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DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

RIN 0563-AC15

Common Crop Insurance Regulations, Coverage Enhancement Option Provisions; Corrections

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule; corrections.

SUMMARY: This document contains corrections to the final regulation that was published Monday, July 28, 2008 (73 FR 43607-43611). The regulation pertains to the Coverage Enhancement Option.

DATES: *Effective Date:* December 31, 2008.

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SUPPLEMENTARY INFORMATION:

Background

The final regulation that is the subject of these corrections was intended to make permanent the Pilot Coverage Enhancement Option Provisions to be used in conjunction with the Common Crop Insurance Policy Basic Provisions and selected crop policies for ease of use and consistency of terms.

Need for Corrections

As published, the final regulation contained an error that may prove to be misleading and needs to be clarified.

The term “total value of the insured crop” defined in section 1 of the

Coverage Enhancement Option is incorrect and should read “total value of the insured crop by unit.” The term “total value of the insured crop by unit” has replaced the term “total value of the insured crop” everywhere it appears in the Coverage Enhancement Option. This includes in the definition of the term “CEO dollar amount of insurance,” section 7, section 8(b) and paragraphs (b) and (c) in the example. This change ensures liability and indemnity determinations are on the same basis.

Also, in the definition of “Total value of the insured crop by unit” in section 1, the phrase “and summing the total for all units,” should be removed. This language could give the impression that when multiple units are involved, the value of all units should be added together. However, section 8 and the example are calculated on a unit basis so that bringing the value of other units into the calculation would result in an incorrect indemnity.

Crop Insurance, Coverage Enhancement Option

Correction of Publication

■ Accordingly, the 7 CFR part 457 is corrected as follows:

PART 457—COMMON CROP INSURANCE REGULATIONS

■ 1. The authority citation for 7 CFR part 457 is revised to read as follows:

Authority: 7 U.S.C. 1506(l) and 1506(o).

■ 2. § 457.172 is amended by revising in section 1 the definitions of “CEO dollar amount of insurance,” “total value of the insured crop,” section 7, section 8(b), and paragraphs (b) and (c) of the Example to read as follows:

§ 457.172 Coverage Enhancement Option.

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1. Definitions.

* * * * *

CEO dollar amount of insurance—The value of the additional insurance coverage for each unit provided by the CEO, which is determined by multiplying the CEO coverage level by the total value of the insured crop by unit and subtracting the MPCCI dollar amount of insurance.

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Total value of the insured crop by unit—The value of the crop that is determined by dividing the MPCCI dollar

amount of insurance for each unit by the MPCCI coverage level.

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7. If you elect CEO and a MPCCI indemnity is paid on any unit, CEO will pay a portion of the loss not paid under the deductible of the MPCCI policy depending on the CEO coverage level you select (For example, if you selected a 50 percent MPCCI coverage level, selected an 85 percent CEO coverage level, and had 60 percent loss of the insured crop, the total amount of indemnity paid under both the MPCCI policy and the CEO would be equal to approximately 51 percent of the total value of the insured crop by unit). See the example in section 8.

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8. * * *

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(b) Determine the total value of the insured crop by unit;

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Example:

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(b) \$120,000 MPCCI dollar amount of insurance, divided by the MPCCI coverage level of .50 results in \$240,000 total value of the insured crop by unit;

(c) \$240,000 total value of the insured crop by unit multiplied by the CEO coverage level .85, equals \$204,000, and subtracting \$120,000 MPCCI dollar amount of insurance equals \$84,000 CEO dollar amount of insurance;

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Signed in Washington, DC, on December 23, 2008.

Eldon Gould,

Manager, Federal Crop Insurance Corporation.

[FR Doc. E8-31105 Filed 12-30-08; 8:45 am]

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