Proposed Rules

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
[Docket No. FCIC–11–0004]
RIN 0563–AC29

Common Crop Insurance Regulations; Onion Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.
ACTION: Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to amend the Common Crop Insurance Regulations, Onion Crop Insurance Provisions. The intended effect of this action is to provide policy changes, to clarify existing policy provisions to better meet the needs of insured producers, and to reduce vulnerability to program fraud, waste, and abuse. The proposed changes will be effective for the 2013 and succeeding crop years.

DATES: Written comments and opinions on this proposed rule will be accepted until close of business September 19, 2011 and will be considered when the rule is to be made final.

ADDRESSES: FCIC prefers that comments be submitted electronically through the Federal eRulemaking Portal. You may submit comments, identified by Docket ID No. FCIC–11–0004, by any of the following methods:
● Mail: Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, P.O. Box 419205, Kansas City, MO 64141–6205, telephone (816) 926–7730.

FOR FURTHER INFORMATION CONTACT:
Executive Order 12866
This rule has been determined to be non-significant for the purposes of Executive Order 12866 and, therefore, it has not been reviewed by the Office of Management and Budget.

Paperwork Reduction Act of 1995
Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), the collections of information in this rule have been approved by OMB under control number 0563–0053.

E-Government Act Compliance
FCIC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

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 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.

Executive Order 13175
This rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

Regulatory Flexibility Act
FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine the amount of an indemnity payment in the event of an insured cause of crop loss. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small
entities, the Federal Crop Insurance Act authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure that small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

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. With respect to any direct action taken by FCIC or to require the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 or 7 CFR part 400, subpart J for the informal administrative review process of good farming practices as applicable, 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, or 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 revising § 457.135, Onion Crop Insurance Provisions, to be effective for the 2013 and succeeding crop years. Several requests have been made for changes to improve the insurance coverage offered, address program integrity issues, simplify program administration, and improve clarity of the policy provisions.

The proposed changes are as follows:
1. FCIC proposes to remove all section titles of the Basic Provisions. This information is currently contained in parenthesis following references to section numbers of the Basic Provisions throughout the Crop Provisions.
2. Section 1—FCIC proposes to revise the definitions of “direct seeded” and “transplanted” by adding the phrase “onions planted by” to the beginning of both definitions. This revision will further clarify that these terms are a planting method.
3. FCIC proposes to revise the definition of “non-storage onions” by removing the term generally in both places it is used, since this term is vague and ambiguous. The characteristics listed are those considered for non-storage onions.
4. FCIC proposes to revise the definition of “onion production” by removing the language regarding recoverable size and condition, since these terms are vague and ambiguous.
5. FCIC proposes to add the definitions of “processor” and “processor contract” because the terms are used in the definition of “storage onions.”
6. FCIC proposes to revise paragraph (a) of the definition of “production guarantee (per acre)” by changing the first stage production guarantee for direct seeded and transplanted storage and non-storage onions from thirty-five percent to forty-five percent of the final stage production guarantee. The Special Provisions already establish a higher first stage production guarantee for most onion producing areas. Also, a contracted onion crop insurance evaluation found that a first stage loss incurs more production costs than a prevented planting loss and, therefore, should have a higher production guarantee compared to prevented planting. This change will coincide with the lowering of the prevented planting guarantee in section 15 from forty-five percent to thirty-five percent of the final stage guarantee. FCIC also proposes to revise paragraph (b) by adding “60%” in parenthesis following the written phrase “60 percent” for consistency.
7. FCIC proposes to add the definition “sets” to specify they are onion bulbs that are planted by hand or by machine.
8. FCIC proposes to revise the definition of “storage onions” by removing the terms generally and normally, since these terms are vague and ambiguous. The characteristics listed are those considered for storage onions. The definition is also being revised to include varieties grown for a processor under the requirements of a processor contract.
9. FCIC proposes to revise the definition of “topping” by replacing the term “bent over” with the term “broken.”
10. FCIC proposes to remove the definition of “type” as onion types will be designated in the Special Provisions.

Environmental Assessment nor an Environmental Evaluation for judicial review may be brought.

FCIC proposes to revise section 2 by removing the language indicating section 2 is to be used in place of the provisions regarding establishing optional coverage in section 34 of the Basic Provisions. The provisions in section 2 of the Onion Crop Provisions are to be used in addition to the provisions in section 34 of the Basic Provisions.

Section 3—FCIC proposes to revise section 3(b)(2) to add language consistent with section 3(b)(1) designating the end of the second stage production guarantee. The first stage ends at the emergence of the fourth leaf for direct seeded or 30 days after planting for transplanted, and the second stage ends when the onions are eligible for the final stage. This makes the second stage consistent with the first and final stage production guarantees.

FCIC proposes to revise section 3(b)(3) by deleting duplicative language that provides the calculation for “production guarantee (per acre)” that is already contained in paragraph (c) of the definition in section 1.

FCIC proposes to revise section 3(c) to clarify that the production guarantee, for indemnity purposes, will be based on the stage in which damage occurred for any acreage of onions damaged in the first or second stage when a majority of producers in the area would not normally continue to care for the crop, even if the producer elects to continue such care. FCIC also proposes to delete the phrase “deemed to be destroyed” to clarify that if the producer continues to care for the damaged onion acreage, then any later appraised unharvested production or harvested production will be used as production to count.

Section 4—FCIC proposes to revise this section to list the contract change dates because it has added coverage to more states, which have different contract change dates based on the cancellation and termination dates. FCIC also proposes to add language that other contract change dates may be designated in the Special Provisions.

Section 5—FCIC proposes to add language to the introductory text to allow other or changes to the cancellation and termination dates if designated in the Special Provisions.

FCIC proposes to add language to the states with a cancellation and termination date of August 31.
FCIC proposes to add the cancellation date of September 30 and termination date of November 30 for Hawaii.

FCIC proposes to add the cancellation and termination date of November 30 for all California counties except Lassen, Modoc, Shasta and Siskiyou.

7. Section 6—FCIC proposes to add a new section 6 to require the producer to provide a copy of all processor contracts by the acreage reporting date, if the Special Provisions specify a processor contract is required to insure processing onions. This is consistent with other Crop Provisions in regards to processing crops.

8. Redesignated section 8—FCIC proposes to revise the introductory text in redesignated section 8 to include shallots on the list of onions that are excluded as an insured crop, since shallots are not insurable under these Crop Provisions.

9. Redesignated section 10—FCIC proposes to revise redesignated section 10(b) by adding language that the provisions in 10(b) are to be used in accordance with the provisions in section 11 of the Basic Provisions.

FCIC proposes to revise redesignated section 10(b)(1) by redesignating section 10(b)(1)(i) as 10(b)(1)(ii) and adding a new section 10(b)(1)(i) for the end of insurance date of May 20 for 1015 Super Sweets, and any other non-storage onions in Cameron, Hidalgo, Starr, and Willacy Counties, Texas; adding a new section 10(b)(1)(ii) to specify the end of insurance date in Arizona is June 30 for all storage and non-storage onions; adding a new section 10(b)(1)(iv) to specify the end of insurance date is July 15 for 1015 Super Sweets, and other non-storage onions for all Texas counties except Cameron, Hidalgo, Starr, and Willacy; revising new section 10(b)(1)(v) by adding the phrase “fall planted” and deleting the phrase “and any other non-storage onions” to specify the end of insurance date is July 31 for fall planted Walla Walla Sweets, in the states of Oregon and Washington; adding a new subsection 10(b)(1)(vi) to specify the end of insurance date is August 31 for all non-storage onions not otherwise specified; and adding a new section 10(b)(1)(vii) to specify the end of insurance date is October 15 for all storage onions not otherwise specified.

This change will make the end of insurance period more consistent with the actual growing season for a specified area.

FCIC proposes to revise redesignated 10(b)(2)(i) by removing the phrase “removal of the onions from the field” because the language regarding removal is used in the definition of “harvest” and harvest is already a basis for the end of the insurance period in section 11(b) of the Basic Provisions.

10. Redesignated section 13—FCIC proposes to revise redesignated section 13(a) to clarify any required representative samples of the unharvested crop cannot be topped, lifted or dug. Since onions placed in bags and boxes but not yet removed from the field are considered unharvested, the added language clarifies the representative sample must be comprised of a crop area undisturbed by the pre-harvest processes of topping and lifting or digging.

11. Redesignated section 14—FCIC proposes to add an example for settlement of claim immediately following section 14(b)(7).

FCIC proposes to revise redesignated section 14(c)(iv) to clarify that appraised production for acreage that does not qualify for the final stage guarantee is reduced by the difference between the first or second stage production guarantee (as applicable) and the final stage production guarantee to determine the total production to count for production lost on any acreage prior to the final stage.

FCIC also proposes to add an example regarding the calculation for total production to count in a production stage loss immediately following section 14(c)(1)(iv).

12. Redesignated section 15—FCIC proposes to revise redesignated section 15 to decrease the prevented planting coverage from 45 percent to 35 percent of the final stage production guarantee. Prevented planting coverage was reduced to reflect the lower input costs compared to the first stage production guarantee, which has input costs for planting. This change will coincide with increasing the first stage production guarantee for direct seeded storage and non-storage onions from 35 percent to 45 percent of the final stage guarantee in the definition of “production guarantee (per acre)” in section 1.

List of Subjects in 7 CFR Part 457

Crop insurance, Onion, 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 effective for the 2013 and succeeding crop years 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(j), 1506(o).

2. Amend § 457.135 as follows:

a. Revise the introductory text;

b. Add definitions in section 9 for “Processor”, “Processor contract”, and “Sets”; amend the definition of “Non-storage onions” by removing the phrase “generally” everywhere it appears; and revise the definitions of “Direct seeded”, “Onion production”, “Production guarantee (per acre)”, “Storage onions”, “Topping”, “Transplanted”; and remove the definition of “Type”;

c. Remove the first section 2 heading and revise section 2;

d. Amend section 3(a) by removing the phrase “(Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities)”;

e. Revise sections 3(b)(2)(i) and 3(b)(2)(ii);

f. Revise section 3(b)(3);

g. Revise section 3(c);

h. Revise section 4;

i. Revise section 5;

j. Redesignate sections 6 through 14 as sections 7 through 15, respectively, and add a new section 6;

k. Amend newly redesignated section 7 by removing the phrase “(Annual Premium)”;

l. Revise newly redesignated section 8 introductory text;

m. Amend newly redesignated section 9 introductory text by removing the phrase “(Insurable Acreage)”;

n. Amend newly redesignated section 10(a) by removing the phrase “(Insurance Period)”;

o. Revise newly redesignated section 10(b);

p. Amend newly redesignated sections 11(a) and 11(b) by removing the phrase “(Causes of Loss)”;

q. Amend newly redesignated section 12(a) by removing the phrase “(Replanting Payment)”;

r. Revise newly redesignated section 13(a);

s. Amend newly redesignated section 14 by removing the phrase “section 13” and adding the phrase “section 14” in its place everywhere it appears;

t. Add an example after newly designated section 14(b)(7);

u. Amend newly redesignated section 14(c)(1)(B) by removing the phrase “section 12” and adding the phrase “section 13” in its place;

v. Revise newly redesignated section 14(c)(1)(iv);

w. Add an example after newly redesignated section 14(c)(1)(iv); and

x. Revise newly redesignated section 15.

The revised and added text reads as follows:
§ 457.135 Onion crop insurance provisions.

The onion crop insurance provisions for the 2013 and succeeding crop years are as follows:

1. Definitions.

Direct seeded. Onions planted by placing onion seed by machine or by hand at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Onion production. Onions with excess dirt and foliage material removed and that are not considered damaged onion production.

Processor. Any business enterprise regularly engaged in buying and processing onions, that possesses all licenses and permits for processing onions required by the State in which it operates, and that possesses facilities, or has contractual access to such facilities, with enough equipment to accept and process contracted onions within a reasonable amount of time after harvest.

Processor contract. A written agreement between the producer and a processor, containing at a minimum:

(a) The producer’s commitment to plant and grow onions of the types designated in the Special Provisions and to deliver the onion production to the processor; and

(b) The processor’s commitment to purchase all the production from a specified number of acres or the specified quantity of onion production stated in the processor contract; and

(c) The price that will be paid for the production.

Production guarantee (per acre).

(a) First stage production guarantee—Forty-five percent (45%) of the final stage production guarantee for direct seeded and transplanted storage and non-storage onions, unless otherwise specified in the Special Provisions.

(b) Second stage production guarantee—Seventy percent (70%) of the final stage production guarantee for direct seeded storage onions and 60 percent (60%) of the final stage production guarantee for transplanted storage onions and all non-storage onions, unless otherwise specified in the Special Provisions.

(c) Final stage production guarantee—The quantity of onions (in hundredweight) determined by multiplying the approved yield per acre by the coverage level percentage you elect.

Sets. Onion bulbs that are planted by hand or by machine.

Storage onions. Onions other than a Bermuda, Granex, or Grano variety, or hybrids developed from these varieties that are harvested as a bulb and dried to a lower moisture content, are firmer, have more outer layers of paper-like skin, and are darker in color than non-storage onions. They have more pungent, have a lower sugar content, and can be stored for several months under proper conditions prior to use without deterioration. Includes varieties grown for a processor under the requirements of a processor contract.

Topping. A pre-harvest process to initiate curing, in which onion foliage is removed or broken.

Transplanted. Onions planted by placing of the onion plant or bulb, by machine or by hand at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

2. Unit Division.

In addition to the requirements of section 34 of the Basic Provisions, optional units may be established by type, if separate types are designated in the Special Provisions.

3. * * *

(b) * * *

(i) For direct seeded storage and non-storage onions, from the emergence of the fourth leaf until eligible for the final stage; and

(ii) For transplanted storage and non-storage onions, from the 31st day after transplanting of onion plants or sets until eligible for the final stage.

3. Final stage extends from the completion of topping and lifting or digging on the acreage until the end of the insurance period.

(c) The indemnity payable for any acreage of onions will be based on the stage the plants had achieved when damage occurred. Any acreage of onions damaged in the first or second stage, to the extent that the majority of producers in the area would not normally further care for the onions, will have a production guarantee, for indemnity purposes, based on the stage in which the damage occurred, even if you continue to care for the damaged onions.


In accordance with section 4 of the Basic Provisions, the contract change date is:

(a) June 30 preceding the cancellation date for counties with an August 31, September 30, or November 30 cancellation date;

(b) November 30 preceding the cancellation date for counties with a February 1 cancellation date; or

(c) As designated in the Special Provisions.

5. Cancellation and Termination Dates.

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are as follows, unless otherwise designated in the Special Provisions:


In addition to the provisions of section 6 of the Basic Provisions, if the Special Provisions require a processor contract to insure your onions, you must provide a copy of all your processor contracts to us on or before the acreage reporting date.

8. * * *

In accordance with section 8 of the Basic Provisions, the crop insured will be all the storage and non-storage onions (excluding green (bunch) or seed onions, chives, garlic, leeks, shallots, and scallions) in the county for which a premium rate is provided by the actuarial documents:

10. * * *

(b) In accordance with the provisions of section 11 of the Basic Provisions,
unless otherwise designated in the Special Provisions, the insurance period ends at the earliest of:

(1) The calendar date for the end of the insurance period as follows:

(i) May 20 for 1015 Super Sweets, and any other non-storage onions in Cameron, Hidalgo, Starr, and Willacy Counties, Texas;

(ii) June 1 for Vidalia, and any other non-storage onions planted in the state of Georgia;

(iii) July 30 for all storage and non-storage onions in Arizona;

(iv) July 15 for 1015 Super Sweets, and any other non-storage onions for all Texas counties except Cameron, Hidalgo, Starr, and Willacy;

(v) July 31 for fall planted Walla Walla Sweets, in the states of Oregon and Washington;

(vi) August 31 for all non-storage onions not otherwise specified; and

(vii) October 15 for all storage onions not otherwise specified; or

(2) In addition to the requirements of section 11(b) of the Basic Provision, fourteen days after lifting or digging.

13. * * * *

(a) In accordance with the requirements of section 14 of the Basic Provisions, any representative samples of the unharvested crop that may be required cannot be topped, lifted, or dug and must be at least 10 feet wide and extend the entire length of each field in the unit. The samples must not be harvested or destroyed until the earlier of our inspection or 15 days after harvest of the balance of the unit is completed.

14. * * * *

(b) * * *

(7) * * *

For Example:

You have a 100 percent share in 100 acres of a unit of transplanted storage onions with a production guarantee of 200 hundredweight per acre, and you select 100 percent of the price election of $8.00 per hundredweight. You suffer a covered cause of loss on 25 acres during the second stage which has a second stage production guarantee of 60 percent of the final stage production guarantee which equals 120 hundredweight per acre. The appraised production on the 25 acres was 2,500 hundredweight of onion production. You harvested onion production on the remaining 75 acres is 16,000 hundredweight total production to count. Your indemnity will be calculated as follows: or

(1) 25 acres × 120 hundredweight (200 × .60) second stage production guarantee = 3,000 hundredweight, and

75 acres × 200 hundredweight final stage production guarantee = 15,000 hundredweight;

(2) 3,000 hundredweight second stage production guarantee × $8.00 price election = $24,000 value of second stage production guarantee, and

15,000 hundredweight final stage production guarantee × $8.00 price election = $120,000 value of final stage production guarantee;

(3) $24,000 value of second stage production + $120,000 value of final stage production guarantee = $144,000 total value of production guarantee;

(4) 500 hundredweight second stage total production to count (from section 14(c)(1)(iv) example) × $8.00 price election = $4,000 value of second stage total production to count, and

(5) $144,000 total value of production guarantee − $132,000 total value of production to count = $12,000 value of loss; and

(7) $12,000 × 100 percent share = $12,000 indemnity payment.

(c) * * *

(1) * * *

(iv) For acreage that does not qualify for the final stage production guarantee, and is not subject to section 14(c)(1)(i) and (ii), the appraised production is reduced by the difference between the first or second stage (as applicable) and the final stage production guarantee; and

For Example:

You have 100 acres of a unit of transplanted storage onions with a production guarantee of 200 hundredweight per acre. You suffer a covered cause of loss on 25 acres during the second stage which has a second stage production guarantee of 60 percent of the final stage production guarantee. The appraised production on the 25 acres was 2,500 hundredweight of onion production. Your second stage total production to count on the 25 acres will be calculated as follows:

25 acres × 200 hundredweight final stage production guarantee = 5,000 hundredweight final stage production guarantee,

5,000 hundredweight final stage production guarantee × 60 percent second stage production guarantee = 3,000 hundredweight second stage production guarantee, and

5,000 hundredweight final stage production guarantee − 3,000 hundredweight second stage production guarantee = 2,000 hundredweight difference between second stage and final stage production guarantee, and

2,500 hundredweight appraised − 2,000 hundredweight difference = 500 hundredweight second stage total production to count (for section 14(b) example).

15. Prevented Planting.

Your prevented planting coverage will be 35 percent of your final stage production guarantee for timely planted acreage. Additional prevented planting coverage levels are not available for onions.

Signed in Washington, DC, on July 12, 2011.

William J. Murphy,
Manager, Federal Crop Insurance Corporation.

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