

insurance contract will be voided and not have been in effect for the crop year for which the fee is due and will terminate, and the person failing to pay the fee will not be or have been eligible for certain other USDA program benefits as set out in § 400.656 and any of those benefits received for the crop year must be refunded.

(2) The administrative fee for additional coverage is not refundable and may not be waived.

(c) When obtaining catastrophic risk protection, limited, or additional coverage, an insured must provide information regarding crop insurance coverage on any crop previously obtained at any other local USDA office or from an approved insurance provider, including the date such insurance was obtained, and the amount paid in administrative fees. If the insured has paid in excess of the maximum allowable amount in administrative fees, the insured will receive a refund of the excess fees paid from the local USDA office or from the approved insurance provider that collected the excess amount.

§ 400.656 Eligibility for other program benefits.

The insured must obtain at least the catastrophic risk protection level of coverage for each crop of economic significance in the county in which the insured has an interest, if insurance is available in the county for the crop, to be eligible for:

(a) Price support and production adjustment programs, including tobacco, rice, extra long staple cotton, upland cotton, feed grains, wheat, peanuts, oilseeds, and sugar;

(b) Loans or any other USDA-provided farm credit including guaranteed and direct farm ownership loans, operating loans, and emergency loans under the Consolidated Farm and Rural Development Act; and

(c) The Conservation Reserve Program.

§ 400.657 Coverage for acreage that is prevented from being planted.

(a) 1994 crop year prevented planting for all crops of wheat, feed grain, cotton, and rice:

(1) For the 1994 crop year only, an insured may receive compensation for acreage that was prevented from being planted due to major, widespread flooding in the Midwest, or excessive ground moisture, that occurred prior to the spring sales closing date for the 1994 crop year.

(2) To be eligible for compensation the insured must have:

(i) Purchased a crop insurance policy containing prevented planting

provisions prior to the spring sales closing date for the 1994 crop year;

(ii) Had a reasonable expectation of planting the insured crop on acreage that was eligible for prevented planting coverage under the terms of the crop insurance contract, (if it is determined that the acreage eligible for the prevented planting coverage under the terms of the crop insurance policy would have drained sufficiently to plant the crop except for additional moisture that occurred in the spring, the insured will be assumed to have had a reasonable expectation of planting the crop absent some other intervening cause); and

(iii) Participated in a conserving use program established for the 1994 crop of wheat, feed grains, upland cotton, or rice established under the Agricultural Act of 1949, whichever is applicable.

(3) FCIC will pay as compensation under the prevented planting provisions of the crop insurance policy, the difference between:

(i) The amount of any prevented planting payment that would have been due under the prevented planting provision of the 1994 crop year crop insurance policy (prevented planting indemnity less premium); and

(ii) The amount paid under the conserving use program for the same crop and acreage.

(b) 1994 crop year prevented planting for oilseeds:

(1) If the insured satisfies the requirements of section (a)(2) (i) and (ii), the insured will be eligible for a prevented planting payment on the oil seed crop.

(2) FCIC will pay as compensation under this prevented planting provision the amount payable under the prevented planting provision of the applicable 1994 crop year crop insurance policy (prevented planting indemnity less premium).

(c) 1995 and succeeding crop year prevented planting coverage:

Effective for the 1995 and subsequent crop years, the insurance period for prevented planting for those crop insurance policies containing prevented planting coverage shall be extended so that prevented planting coverage begins:

(1) On the sales closing date for the insured crop in the county for the crop year the application for insurance is accepted; or

(2) For any crop year following the crop year the application for insurance is accepted, or for any crop year the insurance policy is transferred to a different insurance provider, on the sales closing for the insured crop in the county for the previous crop year, provided continuous coverage has been

in effect since that date. *For example:* If the insured makes application and purchases a corn crop insurance policy for the 1995 crop year, prevented planting coverage will begin on the 1995 sales closing date for corn in the county. If the corn policy remains in effect for the 1996 crop year (is not terminated or cancelled during or after the 1995 crop year), or is transferred to a different insurance provider, prevented planting coverage for the 1996 crop began on the 1995 sales closing date.

§ 400.658 Transitional yields for forage or feed crops for the 1995 through 1997 crop years

(a) For the 1995 through the 1997 crop year, insureds who produce feed or forage may be eligible for an adjustment in the assigned yield available under § 400.55(b)(1) if:

(1) The feed or forage is primarily for on-farm use in a livestock, dairy, or poultry operation; and

(2) The insured derives at least fifty percent (50%) of the insured's net farm income from the livestock, dairy, or poultry operation.

(b) Insureds that qualify under (a) of this section will receive an assigned yield, if required, under § 400.55(b)(1) of 80 percent of the T or D-Yield.

Done in Washington, D.C., on December 21, 1994.

Suzette Dittrich,

Acting Manager, Federal Crop Insurance Corporation.

[FR Doc. 95-358 Filed 1-3-95; 3:38 pm]

BILLING CODE 3410-08-U

7 CFR Part 402

RIN 0563-AB09

Catastrophic Risk Protection Endorsement

AGENCY: Federal Crop Insurance Corporation.

ACTION: Interim rule.

SUMMARY: The Federal Crop Insurance Corporation ("FCIC") hereby adds a new part 402 to chapter IV of title 7 of the Code of Federal Regulations ("CFR"). The intended effect of this interim rule is to provide a catastrophic risk protection plan of insurance, the lowest level of coverage required to be purchased by a producer to be eligible for certain other agricultural farm program benefits, to comply with statutory mandates of the Federal Crop Insurance Act as amended by the Federal Crop Insurance Reform Act of 1994.

DATES: This rule is effective January 6, 1995. Written comments, data, and

opinions on this rule will be accepted until close of business March 7, 1995, and will be considered when the rule is to be made final.

ADDRESSES: Written comments, data, and opinion on this interim rule should be sent to Diana Moslak, Regulatory and Procedural Development Staff, Federal Crop Insurance Corporation, USDA, Washington, D.C. 20250. Hand or messenger delivery may be made to Suite 500, 2101 L Street, N.W., Washington D.C. Written comments will be available for public inspection and copying in the Office of the Manager, 2101 L Street, N.W., 5th Floor, Washington, D.C., during regular business hours, Monday through Friday.

FOR FURTHER INFORMATION CONTACT: For further information and a copy of the Regulatory Impact Analysis to the Catastrophic Risk Protection Endorsement, contact Diana Moslak, Federal Crop Insurance Corporation, U.S. Department of Agriculture, Washington, D.C. 20250. Telephone (202) 254-8314.

SUPPLEMENTARY INFORMATION: This action has been reviewed under United States Department of Agriculture ("USDA") procedures established by Executive Order 12866 and Departmental Regulation 1512-1. This action constitutes a review as to the need, currency, clarity, and effectiveness of these regulations under those procedures. The sunset review date established for these regulations is December 1, 1999.

This rule has been determined to be "economically significant" for the purposes of Executive Order 12866, and therefore, has been reviewed by the Office of Management and Budget ("OMB").

A Regulatory Impact Analysis has been completed and is available to interested persons at the address listed above. In summary, the analysis finds that crop insurance reform generally is expected to result in net positive benefits to producers, taxpayers, and society. The effects on individual producers compared to payments under ad hoc disaster programs depends primarily on the farm program payment yield compared to the farm's actual yield and market prices. In general, however, the reform is expected to result in less volatility of producer's incomes and lesser risk of no income due to adverse weather events. Rural communities and farmers will benefit from the certainty of payments in times of catastrophic yield losses. The Government and taxpayers will benefit from a single disaster protection program and consequent reduced

Federal outlays. Although some producers (previous non-participants in crop insurance) will have an added burden to make application and report yields and acreage, the benefits in terms of greater risk protection outweigh the costs.

This interim rule amends the existing information collection as approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*), under OMB control numbers 0563-0001, 0563-0003, and 0563-0029. Due to the time constraints of implementing the rule immediately, the agency has requested emergency clearance of this addendum from OMB. Comments on the information collection may be sent to the Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10202, NEOB, Washington, D.C. 20503. Attention: Desk Officer for USDA.

It has been determined under section 6(a) of Executive Order 12612, Federalism, that this rule does not have sufficient federalism implication to warrant the preparation of a Federalism Assessment. The provisions and procedures contained in this rule will not have a substantial direct effect on states or their political subdivisions, or on the distribution of power and responsibilities among the various levels of government.

Under the Regulatory Flexibility Act (5 U.S.C. 605), this regulation will not have a significant impact on a substantial number of small entities. Producers will be able to certify to their historical production levels at the time of application based on existing records, or they may elect to base their insurance on assigned yields, which will not require maintenance of production records by the insurance agent. The amount of data collected by the agent for new insureds is not greater than the amount of data collected for existing insureds. Insureds may elect to keep production records to increase the amount of production covered by insurance but such production is not required to participate in the program. The benefits in terms of risk reduction and protection from severe losses will outweigh any record-keeping costs. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act and no Regulatory Flexibility Analysis was prepared.

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

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.

The Office of the General Counsel has determined that these regulations meet the applicable standards provided in subsections 2(a) and 2(b)(2) of Executive Order 12778. 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 located at 7 CFR part 400, subpart J, and for catastrophic risk protection contracts of insurance delivered through local USDA offices, the National Appeal Division administrative appeal provisions under the Department of Agriculture Reorganization Act of 1994 must be exhausted before judicial action may be brought.

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

This interim rule implements programs mandated by the amendments to the Federal Crop Insurance Act by the Federal Crop Insurance Reform Act of 1994. Those amendments required that the statutory changes be implemented for the 1995 crop year. All of the contract change dates and many of the sales closing dates for 1995 insured crops have passed or will soon pass. Many of the changes contained in these regulations are mandated by statute. Planting decisions for 1995 crops have been or will shortly be made and it is necessary that producers, lenders, and suppliers know the parameters and requirements of the program. Therefore, it is impractical and contrary to the public interest to publish this rule for notice and comment prior to making the rule effective. However, comments are solicited for 60 days after the date of publication in the **Federal Register** and will be considered by FCIC before this rule is made final.

On October 13, 1994, the amendments to the Federal Crop Insurance Act, made by the Federal Crop Insurance Reform Act of 1994, were effective. This regulation will provide the policy and procedures to carry out catastrophic risk protection insurance requirements of the Reform Act.

Background

Upon publication of 7 CFR part 402, this regulation will provide catastrophic risk protection crop insurance through an endorsement that amends new and existing crop insurance policies,

endorsements, and provisions when purchased by the insured. The amendments are as follows:

1. Section 402.4, subsection 2.(b) specifies that to be eligible for catastrophic coverage a producer must be a person as defined in the crop policy.

2. Section 402.4, subsection 2.(c) provides for the termination of this endorsement if the insured fails to pay the administrative fee, elects to purchase limited or additional coverage, or if the applicable crop policy is terminated or cancelled.

3. Section 402.4, section 3 specifies that a unit is all of the insurable acreage of the insured crop in the county on the date coverage begins for the crop year, in which the insured has a 100 percent (100%) share. Land which is owned by one person and operated by another person on a share basis is considered a separate unit.

4. Section 402.4, subsection 4.(a) specifies that for the 1995 through 1998 crop years, coverage will be equal to fifty percent (50%) of the producer's approved yield indemnified at sixty percent (60%) of the expected market price, or a comparable coverage as established by FCIC.

5. Section 402.4, subsection 4.(b) specifies that for the 1999 and subsequent crop years, coverage will be equal to fifty percent (50%) of the producer's approved yield indemnified at fifty-five percent (55%) of the expected market price, or a comparable coverage as established by FCIC.

6. Section 402.4, subsection 4.(d) allows the insured the option of selecting catastrophic risk coverage, on a commodity-by-commodity basis, on either an individual yield and loss basis or an area yield and loss basis, if both options are offered in the Actuarial Table or Special Provisions.

7. Section 402.4, subsection 5.(a) specifies that the insured will not be responsible to pay a premium for catastrophic coverage.

8. Section 402.4, subsection 5.(b) requires the insured to pay an administrative fee of \$50 per crop per county. Each type or variety specified in subsections 6.(a) and (b) and crop acreage specified in subsection 6.(c) will be considered a separate crop to which separate administrative fees apply. Total administrative fees for all crops insured under any combination of catastrophic coverage and limited coverage will not exceed \$200 per producer per county, up to a maximum of \$600 for all counties in which the producer has crops insured.

9. Section 402.4, subsection 5.(c) specifies that the administrative fee for

catastrophic coverage must be paid to the insurance provider at the time of application and will not be refunded if the insured files a zero acreage report the first crop year for which the application is accepted. For subsequent years, the administrative fee must be paid annually by the acreage reporting date, however, in subsequent years no administrative fee is required if the producer files a bona fide zero acreage report on or before the acreage reporting date. The administrative fee will be waived for a limited resource farmer.

10. Section 402.4, subsection 5.(d) specifies that the administrative fee will be refunded if, after applying for catastrophic coverage and paying the administrative fee, the producer elects to purchase additional coverage for such crop. Administrative fees will be refunded only if the producer has not purchased catastrophic risk protection and limited coverage in excess of the maximum administrative fee to be paid in the applicable situation.

11. Section 402.4, subsections 6.(a) and (b) specify the insured crop is provided in the applicable crop policy documents, except that each specified type of Stonefruit, Texas Citrus, Florida Citrus, Arizona-California Citrus, Texas Citrus Trees, and Guaranteed Tobacco, and each grape variety grown in California specified in the Special Provisions, that the producer elects to insure, will be insured as a separate crop.

12. Section 402.4, subsection 6.(c) specifies that if the producer purchased limited or additional coverage for a crop, the producer may separately insure acreage that has been designated as high risk by FCIC provided that the producer has executed a high risk exclusion option under that policy and obtained a catastrophic risk protection policy with the same approved insurance provider and pays separate administrative fees for each policy in effect.

13. Section 402.4, section 7 specifies that a replant payment will not be paid whether or not replanting is required under the policy.

14. Section 402.4, subsection 8.(a) specifies that if a unit contains acreage to which more than one expected market price applies for a type, variety, class, etc., that the dollar amount of insurance and the dollar amount of production to be counted will be computed separately for each type, variety, class, etc., that have separate expected market prices, and then added together to determine the total liability for the unit.

15. Section 402.4, subsection 8.(b) specifies that if the producer is eligible

to receive an indemnity under the Catastrophic Risk Protection Endorsement and is also eligible to receive benefits for the same loss under other USDA programs, the producer must elect the program from which to receive benefits. Only one payment or program benefit will be allowed.

16. Section 402.4, section 9 specifies that if a producer conceals or misrepresents any material fact or commits fraud, the policy will be voided effective with the beginning of the crop year for which such act or omission occurred.

17. Section 402.4, subsection 10.(a) specifies that any option or endorsement which provides additional coverage is not available, except for the Late Planting Agreement Option. Written agreements are not available under the Catastrophic Risk Protection Endorsement.

18. Section 402.4, subsection 10.(b) specifies that hail and fire coverage and land designated by FCIC as high-risk may not be excluded under this Endorsement.

19. Section 402.4, section 11 specifies that a producer must obtain at least catastrophic coverage for each crop of economic significance to be eligible for any price support or production adjustment programs, loans or other USDA provided farm credit, or the Conservation Reserve Program. The requirement that the producer obtain at least catastrophic risk protection will apply to all program benefits obtained after October 13, 1994.

List of Subjects in 7 CFR Part 402

Catastrophic Risk Protection Endorsement, insurance provisions.

Interim Rule

For the reasons set out in the preamble, a part 402 is added to chapter IV of title 7 of CFR, effective for the 1995 and succeeding crop years, to read as follows:

PART 402—CATASTROPHIC RISK PROTECTION ENDORSEMENT

Sec.

402.1 General Statement.

402.2 Applicability

402.3 OMB control numbers

402.4 Catastrophic Risk protection endorsement

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

§ 402.1 General statement.

The Federal Crop Insurance Act as amended by the Federal Crop Insurance Reform Act of 1994 (the "Act") requires the Federal Crop Insurance Corporation ("FCIC") to implement a catastrophic risk protection plan of insurance which

provides a basic level of insurance coverage to protect producers in the event of a FCIC insured or reinsured crop loss due to loss of yield or prevented planting, if the crop loss or prevented planting is due to an insured cause of loss specified in the crop insurance policy. This Catastrophic Risk Protection Endorsement ("Endorsement") is a continuous endorsement that is effective in conjunction with an applicable crop insurance policy. Catastrophic risk protection coverage will be offered through approved insurance providers and through local offices of the Consolidated Farm Service Agency, USDA.

§ 402.2 Applicability.

This Endorsement is applicable to each crop for which catastrophic risk protection coverage is available and for which the producer elects such coverage. The terms and conditions of the applicable crop insurance policy remain in effect unless they have been modified by this Endorsement.

§ 402.3 OMB control numbers.

The provisions set forth in this interim rule contain new and revised information collections that require clearance by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*) and have been previously assigned OMB numbers 0563-0001, 0563-0003, and 0563-0029. These information collection requirements have been submitted to OMB and are not effective until approved by OMB.

§ 402.4 Catastrophic Risk Protection Endorsement Provisions

The Catastrophic Risk Protection Endorsement Provisions for the 1995 and succeeding crop years are as follows:

Department of Agriculture

Federal Crop Insurance Corporation

Catastrophic Risk Protection Endorsement

(This is a continuous endorsement).

You should be aware that additional coverage is available through an approved insurance provider or through local offices of the Consolidated Farm Service Agency, USDA, when such provider is not available.

If a conflict exists between this Endorsement and any of the policies specified in subsection 2.(a) or the Special Provisions for the insured crop, this endorsement will control.

Terms and Conditions

1. Definitions

(a) *Additional coverage*—A plan of crop insurance providing a level of coverage equal to or greater than sixty-five percent (65%) of your approved yield indemnified at one

hundred percent (100%) of the expected market price or a comparable coverage as established by FCIC.

(b) *Administrative fee*—The \$50 fee the policyholder must pay on a per crop and county basis, with a maximum of \$200 per policyholder per county and \$600 per policyholder for catastrophic and limited coverage on an annual basis.

(c) *Approved insurance provider*—A private insurance company, including their agents, that has been approved and reinsured by FCIC to provide insurance coverage to producers participating in the Federal crop insurance program.

(d) *Approved yield*—The average amount of production per acre obtained under FCIC's Actual Production History Program (7 CFR Part 400, Subpart G) using production records of the insured or yields assigned by FCIC. At least four crop years of yields must be averaged to obtain the approved yield.

(e) *Catastrophic risk protection*—The minimal level of coverage offered by FCIC, which is required before a person may qualify for certain other United States Department of Agriculture program benefits (see subsections 4.(a) and (b) and subsection 11.(a)).

(f) *CFSA*—The Consolidated Farm Service Agency of the United States Department of Agriculture.

(g) *County*—The county or other political subdivision shown on your accepted application including land in an adjoining county, provided such land is part of a field that extends into the adjoining county and the county boundary is not readily discernable. For peanuts and quota tobacco, the county will also include any land identified by a CFSA farm serial number for the county but physically located in another county.

(h) *Crop of economic significance*—A crop that has either contributed in the previous crop year, or is expected to contribute in the current crop year, ten percent (10%) or more of the total expected value of your share of all crops in which you have an insurable share that are grown in the county. However, notwithstanding the preceding sentence, if the total expected liability under the catastrophic risk protection endorsement is equal to or less than the administrative fee required for the crop, such crop will not be considered a crop of economic significance.

(i) *FCIC*—The Federal Crop Insurance Corporation, a wholly owned Government Corporation within the Consolidated Farm Service Agency, United States Department of Agriculture.

(j) *"Insurance is available"*—Means only those crops for which the crop information is contained in the county actuarial documents.

(k) *Limited coverage*—A plan of insurance offering coverage that is equal to or greater than fifty percent (50%) of your approved yield indemnified at one hundred percent (100%) of the expected market price, or a comparable coverage as established by FCIC but less than sixty-five percent (65%) of your approved yield indemnified at one hundred percent (100%) of the expected market price, or a comparable coverage as established by FCIC.

(l) *Limited resource farmer*—A producer or operator of a small or family farm, including a new producer or operator, with an annual gross income of less than \$20,000 derived from all sources of revenue for each of the prior two years and who demonstrates a need to maximize farm income. Notwithstanding the preceding sentence, a producer on a farm of less than 25 acres aggregated for all crops, where the producer derives a majority of the producer's gross income from the farm but the producer's gross income from farming operations does not exceed \$20,000, will be considered a limited resource farmer.

(m) *Price election*—In lieu of any provision contained in any other policy document, price election means sixty percent (60%) of the expected market price for the 1995 through 1998 crop years, and fifty-five percent (55%) of the expected market price for the 1999 and subsequent crop years.

(n) *Secretary*—The Secretary of the United States Department of Agriculture.

(o) *Share*—In lieu of any provision contained in any other policy document, your percentage of interest in the insured crop as owner, operator, or tenant at the time coverage begins. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the earlier of the time of loss or the beginning of harvest. Unless the accepted application clearly indicates that insurance is requested for a partnership or joint venture, insurance will only cover the crop share of the person completing the application. The share will not extend to any other person having an interest in the crop except as may otherwise be specifically allowed in this endorsement. Any acreage or interest reported by or for your spouse, child or any member of your household may be considered your share. Leases containing provisions for both a cash or minimum payment and a crop share will be considered a crop share lease.

(p) *USDA*—The United States Department of Agriculture.

2. Eligibility, Life of Policy, Cancellation, and Termination

(a) You must have one of the following policies in force to elect this Endorsement and you must have made application for catastrophic risk protection on or before the sales closing date for the crop in the county:

- (1) The General Crop Insurance Policy (§ 401.8) and crop endorsement;
- (2) The Common Crop Insurance Policy (§ 457.8) and crop provisions;
- (3) The Group Risk Plan Policy, if available for catastrophic risk protection; or
- (4) A specific named crop insurance policy.

(b) You must be a person as defined in the crop policy to be eligible for catastrophic risk protection coverage.

(c) In addition to the provisions specified in the applicable crop endorsement, crop provision, and crop insurance policy, this Endorsement will terminate for the crop year for which:

- (1) You fail to pay the applicable administrative fee as specified in subsections 5.(b) and (c);
- (2) You elect to purchase limited or additional coverage for the insured crop; or

(3) The applicable crop policy, to which this endorsement attaches, automatically terminates (e.g. Macadamia Tree and Nut Crop Insurance Policies must be renewed each year).

3. Unit Division

(a) This section is in lieu of the unit provisions specified in the applicable crop endorsement, crop provisions, or crop insurance policy.

(b) For catastrophic risk protection coverage, a unit will be all insurable acreage of the insured crop in the county on the date coverage begins for the crop year:

(1) In which you have one hundred percent (100%) crop share; or

(2) Which is owned by one person and operated by another person on a share basis. (Example: If, in addition to the land you own, you rent land from five landlords, three on a crop share basis and two on a cash basis, you would be entitled to four units, one for each crop share lease and one for the two cash leases and the land you own.)

(c) Land rented for cash, a fixed commodity payment, or any consideration other than a share in the insured crop on such land will be considered as owned by the lessee.

(d) Any unit division other than stated in subsection (b) above is not allowed under this Endorsement.

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

(a) Notwithstanding any provision contained in any other policy document, for the 1995 through 1998 crop years, coverage will be equal to fifty percent (50%) of your approved yield indemnified at sixty percent (60%) of the expected market price, or a comparable coverage as established by FCIC.

(b) Notwithstanding any provision contained in any other policy document, for the 1999 and subsequent crop years, coverage will be equal to fifty percent (50%) of your approved yield indemnified at fifty-five percent (55%) of the expected market price, or a comparable coverage as established by FCIC.

(c) If the crop policy utilizes dollar coverage or other alternative methods of coverage, we will convert the dollar coverage or alternative coverage to the amount of coverage that would be available at fifty percent (50%) of your approved yield indemnified at sixty percent (60%) of the expected market price through 1998 and fifty percent (50%) of your approved yield indemnified at fifty-five percent (55%) of the expected market price for subsequent years.

(d) You may elect catastrophic coverage, on a commodity-by-commodity basis, on either an individual yield and loss basis, or an area yield and loss basis, if both options are offered in the Actuarial Table or Special Provisions.

5. Annual Premium and Administrative Fees

(a) Notwithstanding any provision contained in any other policy document, you will not be responsible to pay a premium, nor will the policy be terminated because the premium has not been paid. FCIC will pay a premium subsidy equal to the premium established for the coverage provided under this Endorsement.

(b) In return for catastrophic risk protection, you must pay an administrative fee of \$50 per crop per county as follows:

(1) Each type or variety specified in subsections 6.(a) and (b), and crop acreage specified in subsection 6.(c) will be a separate insured crop to which separate administrative fees apply; and

(2) Total administrative fees for all crops insured under any combination of catastrophic coverage and limited coverage will not exceed two hundred dollars (\$200) per county and six hundred dollars (\$600) for all counties in which you have crops insured.

(c) Administrative fees for catastrophic coverage:

(1) Must be paid to the insurance provider at the time of application (the fee will not be refunded if you file a zero acreage report the crop year for which the application is accepted);

(2) Must be paid annually by the acreage reporting date for the applicable crop for any subsequent crop years that crop insurance is in effect (the fee will not be required if you file a bona fide zero acreage report on or before the acreage reporting date); and

(3) Will be waived for a limited resource farmer (see subsection 1.(l)).

(d) The administrative fee will be refunded if, after applying for catastrophic risk protection and paying the administrative fee, you elect to purchase additional coverage for such crop in the same county on or before the sales closing date. Administrative fees will be refunded only if you have not purchased catastrophic risk protection and limited coverage in excess of the maximum administrative fee to be paid in the applicable situation.

(e) If the administrative fee is not paid at the time of application, or by the acreage reporting date, whichever is applicable, the crop insurance contract will not be in effect for the crop year for which the fee is due and will terminate, and you will not be eligible for certain USDA programs as set out in section 11.

6. Insured Crop

The crop insured is specified in the applicable crop policy documents except as indicated in (a), (b), and (c) below:

(a) You may elect to insure the crop by type, as specified in the applicable policy documents for Stonefruit, Texas Citrus, Florida Citrus, Arizona-California Citrus, Texas Citrus Trees, and Guaranteed Tobacco. These individual crop types will be insured as separate crops.

(b) You may elect to insure your grapes grown in California by variety, as specified in the Special Provisions. These individual crop varieties will be insured as separate crops.

(c) Notwithstanding any other policy provision requiring insurance coverage on all insurable acreage of the crop in the county, if you purchase limited or additional coverage for a crop, you may separately insure acreage that has been designated as high risk land by FCIC, provided that you have executed a high risk land exclusion option under that policy and obtained a catastrophic risk protection policy with the same approved insurance provider. If both policies are in force, that acreage of the crop

covered under the limited or additional coverage policy and the acreage covered under the Catastrophic Risk Protection Endorsement will be considered separate crops.

7. Replanting Payment

Notwithstanding any provision contained in any other crop insurance document, no replant payment will be paid whether or not replanting of the crop is required under the policy.

8. Claim for Indemnity

(a) If two or more insured crop types, varieties, or classes are insured within the same unit, and multiple expected market prices are applicable, the dollar amount of insurance and the dollar amount of production to be counted will be determined separately for each type, variety, class, etc., that have separate expected market prices and then added together to determine the total liability for the unit.

(b) If you are eligible to receive an indemnity under this Endorsement, and are also eligible to receive benefits for the same loss under any other USDA program, you must elect the program from which you wish to receive benefits. Only one payment or program benefit will be allowed.

9. Concealment or Fraud

Notwithstanding any provision contained in any other crop insurance document, your policy may be voided on all crops, without waiving any rights, including the right to collect any amounts due:

(a) If at any time you conceal or misrepresent any material fact or commit fraud relating to this or any other contract issued under the authority of the Federal Crop Insurance Act with any insurance provider; and

(b) The voidance will be effective as of the beginning of the crop year with respect to which such act or omission occurred. After the policy has been voided, you must make a new application to obtain catastrophic risk protection coverage for subsequent crop years.

10. Exclusion of Coverage

(a) Options or endorsements which provide additional coverage and which are available under any crop endorsement, crop provision or crop policy offered by FCIC will not be available under this Endorsement, except for the Late Planting Agreement Option. Written agreements are not available for any crop insured under this Endorsement.

(b) Notwithstanding any provision contained in any other crop insurance document, hail and fire coverage and high-risk land may not be excluded for any crop for which this Endorsement is in effect.

11. Eligibility for Other USDA Program Benefits

(a) You must obtain at least the catastrophic risk protection level of coverage for each crop of economic significance in the county in which you have an insurable share, if insurance is available in the county for the crop, to be eligible for:

(1) Price support and production adjustment programs including, but not limited to, those for tobacco, rice, extra long

staple cotton, upland cotton, feed grains, wheat, peanuts, oilseeds, and sugar;

(2) Loans or any other USDA provided farm credit including guaranteed and direct farm ownership loans, operating loans, and emergency loans under the Consolidated Farm and Rural Development Act; and

(3) The Conservation Reserve Program.

(b) The requirement that you obtain catastrophic risk protection will apply to all new and amended applications, contracts and loans obtained after October 13, 1994.

Done in Washington, D.C., on December 21, 1994

Suzette Dittrich,

Acting Manager, Federal Crop Insurance Corporation.

[FR Doc. 95-356 Filed 1-3-95; 3:38 pm]

BILLING CODE 3410-08-U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 94-NM-225-AD Amendment 39-9115; AD 95-01-04]

Airworthiness Directives; Boeing Model 747-100 Series Airplanes Equipped With Freighter Conversion Modification Installed in Accordance With Supplemental Type Certificate (STC) SA2322SO

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This amendment adopts a new airworthiness directive (AD) that is applicable to certain Boeing Model 747-100 series airplanes. This action requires an inspection to detect discrepancies of the lap joint in certain fuselage stations, repair of any discrepancies, and modification of a certain lap joint. This amendment is prompted by reports of holes in the lap joints and longerons of these airplanes. The actions specified in this AD are intended to prevent reduced fatigue life of the fuselage in the areas in which holes are found.

DATES: Effective January 23, 1995.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of January 23, 1995.

Comments for inclusion in the Rules Docket must be received on or before March 7, 1995.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-103, Attention: Rules Docket No. 94-NM-

225-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056.

The service information referenced in this AD may be obtained from GATX/Airlog Company, Tulsa International Airport, P.O. Box 582527, Tulsa, Oklahoma 74158. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Steven C. Fox, Aerospace Engineer, Airframe Branch, ANM-120S, FAA, Transport Airplane Directorate, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (206) 227-2777; fax (206) 227-1181.

SUPPLEMENTARY INFORMATION: On July 3, 1990, the FAA issued AD 90-15-06, amendment 39-6653 (55 FR 28600, July 12, 1990), applicable to certain Boeing Model 747 series airplanes, to require inspection to detect cracking and corrosion of the skin lap joints in the fuselage upper lobe, and repair, if necessary. Recently, operators of Model 747-100 series airplanes have reported finding "hidden" open fastener holes in the middle row of the lap joint, as well as misdrilled holes, elongated holes, "figure eight" holes, and short-edged margins in the fastener holes of the fuselage skin. Additionally, one operator reported finding multiple open, misdrilled, and "figure eight" fastener holes in the structural longeron beneath the lap joints. These holes were found during inspections being performed in accordance with AD 90-15-06. In each case, these holes were found on Boeing Model 747-100 series airplanes that had been modified by GATX/Airlog Company in accordance with Supplemental Type Certificate (STC) SA2322SO.

Fastener holes in the lap joint and longeron of the fuselage, if not corrected, could reduce the fatigue life of the fuselage in the affected area.

GATX installed a main deck cargo side door on these airplanes as part of a conversion that reconfigured these airplanes to freighters. The modification includes installation of an external doubler over portions of the lap joint of the fuselage skin at stringer 4L between fuselage stations 1660 and 2040. The installation of the doubler makes it impossible to perform the inspection required by AD 90-15-06 without first removing the doubler to perform the inspection. The modification also entails removal of the original lap joint hat section stringer and replacement

with a "T" section longeron. This longeron was designed to carry body bending loads around the door structure.

The FAA has reviewed and approved GATX/Airlog Service Bulletin 94-MG-1000-009, dated May 4, 1994, which describes procedures for modification of the longitudinal lap joint in the upper body skin of stringer 4L, at fuselage station (FS) 1689.5 to FS 1741.1, and FS 1961.1 to FS 2010.5. This modification entails removal of two sections of the lap joints in stringer 4L. These lap joints currently are hidden by the modification that was accomplished in accordance with STC SA2322SO. Removal of these sections of the lap joint also constitutes terminating action for the inspections required by AD 90-15-06 for the lap joint section that was removed.

Since an unsafe condition has been identified that is likely to exist or develop on other airplanes of the same type design, this AD is being issued to prevent reduced fatigue life of the fuselage in the area in which holes are found. This AD requires a one-time detailed close visual inspection of the lap joint of stringer 4L from fuselage stations 1660 to 2040 to detect discrepancies (such as corrosion, cracking, open holes, misdrilled holes, and any freeze plugs in the fuselage skin and internal stringer or longerons). Any discrepancy detected must be repaired in accordance with a method approved by the FAA. Additionally, this AD requires that operators submit a report of their findings, positive or negative, to the FAA.

This AD also requires modification of the longitudinal lap joint in the upper body skin of stringer 4L at FS 1689.5 to FS 1741.1, and FS 1961.1 to FS 2010.5. The modification is required to be accomplished in accordance with the service bulletin described previously. Accomplishment of this modification terminates the inspections required by AD 90-15-06 at this location only.

As a result of recent communications with the Air Transport Association (ATA) of America, the FAA has learned that, in general, some operators may misunderstand the legal effect of AD's on airplanes that are identified in the applicability provision of the AD, but that have been altered or repaired in the area addressed by the AD. The FAA points out that all airplanes identified in the applicability provision of an AD are legally subject to the AD. If an airplane has been altered or repaired in the affected area in such a way as to affect compliance with the AD, the owner or operator is required to obtain FAA approval for an alternative method of