMB. Please submit your written comments to the Office of Information and Regulatory Affairs, OMB, Attention: Desk Officer for RMA, Washington, D.C. 20503. A comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication of this proposed rule.

We are soliciting comments from the public concerning our proposed information collection and recordkeeping requirements. We need this outside input to help us:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;

(2) Evaluate the accuracy of our estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond (such as through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission responses.)

The collections of information for this rule revise the Multiple Peril Crop

Insurance Collections of Information 0563-0053 which expires April 30, 2001.

Title: Multiple Peril Crop Insurance (Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit).

Abstract: This rule improves the existing Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit Crop Insurance Provisions. The Apple Crop Insurance Provisions are revised by allowing optional units and price elections by varietal group. The Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit Crop Insurance Provisions are revised by adding provisions to specify that the insured's elected or assigned coverage level or the ratio of the insured's price election to the maximum price election offered may not be increased and that each subsequent crop year coverage begins on the day immediately following the end of the insurance period for the prior crop year. The Almond and Walnut crop insurance provisions are revised by allowing insurance coverage for trees that have been grafted. The Almond crop insurance provisions are revised by deleting the word "rejects" from the definition of "meat pounds."

Purpose: The purpose of this proposed rule is to clarify existing crop provisions, clarify the methodology for calculating losses, and provide additional coverage benefits to improve these risk management tools so they better meet the needs of producers in all regions of the country.

Burden statement: The information FCIC collects on the specified forms will be used in offering crop insurance coverage, determining program eligibility, establishing a production guarantee or amount of insurance, calculating losses qualifying for a payment, etc. The burden hours may increase the information collection because of the possibility the number of claims may increase as a result of these changes.

Estimate of Burden: We estimate it will take insured producers, a loss adjuster, and an insurance agent an average of .9 of an hour to provide the information required by the Fig, Pear, Walnut, Almond, Prune, Table Grape, Peach, Plum, Apple and Stonefruit Crop Insurance Provisions.

Respondents: Insureds, insurance agents, and loss adjusters.

Estimated annual number of respondents: 14,137.

Estimated annual number of responses per respondents: 2.8.

Estimated annual number of responses: 39,255.

Estimated total annual burden of respondents: The total public burden for this proposed rule is estimated at 13,314 hours.

Record keeping requirements: FCIC requires records to be kept for three years, but all records required by FCIC are retained as part of the normal business practice. However, these records are retained as part of the normal business practice and FCIC's requirement does not place additional burden on insured producers. Therefore, FCIC is not estimating additional burden related to record keeping requirement.

Copies of this information collection can be obtained from Information Collection Clearance Office, OCIO, USDA, Room 404-W, 1400 Independence Ave., S.W., Washington, D.C. 20250.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the states. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Regulatory Flexibility Act

This regulation will not have a significant economic impact on a substantial number of small entities. New provisions included in this rule will not impact small entities to a greater extent than large entities. Under the current regulations, every producer

is required to complete an application and acreage report. If the crop is damaged or destroyed, the insured is required to give notice of loss and provide the necessary information to complete a claim for indemnity. This regulation does not alter those requirements. The amount of work required of the insurance companies delivering and servicing these policies will not increase significantly from the amount of work currently required. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This proposed rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. The administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant economic impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background

FCIC proposes to amend the Common Crop Insurance Regulations (7 CFR part 457) by amending the following Crop Insurance Provisions:

1. 7 CFR 457.110 Fig Crop Insurance Provisions effective for the 2001 and succeeding crop years. The changes to the provisions for insuring fig are as follows:

a. Section 3—This section has been redesignated as section 3(a) and (b) to specify that the insured's elected or assigned coverage level or the ratio of

the insured's price election to the maximum price election offered may not be increased after coverage begins if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that change in coverage is requested. This change was made to preclude insureds with continuous coverage from increasing the liability on insured acreage following a cause of loss that could or would reduce the yield of the crop.

b. Section 8(b)—Specify that for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. This provision provides for fig year round coverage. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage. This rule proposes to eliminate any lapse in insurance coverage between crop years.

c. Section 8(c)—Clarify that if the insured's policy is canceled or terminated for any crop year after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year. This change is needed to avoid premium and administrative fees for canceled or terminated coverage because insurance will have attached before the last day a policy can be canceled or terminated.

2. FCIC proposes to amend the Common Crop Insurance Regulations (7 CFR part 457) by amending 457.111 Pear, 457.133 Prune, 457.149 Table Grape, 457.153 Peach, 457.157 Plum and 457.159 Stonefruit Crop Insurance Provisions, effective for the 2001 and succeeding crop years. The changes are as follows:

a. Section 1—Peach—Add definition for "marketable" for clarification.

b. Section 2—Peach and section 3—Table Grape, Pear, Plum, Prune and Stonefruit—Specify that the insured's elected or assigned coverage level or the ratio of the insured's price election to the maximum price election offered may not be increased after coverage begins if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that change in coverage is requested. This change was made to preclude insureds with continuous coverage from increasing the liability on insured acreage following a cause of loss that could or will reduce the yield of the crop.

c. Section 7 for Peach, section 8 for Pear, Plum, Prune and Stonefruit, and section 9 for Table Grape—Specify that for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. These provisions provide for year round coverage. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage. The current provisions specify calendar dates for the beginning and end of the insurance period, thereby establishing a minimum time period during which no insurance coverage exists between crop years. This rule proposes to eliminate any lapse in insurance coverage between crop years. Also, specify that if the insured's policy is canceled or terminated for any crop year after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year. This change is needed to avoid premium and administrative fees for canceled or terminated coverage because insurance will have attached before the last day a policy can be canceled or terminated.

3. 7 CFR 457.122 Walnut Crop Insurance Provisions effective for the 2001 and succeeding crop years. The changes to the provisions for insuring walnuts as well as other minor editorial changes are as follow:

a. Section 3(c)—Specify that the insured's elected or assigned coverage level or the ratio of the insured's price election to the maximum price election offered may not be increased after coverage begins if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that change in coverage is requested. This change was made to preclude insureds with continuous coverage from increasing the liability on insured acreage following a cause of loss that could or would reduce the yield of the crop.

b. Section 8(a)(3)—Specify that for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. This provision provides year round coverage for walnuts. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage. The current Walnut Crop

Insurance Provisions specify calendar dates for the beginning and end of the insurance period, thereby, establishing a time period during which no insurance coverage exists between crop years. This rule proposes to eliminate any lapse in insurance coverage between crop years.

c. Section 8(a)(4)—Specify that if the insured's policy is canceled or terminated for any crop year after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year. This change is needed to avoid premium and administrative fees for canceled or terminated coverage because insurance will have attached before the last day a policy can be canceled or terminated.

d. Section 10—Modify the format of this section and require that notice be given 15 days prior to harvest if there is mold damage to the walnuts so that an inspection may be performed.

e. Section 11(b)—Add an example of claim for indemnity for clarity.

f. Section 11(d)—Add that whenever mold damage exceeds 30 percent and such production will not be sold, the production to count will be zero.

4. 7 CFR 457.123 Almond Crop Insurance Provisions effective for the 2001 and succeeding crop years. The changes to the provisions for insuring almonds are as follows:

a. Section 1—Delete the words “and rejects” in the definition of “meat pounds.” These changes were made to better fit the current almond industry practice and to be consistent with the changes to section 11(c)(2).

b. Section 3(c)—Specify that the insured's elected or assigned coverage level or the ratio of the insured's price election to the maximum price election offered may not be increased after coverage begins if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that change in coverage is requested. This change will preclude insureds with continuous coverage from increasing the liability on insured acreage following a cause of loss that could or would reduce the yield of the crop.

c. Section 8(a)(3)—Specify that for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. This provision provides year round coverage for almonds. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous

coverage. The current Almond Crop Insurance Provisions specify calendar dates for the beginning and end of the insurance period, thereby, establishing a time period during which no insurance coverage exists between crop years. This rule proposes to eliminate any lapse in insurance coverage between crop years.

d. Section 8(a)(4)—Specify that if the insured's policy is canceled or terminated for any crop year after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year. This change is needed to avoid premium and administrative fees for canceled or terminated coverage because insurance will have attached before the last day a policy can be canceled or terminated.

e. Section 11(b)—Add an example of claim for indemnity for clarity.

f. Section 11(c)(2)—Revise language to count all harvested meat pounds towards the production to count that is accepted by a buyer. Also removed exception for harvested meat pounds rejected due to an insured cause of loss. Under the current exception it is difficult to accurately determine whether the rejects are due to an insurable cause of loss, so the term, “rejects” will be removed.

1. 7 CFR 457.158 Apple Crop Insurance Provisions effective for the 2001 and succeeding crop years. The changes to the provisions for insuring apples are as follows:

a. Section 1—For clarity, define “varietal group” as apple varieties with similar characteristics that are grouped for insurance purposes as specified in the Special Provisions.

b. Section 2—In addition to section 34(b) of the Basic Provisions, allow optional units by varietal group and if on non-contiguous land. This will allow apple producers to produce new apple varieties in response to public demand while having adequate risk management protection through crop insurance.

c. Section 3(a) and (b)—Add references to price election and reporting by type or “varietal group.” This change was made to clarify that insureds may select one price election for each apple type or varietal group and must report all varietal groups of apples for insurance.

d. Section 3(c)—Specify that the insured's elected or assigned coverage level or the ratio of the insured's price election to the maximum price election offered may not be increased after coverage begins if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time

that change in coverage is requested. This change will preclude insureds with continuous coverage from increasing the liability on insured acreage following a cause of loss that could or would reduce the yield of the crop.

e. Section 8(c)—Specify that for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. This provision provides year round coverage for apples. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage. The current Apple Crop Insurance Provisions specify calendar dates for the beginning and end of the insurance period, thereby, establishing a time period during which no insurance coverage exists. This rule proposes to eliminate any lapse in insurance coverage between crop years.

f. Section 8(d)—Specify that if the insured's policy is canceled or terminated for any crop year after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee or indemnity will be due for such crop year. This change is needed to avoid premium and administrative fees for canceled or terminated coverage because insurance will have attached before the last day a policy can be canceled or terminated.

g. Section 14 Option C—Prices and Units by Varietal Group—Allow optional units and price elections by varietal group for an additional premium designated in the actuarial documents. Allow optional units and price elections based on varietal groups and non-contiguous land. This will allow apple producers to produce new apple varieties in response to public demand while having adequate risk management protection through crop insurance. The option is not available to producers insured under the Catastrophic Risk Protection (CAT) level of coverage. This limitation is consistent with options contained in other crop policies and the CAT Endorsement. Option C is targeted toward producers of apples intended for fresh market; therefore, Option C is unavailable to insureds who select Fresh Fruit Option A for all insurable acreage. Fresh Fruit Option A primarily covers apples intended for processing.

List of Subjects in 7 CFR Part 457

Almond, Apple, Crop insurance, Fig, Peach, Pear, Plum, Prune, Stonefruit,

Table Grape, Walnut, and Reporting and recordkeeping requirements.

Proposed Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation proposes to amend 7 CFR part 457 as follows:

PART 457—COMMON CROP INSURANCE REGULATIONS

1. The authority citation for 7 CFR part 457 continues to read as follows:

Authority: 7 U.S.C. 1506(1), 1506(p).

2. Amend § 457.110 to:

- a. Revise the first sentence of the introductory text;
- b. Revise section 3 of the crop provisions; and
- c. Revise section 8 of the crop provisions all to read as follows:

§ 457.110 Fig crop insurance provisions.

The Fig Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

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

(a) In addition to the requirements under section 3 of the Basic Provisions, you may select only one price election for each fig type designated in the Special Provisions and insured in the county under this policy.

(b) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time you request the increase.

* * * * *

8. Insurance Period.

(a) In lieu of the provisions of section 11 of the Basic Provisions, insurance attaches on each unit the later of the date you submit your application or March 1 of the crop year and ends the earliest of:

- (1) Total destruction of the fig crop;
- (2) The date harvest of the figs (by type) should have started on any acreage that will not be harvested;
- (3) Harvest of the figs;
- (4) Final adjustment of a loss;
- (5) Abandonment of the crop; or
- (6) October 31 of the crop year.

(b) Notwithstanding paragraph (a) of this section, for each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a

different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(c) If your fig policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

3. Amend 457.111 to revise the first sentence of the introductory text, and add sections 3(c), 8(c) and 8(d) of the crop provisions to read as follows:

§ 457.111 Pear crop insurance provisions.

The Pear Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

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

* * * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop occurs prior to the time that you request the increase.

* * * * *

8. Insurance Period.

* * * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your pear policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

4. Amend 457.122 to:

a. Revise the first sentence of the introductory text;

b. Revise the introductory text and paragraph (b) of section 3 of the crop provisions by removing the parenthetical phrase, "(Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities)," and add a new paragraph (c);

c. Add a new section 3(c) to the crop provisions.

d. Revise section 4 of the crop provisions by removing the parenthetical phrase, “(Contract Changes);”

e. Revise section 5 of the crop provisions by removing the parenthetical phrase, “(Life of Policy, Cancellation, and Termination);”

f. Revise section 6 of the crop provisions introductory text, by removing the parenthetical phrase, “(Insured Crop);”

g. Revise section 7 of the crop provisions introductory text, by removing the parenthetical phrase, “(Insurable Acreage);”

h. Revise section 8, paragraph (a) of the crop provisions, introductory text, by removing the parenthetical phrase, “(Insurance Period);”

i. Add section 8(a)(3) and 8(a)(4) to the crop provisions.

j. Revise section 9, paragraph (a) of the crop provisions, introductory text, by removing the parenthetical phrase “(Causes of Loss);”

k. Revise section 10 of the crop provisions; and

l. In the crop provisions add an example of settlement of claim in section 11 after paragraph (b)(7) and revise paragraph (d);

The additions and revisions read as follows:

§ 457.122 Walnut crop insurance provisions.

The Walnut Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

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

* * * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * * *

8. Insurance Period.

* * * * *

(a) * * *

(3) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(4) If your walnut policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

10. Duties in the Event of Damage or Loss.

(a) In addition to the requirements of section 14 of the Basic Provisions, if you intend to claim an indemnity on any unit:

(1) You must notify us prior to the beginning of harvest so that we may inspect the damaged production;

(2) You must notify us of any mold damage 15 days before harvest so that we may inspect the mold damaged production; and

(3) You must not sell or dispose of the damaged crop until we have given you written consent to do so.

(b) If you fail to meet the requirements of this section, all such production will be considered undamaged and included as production to count.

11. Settlement of Claim.

* * * * *

(b) * * *

(7) * * *

For example:

You have a 100 percent share in 100 acres of walnuts in the unit, with a guarantee of 2,500 pounds per acre and a price election of \$0.61 per pound. You are only able to harvest 200,000 pounds. Your indemnity would be calculated as follows:

(1) 100 acres × 2,500 pounds = 250,000 pound insurance guarantee;

(2 & 3) 250,000 pounds × \$0.61 price election = \$152,500 total value of insurance guarantee;

(4 & 5) 200,000 pounds production to count × \$0.61 price election = \$122,000 total value of production to count;

(6) \$152,500 total value guarantee – \$122,000 total value of production to count = \$30,500 loss; and

(7) \$30,500 × 100 percent share = \$30,500 indemnity payment.

* * * * *

(d) Mature walnut production damaged due to an insurable cause of loss which occurs within the insurance period may be adjusted for quality based on an inspection by the Dried Fruit Association. Walnut production that has mold damage greater than 8 percent, based on the net delivered weight, will be reduced by the quality adjustment factors contained in the Special Provisions. Walnut production that exceeds 30 percent mold damage and

such production will not be sold, the production to count will be zero.

* * * * *

5. Amend 457.123 to read as follows:

a. Revise the first sentence of the introductory text;

b. In the crop provisions in section 1 revise the definition of “meat pounds;”

c. In the crop provisions revise section 3, the introductory text and paragraph (b), the introductory text, by removing the parenthetical phrase, “(Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities),” and adding paragraph (c);

d. In the crop provisions add section 3(c);

e. In the crop provisions revise section 4 by removing the parenthetical phrase, “(Contract Changes);”

f. In the crop provisions revise section 5 by removing the parenthetical phrase, “(Life of Policy, Cancellation and Termination);”

g. In the crop provisions revise section 6 by removing the parenthetical phrase, “(Insured Crop);”

h. In the crop provisions revise section 7 by removing the parenthetical phrase, “(Insurable Acreage);”

i. In the crop provisions revise section 8(a), introductory text, by removing the parenthetical phrase, “(Insurance Period);”

j. In the crop provisions add section 8(a)(3) and (4);

k. In the crop provisions revise section 9(a), introductory text, by removing the parenthetical phrase, “(Causes of Loss);”

l. In the crop provisions amend section 10 by removing the parenthetical phrase, “(Duties In the Event of Damage or Loss);”

m. In the crop provisions add an example of settlement of claim after section 11 (b)(7) and revise paragraph (c)(2);

The additions and revisions read as follows:

§ 457.123 Almond crop insurance provisions.

The Almond Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

1. Definitions.

* * * * *

Meat pounds. The total pounds of almond meats (whole, chipped and broken, and in-shell meats). Unshelled almonds will be converted to meat pounds in accordance with FCIC approved procedures.

* * * * *

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

* * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * *

8. Insurance Period.

* * * *

(a) * * *

(3) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(4) If your almond policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * *

11. Settlement of Claim.

* * * *

(b) * * *

(7) * * *

For example:

You have a 100 percent share in 100 acres of almonds in the unit, with a guarantee of 1,200 pounds per acre and a price election of \$1.70 per pound. You are only able to harvest 100,000 pounds. Your indemnity would be calculated as follows:

(1) 100 acres × 1,200 pounds = 120,000 pound insurance guarantee;

(2 & 3) 120,000 pounds × \$1.70 price election = \$204,000 total value of insurance guarantee;

(4 & 5) 100,000 pounds production to count × \$1.70 price election = \$170,000 total value of production to count;

(6) \$204,000 total of value guarantee – \$170,000 total value of production to count = \$34,000 loss; and

(7) \$34,000 × 100 percent share = \$34,000 indemnity payment.

(c) * * *

(2) All harvested meat pounds accepted by a buyer.

* * * *

6. Amend 457.133 to:

a. Revise the first sentence of the introductory text;

b. In the crop provisions add section 3(c); and

c. In the crop provisions add section 8(c) and (d) all to read as follows:

§ 457.133 Prune crop insurance provisions.

The Prune Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * *

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

* * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * *

8. Insurance Period.

* * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your prune policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * *

7. Amend 457.149 to:

a. Revise the first sentence of the introductory text;

b. In the crop provisions add section 3(c); and

c. In the crop provisions add section 9(c) and (d) all to read as follows:

§ 457.149 Table grape crop insurance provisions.

The Table Grape Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * *

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

* * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of

the insured crop is evident prior to the time that you request the increase.

* * * *

9. Insurance Period.

* * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your table grape policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * *

8. Amend 457.153 to:

a. Revise the first sentence of the introductory text;

b. In the crop provisions add a definition for “marketable” in section 1;

c. In the crop provisions add section 2(c); and

d. In the crop provisions add section 7(c) and (d) all to read as follows:

§ 457.153 Peach crop insurance provisions.

The Peach Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * *

1. Definitions.

* * * *

Marketable—Peach production acceptable for processing or other human consumption even if failing to meet any U.S. or applicable state grading standard.

* * * *

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

* * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * *

7. Insurance Period.

* * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the

insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your peach policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

9. Amend 457.157 to:

a. Revise the first sentence of the introductory text; and

b. In the crop provisions add sections 3(c) and 8(c) and (d) all to read as follows:

§ 457.157 Plum crop insurance provisions.

The Plum Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

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

* * * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * * *

8. Insurance Period.

* * * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your plum policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

10. Amend 457.158 to:

a. Revise the first sentence of the introductory text;

b. In the crop provisions add a definition for "varietal group" in section 1;

c. In the crop provisions revise section 2;

d. In the crop provisions revise sections 3(a),(b) introduction, (b)(4) and add new section 3(c);

e. In the crop provisions add new sections 8(c) and (d); and

f. In the crop provisions add a new section 14 all to read as follows:

§ 457.158 Apple crop insurance provisions.

The Apple Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

1. Definitions.

* * * * *

Varietal group. Apple varieties with similar characteristics that are grouped for insurance purposes as specified in the Special Provisions.

2. Unit Division.

In addition to the requirements of section 34(b) of the Basic Provisions, optional units may be established if each optional unit is located on non-contiguous land. Optional units may also be established by varietal group in accordance with section 14 of these provisions.

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

* * * * *

(a) You may select only one price election for all the apples in the county insured under this policy unless the Special Provisions provide different price elections by type or varietal group in which case you may select one price election for each apple type or varietal group designated in the Special Provisions. The price elections you choose for each type or varietal group must have the same percentage relationship to the maximum price offered by us for each type or varietal group. For example, if you choose 100 percent of the maximum price election for one type or varietal group, you must also choose 100 percent of the maximum price election for all other types or varietal group.

(b) You must report, by the production reporting date designated in section 3 of the Basic Provisions, by type or varietal group if applicable:

* * * * *

(4) The separate acreage for each varietal group of apples intended for fresh-market or processing, for each varietal group as shown on the actuarial table; and

* * * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum

price election we offer if a cause of loss that could or would reduce the yield of the insured crop is evident prior to the time that you request the increase.

* * * * *

8. Insurance Period.

* * * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your apple policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

14. Option C—Prices and Units by Varietal Group.

(a) Exclusive of other options, optional units and price elections by varietal group apply only if the following conditions are met:

(1) You have not elected to insure your apples under the Catastrophic Risk Protection (CAT) Endorsement; and

(2) You or we did not cancel the option in writing on or before the cancellation date. Your election of CAT coverage for any crop year after this endorsement is effective will be considered notice of cancellation of the option by you.

(b) If you select the Fresh Fruit Option A for all insurable acreage, Option C is not available.

11. Amend 457.159 to revise the first sentence of the introductory text, and add sections 3(c), 8(c) and 8(d) of the crop provisions all to read as follows:

§ 457.159 Stonefruit crop insurance provisions.

The Stonefruit Crop Insurance Provisions for the 2001 and succeeding crop years are as follows:

* * * * *

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

* * * * *

(c) You may not increase your elected or assigned coverage level or the ratio of your price election to the maximum price election we offer if a cause of loss that could or would reduce the yield of

the insured crop is evident prior to the time that you request the increase.

* * * * *

8. Insurance Period.

* * * * *

(c) For each subsequent crop year that the policy remains continuously in force, coverage begins on the day immediately following the end of the insurance period for the prior crop year. Policy cancellation that results solely from transferring to a different insurance provider for a subsequent crop year will not be considered a break in continuous coverage.

(d) If your stonefruit policy is canceled or terminated for any crop year, in accordance with the terms of the policy, after insurance attached for that crop year, insurance will not be considered to have attached for that crop year and no premium, administrative fee, or indemnity will be due for such crop year.

* * * * *

Signed in Washington, D.C., on January 28, 2000.

Kenneth D. Ackerman,

Manager, Federal Crop Insurance Corporation.

[FR Doc. 00-2620 Filed 2-7-00; 8:45 am]

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DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Part 94

[Docket No. 98-094-1]

Poultry Products From Mexico Transiting the United States

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Proposed rule.

SUMMARY: We are proposing to allow poultry carcasses, parts, and products (except eggs and egg products) that are not eligible for entry into the United States to move through the United States via land ports from Mexican States that Mexico considers to be free of exotic Newcastle disease (END), under certain conditions, for export to another country. We believe such in-transit movements would present a negligible risk of introducing END into the United States. This action would relieve restrictions on trade while continuing to provide protection against the introduction of END into the United States.

DATES: We invite you to comment on this docket. We will consider all

comments that we receive by April 10, 2000.

ADDRESSES: Please send your comment and three copies to: Docket No. 98-094-1, Regulatory Analysis and Development, PPD, APHIS, Suite 3C03, 4700 River Road, Unit 118, Riverdale, MD 20737-1238. Please state that your comment refers to Docket No. 98-094-1.

You may read any comments that we receive on this docket in our reading room. The reading room is located in room 1141 of the USDA South Building, 14th Street and Independence Avenue, SW., Washington DC. Normal reading room hours are 8 a.m. to 4:30 p.m., Monday through Friday, except holidays. To be sure someone is there to help you, please call (202) 690-2817 before coming.

APHIS documents published in the **Federal Register**, and related information, including the names of organizations and individuals who have commented on APHIS rules, are available on the Internet at <http://www.aphis.usda.gov/ppd/rad/webrepor.html>.

FOR FURTHER INFORMATION CONTACT: Dr. Michael David, Senior Staff Veterinarian, Animals Program, National Center for Import and Export, VS, APHIS, 4700 River Road Unit 39, Riverdale, MD 20737; (301) 734-8364.

SUPPLEMENTARY INFORMATION:

Background

The regulations in 9 CFR part 94 (referred to below as the regulations) prohibit or restrict the importation of certain animals and animal products into the United States to prevent the introduction of certain animal diseases. The regulations in § 94.6 govern, among other things, the importation of poultry carcasses, parts, products, and eggs (other than hatching eggs) from regions where exotic Newcastle disease (END) or *Salmonella enteritidis*, phage-type 4, is considered to exist. Because END exists in certain parts of Mexico, Mexico is characterized, under § 94.6(a), as a region where END is considered to exist. Further, under the regulations in § 94.6(b), Mexico is also characterized as a region where *S. enteritidis*, phage-type 4, is considered to exist.

Under the regulations, poultry carcasses, and parts and products of poultry carcasses may be imported into the United States from Mexico only if they have been cooked or are consigned directly to an approved establishment in the United States. Poultry eggs (other than hatching eggs) from Mexico may be imported into the United States only if:

- (1) They are accompanied by a health

certificate regarding the flock of origin and meet certain other conditions; (2) they are consigned directly to an approved establishment for breaking and pasteurization; (3) they are imported under permit for scientific, educational, or research purposes; or (4) they are imported under permit and have been cooked or processed or will be handled in a manner that prevents the introduction of END and *S. enteritidis* into the United States.

Further, poultry carcasses, parts, products, and eggs (other than hatching eggs) that do not qualify for entry into the United States under one of these conditions may transit the United States via air and sea ports under the conditions contained in § 94.15(d).

Mexico's Director of Animal Health has requested that we allow poultry carcasses, parts, and products from the Mexican States that Mexico considers free of END to transit the United States via land border ports for export to another country. Currently, Mexico recognizes the States of Baja California, Baja California Sur, Campeche, Chihuahua, Coahuila, Durango, Nuevo Leon, Quintana Roo, Sinaloa, Sonora, Tamaulipas, and Yucatan as free of END.

In response, officials of the Animal and Plant Health Inspection Service (APHIS) have met with representatives from Mexico knowledgeable in disease prevention, epidemiology, and diagnostic methods. The APHIS officials reviewed the information supplied by these representatives (discussed below) and found two factors contributing to the 12 States' apparent successes in remaining free of END: The States' locations and relative isolation from States or countries where END is considered to exist, and controls by Mexico's Division of Animal Health on the movement of poultry and eggs into and through the END-free States. Based on this review, the APHIS officials recommended granting Mexico's request. However, because the term "poultry carcasses, parts, and products" might be construed to include eggs and egg products, we wish to make it clear that because Mexico is characterized as a region where *S. enteritidis*, phage-type 4, is considered to exist, eggs (other than hatching eggs) and egg products are only allowed to transit the United States via air and sea ports under the conditions currently contained in § 94.15(d). We are not proposing to amend the regulations concerning the transit of eggs or egg products from Mexico in this document.