

Crop Adjuster License Examination Study Outline

Coverage Available MPCl Crop-Hail – (5% = 3 items)

- National Crop Insurance Services (NCIS)
- Risk Management Agency (RMA)

Policy Provisions of Crop-Hail (25% = 12 items)

- Crop-Hail Provisions
- Crop-Hail Basic Policy Special Provisions Kentucky
- Kentucky Crop-Hail Endorsements

MPCl Basic Provisions (25% = 13 items)

- Special Provisions
- Actual Production History (APH)
- Group Risk Plan
- Units
- Acreage Reporting
- Optional Units
- Hail/Fire Exclusion
- Replanting Provisions
- Prevented Planting Coverage
- Assignment of Indemnity
- Priorities of Conflicts between Provisions
- Catastrophic Risk Protection Endorsement
- Production Records
- Important Dates
- Written Agreements
- High Risk Land
- Actuarial Documents
- Insured Eligibility
- Coverage Levels
- Life of the Policy
- Yield Guarantees
- Definitions
- Causes of Loss

Claim Settlement (25% = 12 items)

- Deferrals
- Notice of Loss
- Insured's Duties after Loss
- Insurer's Duties after Loss
- Arbitration and Appraisal
- Loss Payment
- MPCl Loss Adjustment Responsibilities
- Determining MPCl Production Account
- Exclusions
- Standard Measures
- Concealment, Misrepresentation, or Fraud
- Subrogation

Kentucky Law (10% = 5 items)

- Kentucky Adjuster License Law
- Kentucky Unfair Claim Settlement Practices

General Insurance Concepts and Definitions (10% = 5 items)

REFERENCES:

- Common Crop Insurance Policy Basic Provisions (05-BR)
- Comparison of Federal Crop Insurance to Private Crop-Hail Insurance 2009
- FCIC Catastrophic Risk Protection Endorsement 2008 (09-CAT)
- FCIC Coarse Grains Crop Provisions (98-041)
- Crop-Hail Policy General Provisions 2007 - NCIS 3
- Crop-Hail Insurance Kentucky Amendatory Endorsement 2009 - NCIS 3KY
- Optional Fire and Lightning Coverage on Crops Planted in Small Grain Crop, Stubble or Residue 2007 - NCIS 457
- Crop-Hail Policy Jacket 2010 - NCIS 5
- Crop-Hail Policy Basic Form Special Provisions Kentucky 2007 - NCIS 616K
- Crop-Hail Policy - Unharvested and Harvested Tobacco Form Special Provisions Kentucky 2005 - NCIS 641K
- About the Risk Management Agency 2009
- USDA Crop Insurance Basics 2008
- Loss Adjustment Manual (LAM) Standards Handbook – 2010 and Succeeding Crop Years - FCIC-25010 (02/2010)
- Kentucky Property and Casualty Insurance License Exam Manual – Kaplan 2006
- Kentucky Administrative Regulations - Title 806
- Kentucky Revised Statutes, Chapter 304 - Insurance Code

**Kentucky
Crop Adjuster
Study References**

**Common Crop
Insurance Policy
Basic Provisions
(05-BR)**

SUMMARY OF CHANGES FOR THE COMMON CROP INSURANCE POLICY BASIC PROVISIONS - REINSURED VERSION (05-BR)

The following is a brief description of significant changes to the Basic Provisions that are effective for the 2005 crop year for all crop insurance provisions with a contract change date on or after August 31, 2004. Please refer to the provisions for more complete information.

Provisions Preceding Section 1

Revise the first paragraph following title to incorporate reference to handbooks, manuals, memoranda and bulletins (procedures) that are used in administration of the policy.

Agreement to Insure – Clarify the order of priority when there are conflicts between the Federal Crop Insurance Act, policy documents, regulations and procedures.

Section 1 - Definitions

- Add definitions of "annual crop," "Code of Federal Regulations," "delinquent debt," "disinterested third party," "household," "insurable loss," "liability," "offset" and "perennial crop."
- Revise the definitions of "acreage report," "actuarial documents," "agricultural commodity," "approved yield," "average yield," "contract change date," "crop year," "earliest planting date," "enterprise unit," "field," "insured crop," "limited resource farmer," "non-contiguous," "policy," "practical to replant," "price election," "replanting," "second crop," "substantial beneficial interest" and "whole farm unit."
- Delete the definitions of "another use, notice of," "damage, notice of," "delinquent account" and "loss, notice of."

Section 2(b) – Clarify provisions regarding identification information required on the application for insurance. Revise provisions to require insureds to report any changes in identification information from year to year, and to allow insurance for applicants who are composed of eligible and ineligible persons provided the ineligible person's identification number is reported and the ineligible person's share is not included on the acreage report.

Sections 2(e) and (f) – Clarify provisions pertaining to offset of amounts due from insureds, impacts of delinquent debts, including provisions regarding ineligibility and termination.

Section 2(k) – Move provisions pertaining to the ability of a person other than the insured person to sign insurance documents to this section, and revise the provisions to specify that the insured person is still responsible for the accuracy of information provided.

Section 3(e)(4) – Add provisions that limit the use of appraised production to establish actual yields.

Section 3(f) – Add provisions regarding the misreporting of information used to determine an approved yield.

Section 3(g) – Add provisions requiring adjustment of an approved yield when the yield, exceeds tolerances established by FCIC, exceeds specified tolerances and is based on a small amount of acreage and is being applied in the current year to a large amount of acreage, or is based on a production method different from that used in the current year.

Section 4 – Clarify provisions that specify when and how policy changes will be made available to insured producers.

Section 5 – Remove provisions regarding "liberalization" and reserve the section.

Section 6(d) – Clarify provisions pertaining to acreage report revisions for planted acreage and add a provision that limits the ability to change reported prevented planting acreage. Add provisions allowing producers to revise the number of acres reported on the acreage report when acreage measurement occurs after the acreage reporting date. Also, add provisions regarding conflicts between the number of acres determined by different measurement services.

Section 6(g) – Add provisions that provide for a reduced indemnity when information used to establish the amount of insurance liability is misrepresented.

Section 7(e) – Add provisions to permit producers who qualified as a “limited resource farmer” under the previous definition to remain qualified.

Section 8(b) – Add provisions to clarify that an uninsured crop includes any that is a type, class or variety not generally recognized for the area, or anywhere the conditions under which the crop is planted are not generally recognized for the area.

Section 9(a)(1)(I)(A) – Revise provisions pertaining to the insurability of acreage that has not been planted and harvested in one of the three previous crop years.

Section 10(a)(2) – Clarify reporting requirements for tenants or landlords who insure the other’s share of the insured crop.

Section 12 – Clarify that insured causes of loss, except where price reduction is specifically covered, must be due to naturally occurring events.

Section 12(c) – Clarify provisions pertaining to losses caused by water that is contained by or within structures designed to contain water.

Section 12(d) – Revise provisions to provide coverage when an insured cause of loss causes failure of irrigation equipment.

Section 12(f) – Add provisions regarding crop damage that is not evident or that would not have been evident during the time insurance was in force.

Section 14(c) (Your Duties) – Add provisions allowing an extended time to submit a claim when information needed to settle the claim is not available. Also, add provisions indicating that no indemnity can be paid if the insured fails to submit a claim.

Section 14(h) (Your Duties) – Clarify provisions regarding the insured’s failure to provide loss notifications required by section 14.

Section 14(a)(3) (Our Duties) – Add provisions indicating that claim payment may be delayed until completion of any investigation by the USDA.

Sections 15(g)(3) – Clarify provisions regarding reductions in prevented planting payments when a volunteer or cover crop is harvested after the end of the late planting period (or the final planting date if a late planting period is not applicable).

Section 15(j) – Add provisions regarding destruction of the insured crop prior to payment of a claim when any Federal or State agency requires destruction of the crop due to substances or conditions that are injurious to human or animal health.

Section 17(a)(1) – Add provisions indicating failure to plant when others producers in the area were planting will result in the denial of a prevented planting claim.

Section 17(e)(1) – Revise provisions pertaining to prevented planting coverage for acreage that is leased from year-to-year, and for acreage that was uninsurable in the past or acquired through inheritance or a gift. Also, revise provisions regarding eligible acres for crops grown under the terms of processor contracts.

Section 17(f)(1) – Clarify that prevented planting acres will not be considered the crop that is planted in the field if the crop that is planted is a second crop. Also, add provisions regarding unplanted acreage in a field when it is clear that unplanted acreage would be a different crop than the planted acreage.

Section 17(f)(3) – Add provisions regarding the number of eligible prevented planting acres when the land lease specifies the number of acres for which rent is due.

Section 17(f)(5) – Add provisions pertaining to prevented planting acreage that was previously planted to a crop from which no benefit was derived.

Section 17(f)(6) – Add provisions to prohibit prevented planting payments on acreage where pasture or other forage crops are in place during the time that planting of the insured crop generally occurs.

Section 17(f)(12) – Add provisions that prohibit prevented planting payments if a cause of loss has occurred at the time acreage is leased, purchased, released from a USDA program that prohibits harvest or is otherwise acquired. The provisions also prohibit payments if a cause of loss has occurred at the time a request is made to insure acreage by written agreement.

Section 17(h)(2) – Add provisions to prohibit prevented planting payments on an irrigated basis for non-irrigated acreage.

Section 18 – Add provisions regarding administration of written agreements, including requirements for requests for written agreements, approval of requests, cancellation, renewal, etc.

Section 20 – Revise provisions to specifically allow for dispute resolution through mediation, require that FCIC provide interpretations of any policy provisions or procedures when disputes involve the applicability or meaning of the provisions or procedures, clarify the time that arbitration proceedings and judicial review must be initiated, clarify the dispute resolution process for determinations made by FCIC, and to clarify provisions regarding payment of non-contractual damages. Provisions previously in section 25 and those previously in section 26 pertaining to non-contractual damages have been revised and moved to this section.

Section 21 – Clarify provisions regarding record retention and requirements pertaining to access to the farm and records of acreage and production.

Section 22 – Revise provisions regarding duplicate policies, including specific provisions to indicate which policy will remain in effect when it can be determined that the duplicate policies were not intentional.

Sections 24(a) and (e) – Clarify provisions pertaining to amounts that insureds owe to FCIC.

Section 30 – Add provisions to specify how payments under the policy will be made when payment for the same loss is received from another party.

Section 34(a)(2)(vi) and (a)(3)(iii) – Clarify that the basic unit structure will be assigned any time it is discovered that the insured does not qualify for an enterprise or whole farm unit.

COMMON CROP INSURANCE POLICY
(This is a continuous policy. Refer to section 2.)

This insurance policy is reinsured by the Federal Crop Insurance Corporation (FCIC) under the provisions of the Federal Crop Insurance Act (Act) (7 U.S.C. 1501 *et seq.*). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the Act. The provisions of the policy may not be waived or varied in any way by us, our insurance agent or any other contractor or employee of ours or any employee of USDA unless the policy specifically authorizes a waiver or modification by written agreement. We will use the procedures (handbooks, manuals, memoranda and bulletins), as issued by FCIC and published on the RMA website at <http://www.rma.usda.gov/> or a successor website, in the administration of this policy, including the adjustment of any loss or claim submitted hereunder. In the event that we cannot pay your loss because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy and FCIC will be responsible for any amounts owed. No state guarantee fund will be liable for your loss.

Throughout this policy, "you" and "your" refer to the named insured shown on the accepted application and "we," "us," and "our" refer to the insurance company providing insurance. Unless the context indicates otherwise, use of the plural form of a word includes the singular and use of the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the payment of the premium, and subject to all of the provisions of this policy, we agree with you to provide the insurance as stated in this policy. If there is a conflict between the Act, the regulations published at 7 CFR chapter IV, and the procedures as issued by FCIC, the order of priority is as follows: (1) the Act; (2) the regulations; and (3) the procedures as issued by FCIC, with (1) controlling (2), etc. If there is a conflict between the policy provisions published at 7 CFR part 457 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 457 control. If a conflict exists among the policy provisions, the order of priority is: (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) the Special Provisions; (3) the Crop Provisions; and (4) these Basic Provisions, with (1) controlling (2), etc.

TERMS AND CONDITIONS
BASIC PROVISIONS

1. Definitions.

Abandon - Failure to continue to care for the crop, providing care so insignificant as to provide no benefit to the crop, or failure to harvest in a timely manner, unless an insured cause of loss prevents you from properly caring for or harvesting the crop or causes damage to it to the extent that most producers of the crop on acreage with similar characteristics in the area would not normally further care for or harvest it.

Acreage report - A report required by section 6 of these Basic Provisions that contains, in addition to other required information, your report of your share of all acreage of an insured crop in the county, whether insurable or not insurable.

Acreage reporting date - The date contained in the Special Provisions or as provided in section 6 by which you are required to submit your acreage report.

Act - The Federal Crop Insurance Act, (7 U.S.C. 1501 *et seq.*).

Actual Production History (APH) - A process used to determine production guarantees in accordance with 7 CFR part 400, subpart (G).

Actual yield - The yield per acre for a crop year calculated from the production records or claims for indemnities. The actual yield is determined by dividing total production (which includes harvested and appraised production) by planted acres.

Actuarial documents - The material for the crop year which is available for public inspection in your agent's office and published on RMA's website at

<http://www.rma.usda.gov/> or a successor website, and which shows available coverage levels, information needed to determine amounts of insurance, premium rates, premium adjustment percentages, practices, particular types or varieties of the insurable crop, insurable acreage, and other related information regarding crop insurance in the county.

Additional coverage - A level of coverage greater than catastrophic risk protection.

Administrative fee - An amount you must pay for catastrophic risk protection and additional coverage for each crop year as specified in section 7 and the Catastrophic Risk Protection Endorsement.

Agricultural commodity - Any crop or other commodity produced, regardless of whether or not it is insurable.

Agricultural experts - Persons who are employed by the Cooperative State Research, Education and Extension Service or the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific crop or practice for which such expertise is sought.

Annual crop - An agricultural commodity that normally must be planted each year.

Application - The form required to be completed by you and accepted by us before insurance coverage will commence. This form must be completed and filed in your agent's office not later than the sales closing date of the initial insurance year for each crop for which insurance coverage is requested. If cancellation or termination of insurance coverage occurs for any reason,

including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by you or us or violation of the controlled substance provisions of the Food Security Act of 1985, a new application must be filed for the crop. Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.

Approved yield - The actual production history (APH) yield, calculated and approved by the verifier, used to determine the production guarantee by summing the yearly actual, assigned, adjusted or unadjusted transitional yields and dividing the sum by the number of yields contained in the database, which will always contain at least four yields. The database may contain up to 10 consecutive crop years of actual or assigned yields. The approved yield may have yield adjustments elected under section 36, revisions according to section 3, or other limitations according to FCIC approved procedures applied when calculating the approved yield.

Area - Land surrounding the insured acreage with geographic characteristics, topography, soil types and climatic conditions similar to the insured acreage.

Assignment of indemnity - A transfer of policy rights, made on our form, and effective when approved by us. It is the arrangement whereby you assign your right to an indemnity payment to any party of your choice for the crop year.

Average yield - The yield, calculated by summing the yearly actual, assigned, adjusted or unadjusted transitional yields and dividing the sum by the number of yields contained in the database, prior to any adjustments, including those elected under section 36, revisions according to section 3, or other limitations according to FCIC approved procedures.

Basic unit - All insurable acreage of the insured crop in the county on the date coverage begins for the crop year:

- (1) In which you have 100 percent 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 that combines the two cash leases and the land you own.) Land which would otherwise be one unit may, in certain instances, be divided according to guidelines contained in section 34 of these Basic Provisions and in the applicable Crop Provisions.

Buffer zone - A parcel of land, as designated in your organic plan, that separates agricultural commodities grown under organic practices from agricultural commodities grown under non-organic practices, and used to minimize the possibility of unintended contact by prohibited substances or organisms.

Cancellation date - The calendar date specified in the Crop Provisions on which coverage for the crop will automatically renew unless canceled in writing by either you or us or terminated in accordance with the policy terms.

Catastrophic risk protection - The minimum level of coverage offered by FCIC that is required before you may qualify for certain other USDA program benefits

unless you execute a waiver of any eligibility for emergency crop loss assistance in connection with the crop.

Catastrophic Risk Protection Endorsement - The part of the crop insurance policy that contains provisions of insurance that are specific to catastrophic risk protection.

Certified organic acreage - Acreage in the certified organic farming operation that has been certified by a certifying agent as conforming to organic standards in accordance with 7 CFR part 205.

Certifying agent - A private or governmental entity accredited by the USDA Secretary of Agriculture for the purpose of certifying a production, processing or handling operation as organic.

Claim for indemnity - A claim made on our form by you for damage or loss to an insured crop and submitted to us not later than 60 days after the end of the insurance period (see section 14).

Code of Federal Regulations (CFR) - The codification of general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. Rules published in the Federal Register by FCIC are contained in 7 CFR chapter IV. The full text of the CFR is available in electronic format at <http://www.access.gpo.gov/> or a successor website.

Consent - Approval in writing by us allowing you to take a specific action.

Contract - (See "policy").

Contract change date - The calendar date by which changes to the policy, if any, will be made available in accordance with section 4 of these Basic Provisions.

Conventional farming practice - A system or process for producing an agricultural commodity, excluding organic farming practices, that is necessary to produce the crop that may be, but is not required to be, generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.

County - Any county, parish, or other political subdivision of a state shown on your accepted application, including acreage in a field that extends into an adjoining county if the county boundary is not readily discernible.

Cover crop - A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement. A cover crop may be considered to be a second crop (see the definition of "second crop").

Coverage - The insurance provided by this policy, against insured loss of production or value, by unit as shown on your summary of coverage.

Coverage begins, date - The calendar date insurance begins on the insured crop, as contained in the Crop Provisions, or the date planting begins on the unit (see section 11 of these Basic Provisions for specific provisions relating to prevented planting).

Crop Provisions - The part of the policy that contains the specific provisions of insurance for each insured crop.

Crop year - The period within which the insured crop is normally grown, regardless of whether or not it is actually grown, and designated by the calendar year in which the

Insured crop is normally harvested, unless otherwise specified in the Crop Provisions.

Damage - Injury, deterioration, or loss of production of the insured crop due to insured or uninsured causes.

Days - Calendar days.

Deductible - The amount determined by subtracting the coverage level percentage you choose from 100 percent. For example, if you elected a 65 percent coverage level, your deductible would be 35 percent (100% - 65% = 35%).

Delinquent debt - Any administrative fees or premiums for insurance issued under the authority of the Act, and the interest on those amounts, if applicable, that are not postmarked or received by us or our agent on or before the termination date unless you have entered into an agreement acceptable to us to pay such amounts or have filed for bankruptcy on or before the termination date; any other amounts due us for insurance issued under the authority of the Act (including, but not limited to, indemnities, prevented planting payments or replanting payments found not to have been earned or that were overpaid), and the interest on such amounts, if applicable, which are not postmarked or received by us or our agent by the due date specified in the notice to you of the amount due; or any amounts due under an agreement with you to pay the debt, which are not postmarked or received by us or our agent by the due dates specified in such agreement.

Disinterested third party - A person that does not have any familial relationship (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to have a familial relationship) with you or who will not benefit financially from the sale of the insured crop. Persons who are authorized to conduct quality analysis in accordance with the Crop Provisions are considered disinterested third parties unless there is a familial relationship.

Double crop - Producing two or more crops for harvest on the same acreage in the same crop year.

Earliest planting date - The initial planting date contained in the Special Provisions, which is the earliest date you may plant an insured agricultural commodity and qualify for a replanting payment if such payments are authorized by the Crop Provisions.

Economic significance - A value of a crop, or of a type or variety of a crop (if the applicable policy allows you the option to separately insure individual crop types or varieties) equal to ten percent (10%) or more of the total value of your share of all crops grown in the county the previous crop year or that you expect to grow in the current crop year. However, an amount will not be considered economically significant if the expected liability under the Catastrophic Risk Protection Endorsement is equal to or less than the administrative fee required for the crop, or if applicable, the crop type or variety.

End of insurance period, date of - The date upon which your crop insurance coverage ceases for the crop year (see Crop Provisions and section 11).

Enterprise unit - All insurable acreage of the insured crop in the county in which you have a share on the date coverage begins for the crop year. To qualify, an enterprise unit must contain all of the insurable acreage of the same insured crop in:

- (1) One or more basic units that are located in two or more separate sections, section equivalents, FSA farm serial numbers, or units established by written agreement, with at least some planted acreage in two or more separate sections, section equivalents, FSA farm serial numbers, or two or more separate units as established by written agreement; or
- (2) Two or more optional units established by separate sections, section equivalents, FSA farm serial numbers, or as established by written agreement, with at least two optional units containing some planted acreage.

Field - All acreage of tillable land within a natural or artificial boundary (e.g., roads, waterways, fences, etc.). Different planting patterns or planting different crops do not create separate fields.

Final planting date - The date contained in the Special Provisions for the insured crop by which the crop must initially be planted in order to be insured for the full production guarantee or amount of insurance per acre.

First insured crop - With respect to a single crop year and any specific crop acreage, the first instance that an agricultural commodity is planted for harvest or prevented from being planted and is insured under the authority of the Act. For example, if winter wheat that is not insured is planted on acreage that is later planted to soybeans that are insured, the first insured crop would be soybeans. If the winter wheat was insured, it would be the first insured crop.

FSA - The Farm Service Agency, an agency of the USDA, or a successor agency.

FSA farm serial number - The number assigned to the farm by the local FSA office.

Generally recognized - When agricultural experts or the organic agricultural industry, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance.

Good farming practices - The production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late planted acreage, which are: (1) for conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by the organic agricultural industry for the area or contained in the organic plan. We may, or you may request us to, contact FCIC to determine whether or not production methods will be considered to be "good farming practices."

Household - A domestic establishment including the members of a family (parents, brothers, sisters, children,

spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to be family members) and others who live under the same roof.

Insurable loss - Damage for which coverage is provided under the terms of your policy, and for which you accept an indemnity payment.

Insured - The named person as shown on the application accepted by us. This term does not extend to any other person having a share or interest in the crop (for example, a partnership, landlord, or any other person) unless specifically indicated on the accepted application.

Insured crop - The crop in the county for which coverage is available under your policy as shown on the application accepted by us.

Interplanted - Acreage on which two or more crops are planted in a manner that does not permit separate agronomic maintenance or harvest of the insured crop.

Irrigated practice - A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee or amount of insurance on the irrigated acreage planted to the insured crop.

Late planted - Acreage initially planted to the insured crop after the final planting date.

Late planting period - The period that begins the day after the final planting date for the insured crop and ends 25 days after the final planting date, unless otherwise specified in the Crop Provisions or Special Provisions.

Liability - The dollar amount of insurance coverage used in the premium computation for the insured agricultural commodity.

Limited resource farmer - A person with:

- (1) Direct or indirect gross farm sales not more than \$100,000.00 in each of the previous two years (to be increased starting in fiscal year 2004 to adjust for inflation using Prices Paid by Farmer Index as compiled by National Agricultural Statistical Service (NASS)); and
- (2) A total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department Data).

Negligence - The failure to use such care as a reasonably prudent and careful person would use under similar circumstances.

Non-contiguous - Acreage of an insured crop that is separated from other acreage of the same insured crop by land that is neither owned by you nor rented by you for cash or a crop share. However, acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered as contiguous.

Offset - The act of deducting one amount from another amount.

Organic agricultural industry - Persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the Cooperative

State Research, Education and Extension Service, the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific organic crop or practice for which such expertise is sought.

Organic farming practice - A system of plant production practices approved by a certifying agent in accordance with 7 CFR part 205.

Organic plan - A written plan, in accordance with the National Organic Program published in 7 CFR part 205, that describes the organic farming practices that you and a certifying agent agree upon annually or at such other times as prescribed by the certifying agent.

Organic standards - Standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) and 7 CFR part 205.

Perennial crop - A plant, bush, tree or vine crop that has a life span of more than one year.

Person - An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or a political subdivision or agency of a State. "Person" does not include the United States Government or any agency thereof.

Planted acreage - Land in which seed, plants, or trees have been placed, appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Policy - The agreement between you and us to insure an agricultural commodity and consisting of the accepted application, these Basic Provisions, the Crop Provisions, the Special Provisions, other applicable endorsements or options, the actuarial documents for the insured agricultural commodity, the Catastrophic Risk Protection Endorsement, if applicable, and the applicable regulations published in 7 CFR chapter IV. Insurance for each agricultural commodity in each county will constitute a separate policy.

Practical to replant - Our determination, after loss or damage to the insured crop, based on all factors, including, but not limited to moisture availability, marketing window, condition of the field, and time to crop maturity, that replanting the insured crop will allow the crop to attain maturity prior to the calendar date for the end of the insurance period. It will be considered to be practical to replant regardless of availability of seed or plants, or the input costs necessary to produce the insured crop such as those that would be incurred for seed or plants, irrigation water, etc.

Premium billing date - The earliest date upon which you will be billed for insurance coverage based on your acreage report. The premium billing date is contained in the Special Provisions.

Prevented planting - Failure to plant the insured crop with proper equipment by the final planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented planting payment if you failed to plant the insured crop with the proper equipment within the late planting period. You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the

surrounding area and that prevents other producers from planting acreage with similar characteristics.

Price election - The amounts contained in the Special Provisions, or an addendum thereto, that is the value per pound, bushel, ton, carton, or other applicable unit of measure for the purposes of determining premium and indemnity under the policy.

Production guarantee (per acre) - The number of pounds, bushels, tons, cartons, or other applicable units of measure determined by multiplying the approved yield per acre by the coverage level percentage you elect.

Production report - A written record showing your annual production and used by us to determine your yield for insurance purposes (see section 3). The report contains yield information for previous years, including planted acreage and harvested production. This report must be supported by written verifiable records from a warehouseman or buyer of the insured crop or by measurement of farm-stored production, or by other records of production approved by us on an individual case basis.

Prohibited substance - Any biological, chemical, or other agent that is prohibited from use or is not included in the organic standards for use on any certified organic, transitional or buffer zone acreage. Lists of such substances are contained at 7 CFR part 205.

Replanted crop - The same agricultural commodity replanted on the same acreage as the first insured crop for harvest in the same crop year if the replanting is specifically made optional by the policy and you elect to replant the crop and insure it under the policy covering the first insured crop, or replanting is required by the policy.

Replanting - Performing the cultural practices necessary to prepare the land to replace the seed or plants of the damaged or destroyed insured crop and then replacing the seed or plants of the same crop in the same insured acreage. The same crop does not necessarily mean the same type or variety of the crop unless different types or varieties constitute separate crops or it is otherwise specified in the policy.

Representative sample - Portions of the insured crop that must remain in the field for examination and review by our loss adjuster when making a crop appraisal, as specified in the Crop Provisions. In certain instances, we may allow you to harvest the crop and require only that samples of the crop residue be left in the field.

Sales closing date - A date contained in the Special Provisions by which an application must be filed. The last date by which you may change your crop insurance coverage for a crop year.

Second crop - With respect to a single crop year, the next occurrence of planting any agricultural commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different agricultural commodity as the first insured crop, except the term does not include a replanted crop. A cover crop, planted after a first insured crop and planted for the purpose of haying, grazing or otherwise harvesting in any manner or that is hayed or grazed during the crop year, or that is otherwise harvested is considered to be a second crop. A cover crop that is

covered by FSA's noninsured crop disaster assistance program (NAP) or receives other USDA benefits associated with forage crops will be considered as planted for the purpose of haying, grazing or otherwise harvesting. A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured. Notwithstanding the references to haying and grazing as harvesting in these Basic Provisions, for the purpose of determining the end of the insurance period, harvest of the crop will be as defined in the applicable Crop Provisions.

Section - (for the purposes of unit structure) A unit of measure under a rectangular survey system describing a tract of land usually one mile square and usually containing approximately 640 acres.

Share - Your percentage of interest in the insured crop as an owner, operator, or tenant at the time insurance attaches. 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.

Special Provisions - The part of the policy that contains specific provisions of insurance for each insured crop that may vary by geographic area.

State - The state shown on your accepted application.

Substantial beneficial interest - An interest held by any person of at least 10 percent in you. The spouse of any individual applicant or individual insured will be considered to have a substantial beneficial interest in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under state law. Any child of an individual applicant or individual insured will not be considered to have a substantial beneficial interest in the applicant or insured unless the child has a separate legal interest in such person. For example, there are two partnerships that each have a 50 percent interest in you and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in you, and both the partnerships and the individuals would have a substantial beneficial interest in you (The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was one of the individuals that made up the partnership). However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in you and although the partnership would still have a substantial beneficial interest in you, the individuals would not for the purposes of reporting in section 2.

Summary of coverage - Our statement to you, based upon your acreage report, specifying the insured crop and the guarantee or amount of insurance coverage provided by unit.

Sustainable farming practice - A system or process for producing an agricultural commodity, excluding organic farming practices, that is necessary to produce the crop and is generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.

Tenant - A person who rents land from another person for a share of the crop or a share of the proceeds of the crop (see the definition of "share" above).

Termination date - The calendar date contained in the Crop Provisions upon which your insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium.

Timely planted - Planted on or before the final planting date designated in the Special Provisions for the insured crop in the county.

Transitional acreage - Acreage on which organic farming practices are being followed that does not yet qualify to be designated as organic acreage.

USDA - United States Department of Agriculture.

Void - When the policy is considered not to have existed for a crop year as a result of concealment, fraud or misrepresentation (see section 27).

Whole farm unit - All insurable acreage of two or more insured crops planted in the county in which you have a share on the date coverage begins for each crop for the crop year. All crops for which the whole farm unit structure is available must be included in the whole farm unit. At least two of the insured crops must each constitute at least 10 percent of the total liability of all insured crops in the whole farm unit, and all crops in the unit must be insured under the same plan of insurance and with the same insurance provider.

Written agreement - A document that alters designated terms of a policy as authorized under these Basic Provisions, the Crop Provisions, or the Special Provisions for the insured crop (see section 18).

2. Life of Policy, Cancellation, and Termination.

(a) This is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by you in accordance with the terms of the policy or terminated by operation of the terms of the policy or by us.

(b) Your application for insurance must contain your social security number (SSN) if you are an individual or employer identification number (EIN) if you are a person other than an individual, and all SSNs and EINs, as applicable, of all persons with a substantial beneficial interest in you, the coverage level, price election, crop, type, variety, or class, plan of insurance, and any other material information required on the application to insure the crop. If you or someone with a substantial beneficial interest is not legally required to have a SSN or EIN, you must request and receive an identification number for the purposes of this policy from us or the Internal Revenue Service (IRS) if such identification number is available from the IRS. If any of the information regarding persons with a substantial beneficial interest changes during the crop year, you must revise your application by the next sales closing date applicable under your policy to reflect the correct information.

(1) Applications that do not contain your SSN, EIN or identification number, or any of the other information required in section 2(b) are not acceptable and insurance will not be

provided (Except if you fail to report the SSNs, EINs or identification numbers of persons with a substantial beneficial interest in you, the provisions in section 2(b)(2) will apply);

(2) If the application does not contain the SSNs, EINs or identification numbers of all persons with a substantial beneficial interest in you, you fail to revise your application in accordance with section 2(b), or the reported SSNs, EINs or identification numbers are incorrect and the incorrect SSN, EIN or identification number has not been corrected by the acreage reporting date, and:

(i) Such persons are eligible for insurance, the amount of coverage for all crops included on this application will be reduced proportionately by the percentage interest in you of such persons, you must repay the amount of indemnity, prevented planting payment or replanting payment that is proportionate to the interest of the persons whose SSN, EIN or identification number was unreported or incorrect for such crops, and your premium will be reduced commensurately; or

(ii) Such persons are not eligible for insurance, except as provided in section 2(b)(3), the policy is void and no indemnity, prevented planting payment or replanting payment will be owed for any crop included on this application, and you must repay any indemnity, prevented planting payment or replanting payment that may have been paid for such crops. If previously paid, the balance of any premium and any administrative fees will be returned to you, less twenty percent of the premium that would otherwise be due from you for such crops. If not previously paid, no premium or administrative fees will be due for such crops.

(3) The consequences described in section 2(b)(2)(ii) will not apply if you have included an ineligible person's SSN, EIN or identification number on your application and do not include the ineligible person's share on the acreage report.

(c) After acceptance of the application, you may not cancel this policy for the initial crop year. Thereafter, the policy will continue in force for each succeeding crop year unless canceled or terminated as provided below.

(d) Either you or we may cancel this policy after the initial crop year by providing written notice to the other on or before the cancellation date shown in the Crop Provisions.

(e) Any amount due to us for any policy authorized under the Act will be offset from any indemnity or prevented planting payment due you for this or any

other crop Insured with us under the authority of the Act.

- (1) Even if your claim has not yet been paid, you must still pay the premium and administrative fee on or before the termination date for you to remain eligible for insurance.
 - (2) If we offset any amount due us from an indemnity or prevented planting payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date that you submit the claim for indemnity in accordance with section 14(c) (Your Duties).
- (f) A delinquent debt for any policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent crop year and result in termination of all policies in accordance with section 2(f)(2).
- (1) With respect to Ineligibility:
 - (i) Ineligibility for crop insurance will be effective on:
 - (A) The date that a policy was terminated in accordance with section 2(f)(2) for the crop for which you failed to pay premium, an administrative fee, or any related interest owed, as applicable;
 - (B) The payment due date contained in any notification of indebtedness for any overpaid indemnity, prevented planting payment or replanting payment, if you fail to pay the amount owed, including any related interest owed, as applicable, by such due date;
 - (C) The termination date for the crop year prior to the crop year in which a scheduled payment is due under a payment agreement if you fail to pay the amount owed by any payment date in any agreement to pay the debt; or
 - (D) The termination date the policy was or would have been terminated under sections 2(f)(2)(i)(A), (B) or (C) if your bankruptcy petition is dismissed before discharge.
 - (ii) If you are ineligible and a policy has been terminated in accordance with section 2(f)(2), you will not receive any indemnity, prevented planting payment or replanting payment, if applicable, and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity, prevented planting payment or replanting payment that may be owed for the policy before it has been terminated will remain owed to you, but may be offset in accordance with section 2(e), unless your policy was terminated in accordance with sections 2(f)(2)(i)(D) or (E).
 - (2) With respect to termination:
 - (i) Termination will be effective on:
 - (A) For a policy with unpaid administrative fees or premiums, the termination date immediately subsequent to the billing date for the crop year;
 - (B) For a policy with other amounts due, the termination date immediately following the date you have a delinquent debt;
 - (C) For each policy for which insurance has attached before you become ineligible, the termination date immediately following the date you become ineligible;
 - (D) For execution of an agreement to pay any amounts owed and failure to make any scheduled payment, the termination date for the crop year prior to the crop year in which you failed to make the scheduled payment; or
 - (E) For dismissal of a bankruptcy petition before discharge, the termination date the policy was or would have been terminated under sections 2(f)(2)(i)(A), (B) or (C).
 - (ii) For all policies terminated under sections 2(f)(2)(i)(D) and (E), any indemnities, prevented planting payments or replanting payments paid subsequent to the termination date must be repaid.
 - (iii) Once the policy is terminated, it cannot be reinstated for the current crop year unless the termination was in error. Failure to timely pay because of illness, bad weather, or other such extenuating circumstances is not grounds for reinstatement in the current year.
 - (3) To regain eligibility, you must:
 - (i) Repay the delinquent debt in full;
 - (ii) Execute an agreement to pay any amounts owed and make payments in accordance with the agreement (We will not enter into an agreement with you to pay the amounts owed if you have previously failed to make a scheduled payment under the terms of any other agreement to pay with us or any other insurance provider); or
 - (iii) File a petition to have your debts discharged in bankruptcy (Dismissal of the bankruptcy petition before discharge will terminate all policies in effect retroactive to the date your policy would have been terminated in accordance with section 2(f)(2)(i));
 - (4) After you become eligible for crop insurance, if you want to obtain coverage for your crops,

- you must submit a new application on or before the sales closing date for the crop (Since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment after the sales closing date, you cannot apply for insurance until the next crop year);
- (5) For example, for the 2003 crop year, if crop A, with a termination date of October 31, 2003, and crop B, with a termination date of March 15, 2004, are insured and you do not pay the premium for crop A by the termination date, you are ineligible for crop insurance as of October 31, 2003, and crop A's policy is terminated as of that date. Crop B's policy does not terminate until March 15, 2004, and an indemnity for the 2003 crop year may still be owed. If you enter an agreement to repay amounts owed on September 25, 2004, the earliest date by which you can obtain crop insurance for crop A is to apply for crop insurance by the October 31, 2004, sales closing date and for crop B is to apply for crop insurance by the March 15, 2005, sales closing date. If you fail to make a payment that was scheduled to be made on April 1, 2005, your policy will terminate as of October 31, 2004, for crop A, and March 15, 2005, for crop B, and no indemnity, prevented planting payment or replanting payment will be due for that crop year for either crop. You will not be eligible to apply for crop insurance for any crop until after the amounts owed are paid in full or you file a petition to discharge the debt in bankruptcy.
 - (6) If you are determined to be ineligible under section 2(f), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.
 - (g) If you die, disappear, or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved, the policy will terminate as of the date of death, judicial declaration, or dissolution. If such event occurs after coverage begins for any crop year, the policy will continue in force through the crop year and terminate at the end of the insurance period and any indemnity will be paid to the person or persons determined to be beneficially entitled to the indemnity. The premium will be deducted from the indemnity or collected from the estate. Death of a partner in a partnership will dissolve the partnership unless the partnership agreement provides otherwise. If two or more persons having a joint interest are insured jointly, death of one of the persons will dissolve the joint entity.
 - (h) We may cancel your policy if no premium is earned for 3 consecutive years.
 - (i) The cancellation and termination dates are contained in the Crop Provisions.
 - (j) When obtaining catastrophic or additional coverage, you must provide information regarding crop insurance coverage on any crop previously obtained at any other local FSA office or from an approved insurance provider, including the date such insurance was obtained and the amount of the administrative fee.
 - (k) Any person may sign any document relative to crop insurance coverage on behalf of any other person covered by such a policy, provided that the person has a properly executed power of attorney or such other legally sufficient document authorizing such person to sign. You are still responsible for the accuracy of all information provided on your behalf and may be subject to the consequences in section 6(g), and any applicable consequences, if any information has been misrepresented.
- 3. Insurance Guarantees, Coverage Levels, and Prices.**
- (a) Unless adjusted or limited in accordance with your policy, the production guarantee or amount of insurance, coverage level, and price at which an indemnity will be determined for each unit will be those used to calculate your summary of coverage for each crop year.
 - (b) You must select the same coverage, catastrophic risk protection or additional coverage, and select one level of additional coverage for all acreage of the crop in the county unless one of the following applies:
 - (1) The applicable Crop Provisions allow you the option to separately insure individual crop types or varieties. In this case, each individual type or variety insured by you will be subject to separate administrative fees. For example, if two grape varieties in California are insured under the Catastrophic Risk Protection Endorsement and two varieties are insured under an additional coverage policy, a separate administrative fee will be charged for each of the four varieties. Although insurance may be elected by type or variety in these instances, failure to insure a type or variety that is of economic significance may result in the denial of other farm program benefits unless you execute a waiver of any eligibility for emergency crop loss assistance in connection with the crop.
 - (2) If you have additional coverage for the crop in the county and the acreage has been designated as "high risk" by FCIC, you will be able to obtain a High Risk Land Exclusion Option for the high risk land under the additional coverage policy and insure the high risk acreage under a separate Catastrophic Risk Protection Endorsement, provided that the Catastrophic Risk Protection Endorsement is obtained from the same insurance provider from which the additional coverage was obtained.
 - (c) In addition to the price election or amount of insurance available on the contract change date, we may provide an additional price election or amount of insurance no later than 15 days prior to the sales closing date. You must select the additional price

- election or amount of insurance on or before the sales closing date for the insured crop. These additional price elections or amounts of insurance will not be less than those available on the contract change date. If you elect the additional price election or amount of insurance, any claim settlement and amount of premium will be based on this amount.
- (d) You may change the coverage level, price election, or amount of insurance for the following crop year by giving written notice to us not later than the sales closing date for the insured crop. Since the price election or amount of insurance may change each year, if you do not select a new price election or amount of insurance on or before the sales closing date, we will assign a price election or amount of insurance which bears the same relationship to the price election schedule as the price election or amount of insurance that was in effect for the preceding year. (For example: If you selected 100 percent of the market price for the previous crop year and you do not select a new price election for the current crop year, we will assign 100 percent of the market price for the current crop year.)
- (e) You must report production to us for the previous crop year by the earlier of the acreage reporting date or 45 days after the cancellation date unless otherwise stated in the Special Provisions:
- (1) If you do not provide the required production report, we will assign a yield for the previous crop year. The yield assigned by us will not be more than 75 percent of the yield used by us to determine your coverage for the previous crop year. The production report or assigned yield will be used to compute your approved yield for the purpose of determining your coverage for the current crop year.
 - (2) If you have filed a claim for any crop year, the documents signed by you which state the amount of production used to complete the claim for indemnity will be the production report for that year unless otherwise specified by FCIC.
 - (3) Production and acreage for the prior crop year must be reported for each proposed optional unit by the production reporting date. If you do not provide the information stated above, the optional units will be combined into the basic unit.
 - (4) Appraisals obtained from only a portion of the acreage in a field that remains unharvested after the remainder of the crop within the field has been destroyed or put to another use will not be used to establish your actual yield unless representative samples are required to be left by you in accordance with the Crop Provisions.
- (f) It is your responsibility to accurately report all information that is used to determine your approved yield. You must certify to the accuracy of this information on your production report.
- (1) If you do not have written verifiable records to support the information on your production report, you will receive an assigned yield in accordance with section 3(e)(1) and 7 CFR part 400, subpart G for those crop years for which you do not have such records.
 - (2) If you misreport any material information used to determine your approved yield:
 - (i) We will correct the unit structure, if necessary; and
 - (ii) You will be subject to the provisions regarding misreporting contained in section 6(g), unless we correct the information because the incorrect information was the result of our error or the error of someone from USDA.
 - (g) In addition to any consequences in section 3(f), at any time the circumstances described below are discovered, your approved yield will be adjusted:
 - (1) By including an assigned yield determined in accordance with section 3(e)(1) and 7 CFR part 400, subpart G, if the actual yield reported in the database is excessive for any crop year, as determined by FCIC under its procedures, and you do not provide verifiable records to support the yield in the database (if there are verifiable records for the yield in your database, the yield is significantly different from the other yields in the county or your other yields for the crop and you cannot prove there is a valid basis to support the differences in the yields, the yield will be the average of the yields for the crop or the applicable county transitional yield if you have no other yields for the crop, and you may be subject to the provisions of section 27);
 - (2) By reducing it to an amount consistent with the average of the approved yields for other databases for your farming operation with the same crop, type, and practice or the county transitional yield, as applicable, if:
 - (i) The approved APH yield is greater than 115 percent of the average of the approved yields of all applicable databases for your farming operation that have actual yields in them or it is greater than 115 percent of the county transitional yield if no applicable databases exist for comparison; and
 - (ii) The current year's insured acreage (including applicable prevented planting acreage) is greater than 400 percent of the average number of acres in the database or the acres contained in two or more individual years in the database are each less than 10 percent of the current year's insurable acreage in the unit (including applicable prevented planting acreage); or
 - (3) To an amount consistent with the production methods actually carried out for the crop year if you use a different production method than

was previously used and the production method actually carried out is likely to result in a yield lower than the average of your previous actual yields. The yield will be adjusted based on your other units where such production methods were carried out or to the applicable county transitional yield for the production methods if other such units do not exist. You must notify us of changes in your production methods by the acreage reporting date. If you fail to notify us, in addition to the reduction of your approved yield described herein, you will be considered to have misreported information and you will be subject to the consequences in section 6(g). For example, for a non-irrigated unit, your yield is based upon acreage of the crop that is watered once prior to planting, and the crop is not watered prior to planting for the current crop year. Your approved APH yield will be reduced to an amount consistent with the actual production history of your other non-irrigated units where the crop has not been watered prior to planting or limited to the non-irrigated transitional yield for the unit if other such units do not exist.

- (h) Unless you meet the double cropping requirements contained in section 17(f)(4), if you elect to plant a second crop on acreage where the first insured crop was prevented from being planted, you will receive a yield equal to 60 percent of the approved yield for the first insured crop to calculate your average yield for subsequent crop years (Not applicable to crops if the APH is not the basis for the insurance guarantee). If the unit contains both prevented planting and planted acreage of the same crop, the yield for such acreage will be determined by:
- (1) Multiplying the number of insured prevented planting acres by 60 percent of the approved yield for the first insured crop;
 - (2) Adding the totals from section 3(h)(1) to the amount of appraised or harvested production for all of the insured planted acreage; and
 - (3) Dividing the total in section 3(h)(2) by the total number of acres in the unit.
- (i) Hail and fire coverage may be excluded from the covered causes of loss for an insured crop only if you select additional coverage of not less than 65 percent of the approved yield indemnified at the 100 percent price election, or an equivalent coverage as established by FCIC, and you have purchased the same or a higher dollar amount of coverage for hail and fire from us or any other source.
- (j) The applicable premium rate, or formula to calculate the premium rate, and transitional yield will be those contained in the actuarial documents except, in the case of high risk land, a written agreement may be requested to change such transitional yield or premium rate.

4. Contract Changes.

- (a) We may change the terms of your coverage under this policy from year to year.
- (b) Any changes in policy provisions, amounts of insurance, premium rates, program dates, and price elections (except as allowed herein or as specified in section 3) can be viewed on the RMA website at <http://www.rma.usda.gov/> or a successor website not later than the contract change date contained in the Crop Provisions. We may only revise this information after the contract change date to correct clear errors (For example, the price election for corn was announced at \$25.00 per bushel instead of \$2.50 per bushel or the final planting date should be May 10 but the final planting date in the Special Provisions states August 10).
- (c) After the contract change date, all changes specified in section 4(b) will also be available upon request from your crop insurance agent. You will be provided, in writing, a copy of the changes to the Basic Provisions and Crop Provisions and a copy of the Special Provisions not later than 30 days prior to the cancellation date for the insured crop. Acceptance of the changes will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.

5. [Reserved]

6. Report of Acreage.

- (a) An annual acreage report must be submitted to us on our form for each insured crop in the county on or before the acreage reporting date contained in the Special Provisions, except as follows:
 - (1) If you insure multiple crops with us that have final planting dates on or after August 15 but before December 31, you must submit an acreage report for all such crops on or before the latest applicable acreage reporting date for such crops; and
 - (2) If you insure multiple crops with us that have final planting dates on or after December 31 but before August 15, you must submit an acreage report for all such crops on or before the latest applicable acreage reporting date for such crops.
 - (3) Notwithstanding the provisions in sections 6(a)(1) and (2):
 - (i) If the Special Provisions designate separate planting periods for a crop, you must submit an acreage report for each planting period on or before the acreage reporting date contained in the Special Provisions for the planting period; and
 - (ii) If planting of the insured crop continues after the final planting date or you are prevented from planting during the late planting period, the acreage reporting date will be the later of:
 - (A) The acreage reporting date contained in the Special Provisions;
 - (B) The date determined in accordance with sections (a)(1) or (2); or

- (C) Five (5) days after the end of the late planting period for the insured crop, if applicable.
- (b) If you do not have a share in an insured crop in the county for the crop year, you must submit an acreage report, on or before the acreage reporting date, so indicating.
- (c) Your acreage report must include the following information, if applicable:
- (1) All acreage of the crop in the county (insurable and not insurable) in which you have a share;
 - (2) Your share at the time coverage begins;
 - (3) The practice;
 - (4) The type; and
 - (5) The date the insured crop was planted.
- (d) Regarding the ability to revise an acreage report you have submitted to us:
- (1) For planted acreage, you cannot revise any information pertaining to the planted acreage after the acreage reporting date without our consent (Consent may only be provided when no cause of loss has occurred; our appraisal has determined that the insured crop will produce at least 90 percent of the yield used to determine your guarantee or the amount of insurance for the unit (including reported and unreported acreage), except when there are unreported units (see section 6(f)); the information on the acreage report is clearly transposed; you provide adequate evidence that we or someone from USDA have committed an error regarding the information on your acreage report; or if expressly permitted by the policy);
 - (2) For prevented planting acreage reported on the acreage report, you cannot revise any information pertaining to the prevented planting acreage after the report is initially submitted to us without our consent (Consent may only be provided when information on the acreage report is clearly transposed or you provide adequate evidence that we or someone from USDA have committed an error regarding the information on your acreage report);
 - (3) For prevented planting acreage not reported on the acreage report, you cannot revise your acreage report to add prevented planting acreage;
 - (4) If you request an acreage measurement prior to the acreage reporting date and submit documentation of such request and an acreage report with estimated acreage by the acreage reporting date, you must provide the measurement to us, we will revise your acreage report if there is a discrepancy, and no indemnity, prevented planting payment or replant payment will be paid until the acreage measurement has been received by us (Failure to provide the measurement to us will result in the application of section 6(g) if the estimated acreage is not correct and estimated acreage under this section will no longer be accepted for any subsequent acreage report);
- (5) If there is an irreconcilable difference between:
- (i) The acreage measured by FSA or a measuring service and our on-farm measurement, our on-farm measurement will be used; or
 - (ii) The acreage measured by a measuring service, other than our on-farm measurement, and FSA, the FSA measurement will be used; and
- (6) If the acreage report has been revised in accordance with section 6(d)(1), (2), (4), or (5), the information on the initial acreage report will not be considered misreported for the purposes of section 6(g).
- (e) We may elect to determine all premiums and indemnities based on the information you submit on the acreage report or upon the factual circumstances we determine to have existed, subject to the provisions contained in section 6(g).
- (f) If you do not submit an acreage report by the acreage reporting date, or if you fail to report all units, we may elect to determine by unit the insurable crop acreage, share, type and practice, or to deny liability on such units. If we deny liability for the unreported units, your share of any production from the unreported units will be allocated, for loss purposes only, as production to count to the reported units in proportion to the liability on each reported unit. However, such production will not be allocated to prevented planting acreage or otherwise affect any prevented planting payment.
- (g) You must provide all required reports and you are responsible for the accuracy of all information contained in those reports. You should verify the information on all such reports prior to submitting them to us.
- (1) If you submit information on any report that is different than what is determined to be correct and such information results in:
 - (i) A lower liability than the actual liability determined, the production guarantee or amount of insurance on the unit will be reduced to an amount consistent with the reported information (In the event the insurable acreage is under-reported for any unit, all production or value from insurable acreage in that unit will be considered production or value to count in determining the indemnity); or
 - (ii) A higher liability than the actual liability determined, the information contained in the acreage report will be revised to be consistent with the correct information.
 - (2) In addition to the other adjustments specified in section 6(g)(1), if you misreport any information that results in liability greater than 110.0 percent or lower than 90.0 percent of the actual liability determined for the unit, any

indemnity, prevented planting payment, or replanting payment will be based on the amount of liability determined in accordance with section 6(g)(1)(i) or (ii) and will be reduced in an amount proportionate with the amount of liability that is misreported in excess of the tolerances stated in this section (For example, if the actual liability is determined to be \$100.00, but you reported liability of \$120.00, any indemnity, prevented planting payment or replanting payment will be reduced by 10.0 percent ($\$120.00 / \$100.00 = 1.20$, and $1.20 - 1.10 = 0.10$)).

- (h) If we discover you have incorrectly reported any information on the acreage report for any crop year, you may be required to provide documentation in subsequent crop years substantiating your report of acreage for those crop years, including, but not limited to, an acreage measurement service at your own expense. If the correction of any misreported information would affect an indemnity, prevented planting payment or replanting payment that was paid in a prior crop year, such claim will be adjusted and you will be required to repay any overpaid amounts.
- (i) Errors in reporting units may be corrected by us at the time of adjusting a loss to reduce our liability and to conform to applicable unit division guidelines.

7. Annual Premium and Administrative Fees.

- (a) The annual premium is earned and payable at the time coverage begins. You will be billed for the premium and administrative fee not earlier than the premium billing date specified in the Special Provisions.
- (b) Premium or administrative fees owed by you will be offset from an indemnity or prevented planting payment due you in accordance with section 2(e).
- (c) The annual premium amount is determined, as applicable, by either:
 - (1) Multiplying the production guarantee per acre times the price election, times the premium rate, times the insured acreage, times your share at the time coverage begins, and times any premium adjustment percentages that may apply; or
 - (2) Multiplying the amount of insurance per acre times the premium rate, times the insured acreage, times your share at the time coverage begins, and times any premium adjustment percentages that may apply.
- (d) The premium will be computed using the price election or amount of insurance you elect or that we assign in accordance with section 3(d). The information needed to determine the premium rate and any premium adjustment percentages that may apply are contained in the actuarial documents or an approved written agreement.
- (e) In addition to the premium charged:
 - (1) You, unless otherwise authorized in 7 CFR part 400, must pay an administrative fee each crop year of \$30 per crop per county for all

levels of coverage in excess of catastrophic risk protection.

- (2) The administrative fee must be paid no later than the time premium is due.
- (3) Payment of an administrative fee will not be required if you file a bona fide zero acreage report on or before the acreage reporting date for the crop. If you falsely file a zero acreage report you may be subject to criminal and administrative sanctions.
- (4) The administrative fee will be waived if you request it and:
 - (i) You qualify as a limited resource farmer; or
 - (ii) You were insured prior to the 2005 crop year or for the 2005 crop year and your administrative fee was waived for one or more of those crop years because you qualified as a limited resource farmer under a policy definition previously in effect, and you remain qualified as a limited resource farmer under the definition that was in effect at the time the administrative fee was waived.
- (5) Failure to pay the administrative fees when due may make you ineligible for certain other USDA benefits.
- (f) If the amount of premium (gross premium less premium subsidy paid on your behalf by FCIC) and administrative fee you are required to pay for any acreage exceeds the liability for the acreage, coverage for those acres will not be provided (no premium or administrative fee will be due and no indemnity will be paid for such acreage).

8. Insured Crop.

- (a) The insured crop will be that shown on your accepted application and as specified in the Crop Provisions or Special Provisions and must be grown on insurable acreage.
- (b) A crop which will NOT be insured will include, but will not be limited to, any crop:
 - (1) That is not grown on planted acreage (except for the purposes of prevented planting coverage), or that is a type, class or variety or where the conditions under which the crop is planted are not generally recognized for the area (For example, where agricultural experts determine that planting a non-irrigated corn crop after a failed small grain crop on the same acreage in the same crop year is not appropriate for the area);
 - (2) For which the information necessary for insurance (price election, premium rate, etc.) is not included in the actuarial documents, unless such information is provided by a written agreement;
 - (3) That is a volunteer crop;
 - (4) Planted following the same crop on the same acreage and the first planting of the crop has been harvested in the same crop year unless specifically permitted by the Crop Provisions or the Special Provisions (For example, the

- second planting of grain sorghum would not be insurable if grain sorghum had already been planted and harvested on the same acreage during the crop year);
- (5) That is planted for the development or production of hybrid seed or for experimental purposes, unless permitted by the Crop Provisions or by written agreement to insure such crop; or
 - (6) That is used solely for wildlife protection or management. If the lease states that specific acreage must remain unharvested, only that acreage is uninsurable. If the lease specifies that a percentage of the crop must be left unharvested, your share will be reduced by such percentage.
- (c) Although certain policy documents may state that a crop type, class, variety or practice is not insurable, it does not mean all other crop types, classes, varieties or practices are insurable. To be insurable the crop type, class, variety or practice must meet all the conditions in this section.

9. Insurable Acreage.

- (a) Acreage planted to the insured crop in which you have a share is insurable except acreage:
 - (1) That has not been planted and harvested or insured (including insured acreage that was prevented from being planted) in at least one of the three previous crop years unless you can show that:
 - (i) Such acreage was not planted:
 - (A) In at least two of the previous three crop years to comply with any other USDA program;
 - (B) Because of crop rotation, (e.g., corn, soybeans, alfalfa; and the alfalfa remained for four years before the acreage was planted to corn again); or
 - (C) Because a perennial tree, vine, or bush crop was grown on the acreage;
 - (ii) The Crop Provisions or a written agreement specifically allow insurance for such acreage; or
 - (iii) Such acreage constitutes five percent or less of the insured planted acreage in the unit;
 - (2) That has been strip-mined, unless otherwise approved by written agreement, or unless an agricultural commodity other than a cover, hay, or forage crop (except corn silage), has been harvested from the acreage for at least five crop years after the strip-mined land was reclaimed;
 - (3) For which the actuarial documents do not provide the information necessary to determine the premium rate, unless insurance is allowed by a written agreement;
 - (4) On which the insured crop is damaged and it is practical to replant the insured crop, but the insured crop is not replanted;

- (5) That is interplanted, unless allowed by the Crop Provisions;
- (6) That is otherwise restricted by the Crop Provisions or Special Provisions;
- (7) That is planted in any manner other than as specified in the policy provisions for the crop unless a written agreement to such planting exists;
- (8) Of a second crop, if you elect not to insure such acreage when an indemnity for a first insured crop may be subject to reduction in accordance with the provisions of section 15 and you intend to collect an indemnity payment that is equal to 100 percent of the insurable loss for the first insured crop acreage. This election must be made on a first insured crop unit basis. For example, if the first insured crop unit contains 40 planted acres that may be subject to an indemnity reduction, then no second crop can be insured on any of the 40 acres. In this case:
 - (i) If the first insured crop is insured under this policy, you must provide written notice to us of your election not to insure acreage of a second crop at the time the first insured crop acreage is released by us (if no acreage in the first insured crop unit is released, this election must be made by the earlier of the acreage reporting date for the second crop or when you sign the claim for indemnity for the first insured crop) or, if the first insured crop is insured under the Group Risk Protection Plan of Insurance (7 CFR part 407), this election must be made before the second crop insured under this policy is planted, and if you fail to provide such notice, the second crop acreage will be insured in accordance with the applicable policy provisions and you must repay any overpaid indemnity for the first insured crop;
 - (ii) In the event a second crop is planted and insured with a different insurance provider, or planted and insured by a different person, you must provide written notice to each insurance provider that a second crop was planted on acreage on which you had a first insured crop; and
 - (iii) You must report the crop acreage that will not be insured on the applicable acreage report; or
- (9) Of a crop planted following a second crop or following an insured crop that is prevented from being planted after a first insured crop, unless it is a practice that is generally recognized by agricultural experts or the organic agricultural industry for the area to plant three or more crops for harvest on the same acreage in the same crop year, and additional coverage insurance provided under

the authority of the Act is offered for the third or subsequent crop in the same crop year. Insurance will only be provided for a third or subsequent crop as follows:

- (i) You must provide records acceptable to us that show:
 - (A) You have produced and harvested the insured crop following two other crops harvested on the same acreage in the same crop year in at least two of the last four years in which you produced the insured crop; or
 - (B) The applicable acreage has had three or more crops produced and harvested on it in at least two of the last four years in which the insured crop was grown on it; and
 - (ii) The amount of insurable acreage will not exceed 100 percent of the greatest number of acres for which you provide the records required in section 9(a)(9)(i)(A) or (B).
- (b) If insurance is provided for an irrigated practice, you must report as irrigated only that acreage for which you have adequate facilities and adequate water, or the reasonable expectation of receiving adequate water at the time coverage begins, to carry out a good irrigation practice. If you knew or had reason to know that your water may be reduced before coverage begins, no reasonable expectation exists.
 - (c) Notwithstanding the provisions in section 8(b)(2), if acreage is irrigated and we do not provide a premium rate for an irrigated practice, you may either report and insure the irrigated acreage as "non-irrigated," or report the irrigated acreage as not insured.
 - (d) We may restrict the amount of acreage that we will insure to the amount allowed under any acreage limitation program established by the United States Department of Agriculture if we notify you of that restriction prior to the sales closing date.
- 10. Share Insured.**
- (a) Insurance will attach only to the share of the person completing the application and will not extend to any other person having a share in the crop unless the application clearly states that:
 - (1) The insurance is requested for an entity such as a partnership or a joint venture; or
 - (2) You as landlord will insure your tenant's share, or you as tenant will insure your landlord's share. In this event, you must provide evidence of the other party's approval (lease, power of attorney, etc.). Such evidence will be retained by us. You also must clearly set forth the percentage shares of each person on the acreage report. For each landlord or tenant that is an individual, you must report the landlord's or tenant's social security number. For each landlord or tenant that is a person other than an individual or for a trust administered by the Bureau of Indian

Affairs, you must report each landlord's or tenant's social security number, employer identification number, or other identification number assigned for the purposes of this policy.

- (b) We may consider any acreage or interest reported by or for your spouse, child or any member of your household to be included in your share.
 - (c) Acreage rented for a percentage of the crop, or a lease containing provisions for **BOTH** a minimum payment (such as a specified amount of cash, bushels, pounds, etc.) **AND** a crop share will be considered a crop share lease.
 - (d) Acreage rented for cash, or a lease containing provisions for **EITHER** a minimum payment **OR** a crop share (such as a 50/50 share or \$100.00 per acre, whichever is greater) will be considered a cash lease.
- 11. Insurance Period.**
- (a) Except for prevented planting coverage (see section 17), coverage begins on each unit or part of a unit at the later of:
 - (1) The date we accept your application (For the purposes of this paragraph, the date of acceptance is the date that you submit a properly executed application in accordance with section 2);
 - (2) The date the insured crop is planted; or
 - (3) The calendar date contained in the Crop Provisions for the beginning of the insurance period.
 - (b) Coverage ends at the earliest of:
 - (1) Total destruction of the insured crop on the unit;
 - (2) Harvest of the unit;
 - (3) Final adjustment of a loss on a unit;
 - (4) The calendar date contained in the Crop Provisions for the end of the insurance period;
 - (5) Abandonment of the crop on the unit; or
 - (6) As otherwise specified in the Crop Provisions.

12. Causes of Loss.

The insurance provided is against only unavoidable loss directly caused by specific causes of loss contained in the Crop Provisions. All specified causes of loss, except where the Crop Provisions specifically cover loss of revenue due to a reduced price in the marketplace, must be due to a naturally occurring event. All other causes of loss, including but not limited to the following, are NOT covered:

- (a) Negligence, mismanagement, or wrongdoing by you, any member of your family or household, your tenants, or employees;
- (b) Failure to follow recognized good farming practices for the insured crop;
- (c) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limits (For example, a dam is designed to contain water to an elevation of 1,200 feet but you plant a crop on acreage at an elevation of 1,100 feet. A storm causes the water behind the dam to

rise to an elevation of 1,200 feet. Under such circumstances, the resulting damage would not be caused by an insurable cause of loss. However, if you planted on acreage that was above 1,200 feet elevation, any damage caused by water that exceeded that elevation would be caused by an insurable cause of loss);

- (d) Failure or breakdown of the irrigation equipment or facilities unless the failure or breakdown is due to a cause of loss specified in the Crop Provisions (If damage is due to an insured cause, you must make all reasonable efforts to restore the equipment or facilities to proper working order within a reasonable amount of time unless we determine it is not practical to do so. Cost will not be considered when determining whether it is practical to restore the equipment or facilities);
- (e) Failure to carry out a good irrigation practice for the insured crop, if applicable; or
- (f) Any cause of loss that results in damage that is not evident or would not have been evident during the insurance period, including, but not limited to, damage that only becomes evident after the end of the insurance period unless expressly authorized in the Crop Provisions. Even though we may not inspect the damaged crop until after the end of the insurance period, damage due to insured causes that would have been evident during the insurance period will be covered.

13. Replanting Payment.

- (a) If allowed by the Crop Provisions, a replanting payment may be made on an insured crop replanted after we have given consent and the acreage replanted is at least the lesser of 20 acres or 20 percent of the insured planted acreage for the unit (as determined on the final planting date or within the late planting period if a late planting period is applicable).
- (b) No replanting payment will be made on acreage:
 - (1) On which our appraisal establishes that production will exceed the level set by the Crop Provisions;
 - (2) Initially planted prior to the earliest planting date established by the Special Provisions; or
 - (3) On which one replanting payment has already been allowed for the crop year.
- (c) The replanting payment per acre will be your actual cost for replanting, but will not exceed the amount determined in accordance with the Crop Provisions.
- (d) No replanting payment will be paid if we determine it is not practical to replant.

14. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage.

Your Duties -

- (a) In case of damage to any insured crop you must:
 - (1) Protect the crop from further damage by providing sufficient care;
 - (2) Give us notice within 72 hours of your initial discovery of damage (but not later than 15 days after the end of the insurance period), by unit, for each insured crop;

- (3) If representative samples are required by the Crop Provisions, leave representative samples intact of the unharvested crop if you report damage less than 15 days before the time you begin harvest or during harvest of the damaged unit (The samples must be left intact until we inspect them or until 15 days after completion of harvest on the unit, whichever is earlier. Unless otherwise specified in the Crop Provisions or Special Provisions, the samples of the crop in each field in the unit must be 10 feet wide and extend the entire length of the row, if the crop is planted in rows, or if the crop is not planted in rows, the longest dimension of the field. The period to retain representative samples may be extended if it is necessary to accurately determine the loss. You will be notified in writing of any such extension); and

- (4) Cooperate with us in the investigation or settlement of the claim, and, as often as we reasonably require:
 - (i) Show us the damaged crop;
 - (ii) Allow us to remove samples of the insured crop; and
 - (iii) Provide us with records and documents we request and permit us to make copies.

- (b) You must obtain consent from us before, and notify us after you:

- (1) Destroy any of the insured crop that is not harvested;
- (2) Put the insured crop to an alternative use;
- (3) Put the acreage to another use; or
- (4) Abandon any portion of the insured crop. We will not give consent for any of the actions in sections 14(b)(1) through (4) if it is practical to replant the crop or until we have made an appraisal of the potential production of the crop.

- (c) In addition to complying with the notice requirements, you must submit a claim for indemnity declaring the amount of your loss not later than 60 days after the end of the insurance period unless you request an extension in writing and we agree to such extension. Extensions will only be granted if the amount of the loss cannot be determined within such time period because the information needed to determine the amount of the loss is not available. The claim for indemnity must include all information we require to settle the claim. Failure to submit a claim or provide the required information will result in no indemnity, prevented planting payment or replant payment (Even though no indemnity or other payment is due, you will still be required to pay the premium due under the policy for the unit).

- (d) You must:

- (1) Provide a complete harvesting and marketing record of each insured crop by unit including separate records showing the same information for production from any acreage

not insured. In addition, if you insure any acreage that may be subject to an indemnity reduction as specified in section 15(e)(2) (for example, you planted a second crop on acreage where a first insured crop had an insurable loss and you do not qualify for the double cropping exemption), you must provide separate records of production from such acreage for all insured crops planted on the acreage. For example, if you have an insurable loss on 10 acres of wheat and subsequently plant cotton on the same 10 acres, you must provide records of the wheat and cotton production on the 10 acres separate from any other wheat and cotton production that may be planted in the same unit. If you fail to provide such separate records, we will allocate the production of each crop to the acreage in proportion to our liability for the acreage; and

- (2) Upon our request, or that of any USDA employee authorized to conduct investigations of the crop insurance program, submit to an examination under oath.
- (e) You must establish the total production or value received for the insured crop on the unit, that any loss of production or value occurred during the insurance period, and that the loss of production or value was directly caused by one or more of the insured causes specified in the Crop Provisions.
- (f) In the event you are prevented from planting an insured crop which has prevented planting coverage, you must notify us within 72 hours after:
 - (1) The final planting date, if you do not intend to plant the insured crop during the late planting period or if a late planting period is not applicable; or
 - (2) You determine you will not be able to plant the insured crop within any applicable late planting period.
- (g) All notices required in this section that must be received by us within 72 hours may be made by telephone or in person to your crop insurance agent but must be confirmed in writing within 15 days.
- (h) It is your duty to prove you have complied with all provisions of this policy.
 - (1) Failure to comply with the requirements of section 14(c) (Your Duties) will result in denial of your claim for indemnity or prevented planting or replant payment for the acreage for which the failure occurred. Failure to comply with all other requirements of this section will result in denial of your claim for indemnity or prevented planting or replant payment for the acreage for which the failure occurred, unless we still have the ability to accurately adjust the loss (Even though no indemnity or other payment is due, you will still be required to pay the premium due under the policy for the unit); and

- (2) Failure to comply with other sections of the policy will subject you to the consequences specified in those sections.

Our Duties -

- (a) If you have complied with all the policy provisions, we will pay your loss within 30 days after the later of:
 - (1) We reach agreement with you;
 - (2) Completion of arbitration, reconsideration of determinations regarding good farming practices or any other appeal that results in an award in your favor, unless we exercise our right to appeal such decision;
 - (3) Completion of any investigation by USDA, if applicable, of your current or any past claim for indemnity if no evidence of wrongdoing has been found (if any evidence of wrongdoing has been discovered, the amount of any indemnity, prevented planting or replant overpayment as a result of such wrongdoing may be offset from any indemnity or prevented planting payment owed to you); or
 - (4) The entry of a final judgment by a court of competent jurisdiction.
- (b) In the event we are unable to pay your loss within 30 days, we will give you notice of our intentions within the 30-day period.
- (c) We may defer the adjustment of a loss until the amount of loss can be accurately determined. We will not pay for additional damage resulting from your failure to provide sufficient care for the crop during the deferral period.
- (d) We recognize and apply the loss adjustment procedures established or approved by the Federal Crop Insurance Corporation.

15. Production Included in Determining an Indemnity and Payment Reductions.

- (a) The total production to be counted for a unit will include all production determined in accordance with the policy.
- (b) Appraised production will be used to calculate your claim if you are not going to harvest your acreage. Such appraisals may be conducted after the end of the insurance period. If you harvest the crop after the crop has been appraised:
 - (1) You must provide us with the amount of harvested production; and
 - (2) If the harvested production exceeds the appraised production, claims will be adjusted using the harvested production, and you will be required to repay any overpaid indemnity; or
 - (3) If the harvested production is less than the appraised production, and:
 - (i) You harvest after the end of the insurance period, your appraised production will be used to adjust the loss unless you can prove that no additional causes of loss or deterioration of the crop occurred after the end of the insurance period; or

- (ii) You harvest before the end of the insurance period, your harvested production will be used to adjust the loss.
- (c) If you elect to exclude hail and fire as insured causes of loss and the insured crop is damaged by hail or fire, appraisals will be made as described in the applicable Form FCI-78 "Request To Exclude Hail and Fire" or a form containing the same terms approved by the Federal Crop Insurance Corporation.
- (d) The amount of an indemnity that may be determined under the applicable provisions of your policy may be reduced by an amount, determined in accordance with the Crop Provisions or Special Provisions, to reflect out-of-pocket expenses that were not incurred by you as a result of not planting, caring for, or harvesting the crop. Indemnities paid for acreage prevented from being planted will be based on a reduced guarantee as provided for in the policy and will not be further reduced to reflect expenses not incurred.
- (e) With respect to acreage where you have suffered an insurable loss to planted acreage of your first insured crop in the crop year, except in the case of double cropping described in section 15(h):
- (1) You may elect to not plant or to plant and not insure a second crop on the same acreage for harvest in the same crop year and collect an indemnity payment that is equal to 100 percent of the insurable loss for the first insured crop; or
 - (2) You may elect to plant and insure a second crop on the same acreage for harvest in the same crop year (you will pay the full premium and, if there is an insurable loss to the second crop, receive the full amount of indemnity that may be due for the second crop, regardless of whether there is a subsequent crop planted on the same acreage) and:
 - (i) Collect an indemnity payment that is 35 percent of the insurable loss for the first insured crop;
 - (ii) Be responsible for premium that is 35 percent of the premium that you would otherwise owe for the first insured crop; and
 - (iii) If the second crop does not suffer an insurable loss:
 - (A) Collect an indemnity payment for the other 65 percent of insurable loss that was not previously paid under section 15(e)(2)(i); and
 - (B) Be responsible for the remainder of the premium for the first insured crop that you did not pay under section 15(e)(2)(ii).
- (f) With respect to acreage where you were prevented from planting the first insured crop in the crop year, except in the case of double cropping described in section 15(h):
- (1) If a second crop is not planted on the same acreage for harvest in the same crop year, you may collect a prevented planting payment that is equal to 100 percent of the prevented planting payment for the acreage for the first insured crop; or
 - (2) If a second crop is planted on the same acreage for harvest in the same crop year (you will pay the full premium and, if there is an insurable loss to the second crop, receive the full amount of indemnity that may be due for the second crop, regardless of whether there is a subsequent crop planted on the same acreage) and:
 - (i) Provided the second crop is not planted on or before the final planting date or during the late planting period (as applicable) for the first insured crop, you may collect a prevented planting payment that is 35 percent of the prevented planting payment for the first insured crop; and
 - (ii) Be responsible for premium that is 35 percent of the premium that you would otherwise owe for the first insured crop.
- (g) The reduction in the amount of indemnity or prevented planting payment and premium specified in sections 15(e) and 15(f), as applicable, will apply:
- (1) Notwithstanding the priority contained in the Agreement to Insure section, which states that the Crop Provisions have priority over the Basic Provisions when a conflict exists, to any premium owed or indemnity or prevented planting payment made in accordance with the Crop Provisions, and any applicable endorsement.
 - (2) Even if another person plants the second crop on any acreage where the first insured crop was planted or was prevented from being planted, as applicable.
 - (3) For prevented planting only:
 - (i) If a volunteer crop or cover crop is hayed or grazed from the same acreage, after the late planting period (or after the final planting date if a late planting period is not applicable) for the first insured crop in the same crop year, or is otherwise harvested anytime after the late planting period (or after the final planting date if a late planting period is not applicable); or
 - (ii) If you receive cash rent for any acreage on which you were prevented from planting.
- (h) You may receive a full indemnity, or a full prevented planting payment for a first insured crop when a second crop is planted on the same acreage in the same crop year, regardless of whether or not the second crop is insured or sustains an insurable loss, if each of the following conditions are met:
- (1) It is a practice that is generally recognized by agricultural experts or the organic agricultural industry for the area to plant two or more crops for harvest in the same crop year;

- (2) The second or more crops are customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
 - (3) Additional coverage insurance offered under the authority of the Act is available in the county on the two or more crops that are double cropped;
 - (4) You provide records acceptable to us of acreage and production that show you have double cropped acreage in at least two of the last four crop years in which the first insured crop was planted, or that show the applicable acreage was double cropped in at least two of the last four crop years in which the first insured crop was grown on it; and
 - (5) In the case of prevented planting, the second crop is not planted on or prior to the final planting date or, if applicable, prior to the end of the late planting period for the first insured crop.
- (l) The receipt of a full indemnity or prevented planting payment on both crops that are double cropped is limited to the number of acres for which you can demonstrate you have double cropped or that have been historically double cropped as specified in section 15(h).
 - (j) If any Federal or State agency requires destruction of any insured crop or crop production, as applicable, because it contains levels of a substance, or has a condition, that is injurious to human or animal health in excess of the maximum amounts allowed by the Food and Drug Administration, other public health organizations of the United States or an agency of the applicable State, you must destroy the insured crop or crop production, as applicable, and certify that such insured crop or crop production has been destroyed prior to receiving an indemnity payment. Failure to destroy the insured crop or crop production, as applicable, will result in you having to repay any indemnity paid and you may be subject to administrative sanctions in accordance with section 515(h) of the Act and 7 CFR part 400, subpart R, and any applicable civil or criminal sanctions.

16. Late Planting.

Unless limited by the Crop Provisions, insurance will be provided for acreage planted to the insured crop after the final planting date in accordance with the following:

- (a) The production guarantee or amount of insurance for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.
- (b) Acreage planted after the late planting period (or after the final planting date for crops that do not have a late planting period) may be insured as follows:
 - (1) The production guarantee or amount of insurance for each acre planted as specified in this subsection will be determined by multiplying the production guarantee or

amount of insurance that is provided for acreage of the insured crop that is timely planted by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;

- (2) Planting on such acreage must have been prevented by the final planting date (or during the late planting period, if applicable) by an insurable cause occurring within the insurance period for prevented planting coverage; and
 - (3) All production from insured acreage as specified in this section will be included as production to count for the unit.
- (c) The premium amount for insurable acreage specified in this section will be the same as that for timely planted acreage. If the amount of premium you are required to pay (gross premium less our subsidy) for such acreage exceeds the liability, coverage for those acres will not be provided (no premium will be due and no indemnity will be paid).
 - (d) Any acreage on which an insured cause of loss is a material factor in preventing completion of planting, as specified in the definition of "planted acreage" (e.g., seed is broadcast on the soil surface but cannot be incorporated) will be considered as acreage planted after the final planting date and the production guarantee will be calculated in accordance with section 16(b)(1).

17. Prevented Planting.

- (a) Unless limited by the policy provisions, a prevented planting payment may be made to you for eligible acreage if:
 - (1) You were prevented from planting the insured crop (Failure to plant when other producers in the area were planting will result in the denial of the prevented planting claim) by an insured cause that occurs:
 - (i) On or after the sales closing date contained in the Special Provisions for the insured crop in the county for the crop year the application for insurance is accepted; or
 - (ii) For any subsequent crop year, on or after the sales closing date for the previous crop year for the insured crop in the county, provided insurance has been in force continuously since that date. Cancellation for the purpose of transferring the policy to a different insurance provider for the subsequent crop year will not be considered a break in continuity for the purpose of the preceding sentence;
 - (2) You include any acreage of the insured crop that was prevented from being planted on your acreage report; and
 - (3) You did not plant the insured crop during or after the late planting period. If such acreage was planted to the insured crop during or after

the late planting period, it is covered under the late planting provisions.

(b) The actuarial documents may contain additional levels of prevented planting coverage that you may purchase for the insured crop:

- (1) Such purchase must be made on or before the sales closing date.
- (2) If you do not purchase one of those additional levels by the sales closing date, you will receive the prevented planting coverage specified in the Crop Provisions.
- (3) If you have a Catastrophic Risk Protection Endorsement for any crop, the additional levels of prevented planting coverage will not be available for that crop.
- (4) You may not increase your elected or assigned prevented planting coverage level for any crop year if a cause of loss that will or could prevent planting is evident prior to the time you wish to change your prevented planting coverage level.

(c) The premium amount for acreage that is prevented from being planted will be the same as that for timely planted acreage except as specified in section 15(f). If the amount of premium you are required to pay (gross premium less our subsidy) for acreage that is prevented from being planted exceeds the liability on such acreage, coverage for those acres will not be provided (no premium will be due and no indemnity will be paid for such acreage).

(d) Drought or failure of the irrigation water supply will be considered to be an insurable cause of loss for the purposes of prevented planting only if, on the final planting date (or within the late planting period if you elect to try to plant the crop):

- (1) For non-irrigated acreage, the area that is prevented from being planted has insufficient soil moisture for germination of seed or progress toward crop maturity due to a prolonged period of dry weather. Prolonged precipitation deficiencies must be verifiable using information collected by sources whose business it is to record and study the weather, including, but not limited to, local weather reporting stations of the National Weather Service; or
- (2) For irrigated acreage, there is not a reasonable expectation of having adequate water to carry out an irrigated practice. If you knew or had reason to know that your water is reduced before the final planting date, no reasonable expectation existed.

(e) The maximum number of acres that may be eligible for a prevented planting payment for any crop will be determined as follows:

- (1) The total number of acres eligible for prevented planting coverage for all crops cannot exceed the number of acres of cropland in your farming operation for the crop year, unless you are eligible for prevented planting coverage on double cropped acreage

in accordance with section 17(f)(4). The eligible acres for each insured crop will be determined in accordance with the following table.

Type of Crop	Eligible acres if, in any of the 4 most recent crop years, you have planted any crop in the county for which prevented planting insurance was available or have received a prevented planting insurance guarantee	Eligible acres if, in any of the 4 most recent crop years, you have not planted any crop in the county for which prevented planting insurance was available or have not received a prevented planting insurance guarantee
(l) The crop is not required to be contracted with a processor to be insured	(A) The maximum number of acres certified for APH purposes, or insured acres reported, for the crop in any one of the 4 most recent crop years (not including reported prevented planting acreage that was planted to a second crop unless you meet the double cropping requirements in section 17(f)(4)). The number of acres determined above for a crop may be increased by multiplying it by the ratio of the total cropland acres that you are farming this year (if greater) to the total cropland acres that you farmed in the previous year, provided that you submit proof to us that for the current crop year you have purchased or leased additional land or that acreage will be released from any USDA program which prohibits harvest of a crop. Such acreage must have been purchased, leased, or released from the USDA program, in time to plant it for the current crop year using good farming practices. No cause of loss that would prevent planting may be evident at the time you lease the acreage (except acreage you leased the previous year and continue to lease in the current crop year); you buy the acreage; the acreage is released from a USDA program which prohibits harvest of a crop; you request a written agreement to insure the acreage; or you otherwise acquire the acreage (such as inherited or gifted acreage).	(B) The number of acres specified on your intended acreage report which is submitted to us by the sales closing date for all crops you insure for the crop year and that is accepted by us. The total number of acres listed may not exceed the number of acres of cropland in your farming operation at the time you submit the intended acreage report. The number of acres determined above for a crop may only be increased by multiplying it by the ratio of the total cropland acres that you are farming this year (if greater) to the number of acres listed on your intended acreage report, if you meet the conditions stated in section 17(e)(1)(i)(A).

(i) The crop must be contracted with a processor to be insured	(A) The number of acres of the crop specified in the processor contract, if the contract specifies a number of acres contracted for the crop year; or the result of dividing the quantity of production stated in the processor contract by your approved yield, if the processor contract specifies a quantity of production that will be accepted. If a minimum number of acres or amount of production is specified in the processor contract, this amount will be used to determine the eligible acres. If a processor cancels or does not provide contracts, or reduces the contracted acreage or production from what would have otherwise been allowed, solely because the acreage was prevented from being planted due to an insured cause of loss, we may elect to determine the number of acres eligible based on the number of acres or amount of production you had contracted in the county in the previous crop year. If you did not have a processor contract in place for the previous crop year, you will not have any eligible prevented planting acreage for the applicable processor crop. The total eligible prevented planting acres in all counties cannot exceed the total number of acres or amount of production contracted in all counties in the previous crop year. If the applicable crop provisions require that the price election be based on a contract price, and a contract is not in force for the current year, the price election may be based on the contract price in place for the previous crop year.	(B) The number of acres of the crop as determined in section 17(e)(1)(ii)(A).
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- (2) Any eligible acreage determined in accordance with the table contained in section 17(e)(1) will be reduced by subtracting the number of acres of the crop (insured and uninsured) that are timely and late planted, including acreage specified in section 16(b).
- (f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:
- (1) That does not constitute at least 20 acres or 20 percent of the insurable crop acreage in the unit, whichever is less, and any prevented planting acreage within a field that contains planted acreage will be considered to be acreage of the same crop, type, and practice that is planted in the field except that the prevented planting acreage may be considered to be acreage of a crop, type, and practice other than that which is planted in the field if:
- (i) The acreage that was prevented from being planted constitutes at least 20 acres or 20 percent of the total insurable acreage in the field and you produced both crops, crop types, or followed both practices in the same field in the same crop year within any one of the four most recent crop years;

- (ii) You were prevented from planting a first insured crop and you planted a second crop in the field (There can only be one first insured crop in a field unless the requirements in section 17(f)(1)(i) or (iii) are met); or
- (iii) The insured crop planted in the field would not have been planted on the remaining prevented planting acreage (For example, where rotation requirements would not be met or you already planted the total number of acres specified in the processor contract);
- (2) For which the actuarial documents do not provide the information needed to determine a premium rate unless a written agreement designates such premium rate;
- (3) Used for conservation purposes, intended to be left unplanted under any program administered by the USDA or other government agency, or required to be left unharvested under the terms of the lease or any other agreement (The number of acres eligible for prevented planting will be limited to the number of acres specified in the lease for which you are required to pay either cash or share rent);
- (4) On which the insured crop is prevented from being planted, if you or any other person receives a prevented planting payment for any crop for the same acreage in the same crop year (It is your responsibility to determine whether a prevented planting payment had previously been made for the crop year on the acreage for which you are now claiming a prevented planting payment and report such information to us before any prevented planting payment can be made), excluding share arrangements, unless:
- (i) It is a practice that is generally recognized by agricultural experts or the organic agricultural industry in the area to plant the second crop for harvest following harvest of the first insured crop, and additional coverage insurance offered under the authority of the Act is available in the county for both crops in the same crop year;
- (ii) You provide records acceptable to us of acreage and production that show you have double cropped acreage in at least two of the last four crop years in which the first insured crop was planted, or that show the applicable acreage was double cropped in at least two of the last four crop years in which the first insured crop was grown on it; and
- (iii) The amount of acreage you are double cropping in the current crop year does not exceed the number of acres for which you provide the records required in section 17(f)(4)(ii);
- (5) On which the insured crop is prevented from being planted, if:

- (i) Any crop is planted within or prior to the late planting period or on or prior to the final planting date if no late planting period is applicable, unless:
 - (A) You meet the double cropping requirements in section 17(f)(4);
 - (B) The crop planted was a cover crop; or
 - (C) No benefit, including any benefit under any USDA program, was derived from the crop; or
- (ii) Any volunteer or cover crop is hayed, grazed or otherwise harvested within or prior to the late planting period or on or prior to the final planting date if no late planting period is applicable;
- (6) For which planting history or conservation plans indicate that the acreage would remain fallow for crop rotation purposes or on which any pasture or other forage crop is in place on the acreage during the time that planting of the insured crop generally occurs in the area;
- (7) That exceeds the number of acres eligible for a prevented planting payment;
- (8) That exceeds the number of eligible acres physically available for planting;
- (9) For which you cannot provide proof that you had the inputs available to plant and produce a crop with the expectation of at least producing the yield used to determine the production guarantee or amount of insurance (Evidence that you have previously planted the crop on the unit will be considered adequate proof unless your planting practices or rotational requirements show that the acreage would have remained fallow or been planted to another crop);
- (10) Based on an irrigated practice production guarantee or amount of insurance unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented you from planting. Acreage with an irrigated practice production guarantee will be limited to the number of acres allowed for that practice under sections 17(e) and (f);
- (11) Based on a crop type that you did not plant, or did not receive a prevented planting insurance guarantee for, in at least one of the four most recent crop years. Types for which separate price elections, amounts of insurance, or production guarantees are available must be included in your APH database in at least one of the four most recent crop years, or crops that do not require yield certification (crops for which the insurance guarantee is not based on APH) must be reported on your acreage report in at least one of the four most recent crop years except as allowed in section 17(e)(1)(i)(B). We will limit prevented planting payments based on a specific crop type to the number of acres allowed for that crop type as specified in sections 17(e) and (f); or
- (12) If a cause of loss has occurred that would prevent planting at the time:
 - (i) You lease the acreage (except acreage you leased the previous crop year and continue to lease in the current crop year);
 - (ii) You buy the acreage;
 - (iii) The acreage is released from a USDA program which prohibits harvest of a crop;
 - (iv) You request a written agreement to insure the acreage; or
 - (v) You acquire the acreage through means other than lease or purchase (such as inherited or gifted acreage).
- (g) If you purchased an additional coverage policy for a crop, and you executed a High Risk Land Exclusion Option that separately insures acreage which has been designated as "high-risk" land by FCIC under a Catastrophic Risk Protection Endorsement for that crop, the maximum number of acres eligible for a prevented planting payment will be limited for each policy as specified in sections 17(e) and (f).
- (h) If you are prevented from planting a crop for which you do not have an adequate base of eligible prevented planting acreage, as determined in accordance with section 17(e)(1), your prevented planting production guarantee or amount of insurance, premium, and prevented planting payment will be based on the crops insured for the current crop year, for which you have remaining eligible prevented planting acreage. The crops used for this purpose will be those that result in a prevented planting payment most similar to the prevented planting payment that would have been made for the crop that was prevented from being planted.
 - (1) For example, assume you were prevented from planting 200 acres of corn and have 100 acres eligible for a corn prevented planting guarantee that would result in a payment of \$40 per acre. You also had 50 acres of potato eligibility that would result in a \$100 per acre payment, 90 acres of grain sorghum eligibility that would result in a \$30 per acre payment, and 100 acres of soybean eligibility that would result in a \$25 per acre payment. Your prevented planting coverage for the 200 acres would be based on 100 acres of corn (\$40 per acre), 90 acres of grain sorghum (\$30 per acre), and 10 acres of soybeans (\$25 per acre).
 - (2) Prevented planting coverage will be allowed as specified in this section (17(h)) only if the crop that was prevented from being planted meets all policy provisions, except for having an adequate base of eligible prevented planting acreage. Payment may be made based on crops other than those that were prevented from being planted even though other policy provisions, including but not limited to, processor contract and rotation requirements, have not been met for the crop on which payment is being based. However, if you were prevented from planting any non-irrigated crop acreage and you do not have any remaining

eligible acreage for that crop and you do not have any other crop remaining with eligible acres under a non-irrigated practice, no prevented planting payment will be made for the acreage.

- (i) The prevented planting payment for any eligible acreage within a unit will be determined by:
 - (1) Multiplying the liability per acre for timely planted acreage of the insured crop (the amount of insurance per acre or the production guarantee per acre multiplied by the price election for the crop, or type if applicable) by the prevented planting coverage level percentage you elected, or that is contained in the Crop Provisions if you did not elect a prevented planting coverage level percentage;
 - (2) Multiplying the result of section 17(i)(1) by the number of eligible prevented planting acres in the unit; and
 - (3) Multiplying the result of section 17(i)(2) by your share.

18. Written Agreements.

Terms of this policy which are specifically designated for the use of written agreements may be altered by written agreement in accordance with the following:

- (a) You must apply in writing for each written agreement no later than the sales closing date, except as provided in section 18(e);
- (b) The application for a written agreement must contain all variable terms of the contract between you and us that will be in effect if the written agreement is not approved;
- (c) If approved by FCIC, the written agreement will include all variable terms of the contract, including, but not limited to, crop practice, type or variety, the guarantee (except for a written agreement in effect for more than one year) and premium rate or information needed to determine the guarantee and premium rate, and price election (Price elections will not exceed the price election contained in the Special Provisions, or an addendum thereto, for the county that is used to establish the other terms of the written agreement. If no price election can be provided, the written agreement will not be approved by FCIC);
- (d) Each written agreement will only be valid for the number of crop years specified in the written agreement, and a multi-year written agreement:
 - (1) Will only apply for any particular crop year designated in the written agreement if all terms and conditions in the written agreement are still applicable for the crop year and the conditions under which the written agreement has been provided have not changed prior to the beginning of the insurance period (If conditions change during or prior to the crop year, the written agreement will not be effective for that crop year but may still be effective for a subsequent crop year if conditions under which the written agreement has been provided exist for such year);
 - (2) May be canceled in writing by:
 - (i) FCIC not less than 30 days before the cancellation date if it discovers that any

term or condition of the written agreement, including the premium rate, is not appropriate for the crop; or

- (ii) You or us on or before the cancellation date;
 - (3) That is not renewed in writing after it expires, is not applicable for a crop year, or is canceled, then insurance coverage will be in accordance with the terms and conditions stated in this policy, without regard to the written agreement; and
 - (4) Will be automatically cancelled if you transfer your policy to another insurance provider (No notice will be provided to you and for any subsequent crop year, for a written agreement to be effective, you must timely request renewal of the written agreement in accordance with this section);
- (e) A request for a written agreement may be submitted:
- (1) After the sales closing date, but on or before the acreage reporting date, if you demonstrate your physical inability to submit the request prior to the sales closing date (For example, you have been hospitalized or a blizzard has made it impossible to submit the written agreement request in person or by mail);
 - (2) For the first year the written agreement will be in effect only:
 - (i) On or before the acreage reporting date, to:
 - (A) Insure unratd land, or an unratd practice, type or variety of a crop (Such written agreements may be approved only after inspection of the acreage by us and the written agreement may only be approved by FCIC if the crop's potential is equal to or exceeds 90 percent of the yield used to determine the production guarantee or the amount of insurance and you sign the agreement on the same day the appraisal is made); or
 - (B) Establish optional units in accordance with FCIC procedures that otherwise would not be allowed, change the premium rate or transitional yield for designated high risk land, change a tobacco classification, or insure acreage that is greater than five percent of the planted acreage in the unit where the acreage has not been planted and harvested or insured in any of the three previous crop years; or
 - (ii) On or before the cancellation date, to insure a crop in a county that does not have actuarial documents for the crop (If the Crop Provisions do not provide a cancellation date for the county, the cancellation date for other insurable crops in the same state that have similar final

- planting and harvesting dates will be applicable); or
- (iii) On or before the date specified in the Crop Provisions or Special Provisions;
- (3) On or before the sales closing date, for all requests for renewal of written agreements, except as provided in section 18(e)(1);
 - (4) To add land or a crop to an existing written agreement or to add land or a crop to a request for a written agreement provided the request is submitted by the deadlines specified in this subsection;
- (f) A request for a written agreement must contain:
- (1) For all written agreement requests:
 - (i) A completed "Request for Actuarial Change" form;
 - (ii) An APH form (except for policies that do not require APH) containing all the information needed to determine the approved yield for the current crop year (completed APH form), signed by you, or an unsigned, completed APH form with the applicable production reports signed and dated by you that are based on verifiable records of actual yields for the crop and county for which the written agreement is being requested (the actual yields do not necessarily have to be from the same physical acreage for which you are requesting a written agreement) for at least the most recent crop year during the base period and verifiable records of actual yields if required by FCIC;
 - (iii) Evidence from agricultural experts or the organic agricultural industry, as applicable, that the crop can be produced in the area if the request is to provide insurance for practices, types, or varieties that are not insurable, unless we are notified in writing by FCIC that such evidence is not required by FCIC;
 - (iv) The legal description of the land (in areas where legal descriptions are available), FSA Farm Serial Number including tract number, and a FSA aerial photograph, acceptable Geographic Information System or Global Positioning System maps, or other legible maps delineating field boundaries where you intend to plant the crop for which insurance is requested;
 - (v) For any perennial crop, an inspection report completed by us; and
 - (vi) All other information that supports your request for a written agreement (including but not limited to records pertaining to levees, drainage systems, flood frequency data, soil types, elevation, etc.);
 - (2) For written agreement requests for counties without actuarial documents for the crop, the requirements in section 18(f)(1) (except section 18(f)(1)(ii)) and:
 - (i) A completed APH form (except for policies that do not require APH) based on verifiable records of actual yields for the crop and county for which the written agreement is being requested (the actual yields do not necessarily have to be from the same physical acreage for which you are requesting a written agreement) for at least the most recent three consecutive crop years during the base period;
 - (ii) Acceptable production records for at least the most recent three consecutive crop years;
 - (iii) The dates you and other growers in the area normally plant and harvest the crop, if applicable;
 - (iv) The name, location of, and approximate distance to the place the crop will be sold or used by you;
 - (v) For any irrigated practice, the water source, method of irrigation, and the amount of water needed for an irrigated practice for the crop; and
 - (vi) All other information that supports your request for a written agreement (such as publications regarding yields, practices, risks, climatic data, etc.); and
- (3) Such other information as specified in the Special Provisions or required by FCIC;
- (g) A request for a written agreement will not be accepted if:
- (1) The request is submitted to us after the deadline contained in sections 18(a) or (e);
 - (2) All the information required in section 18(f) is not submitted to us with the request for a written agreement (The request for a written agreement may be accepted if any missing information is available from other acceptable sources); or
 - (3) The request is to add land to an existing written agreement or to add land to a request for a written agreement and the request to add the land is not submitted by the deadlines specified in sections (a) or (e);
- (h) A request for a written agreement will be denied if:
- (1) FCIC determines the risk is excessive;
 - (2) Your APH history demonstrates you have not produced at least 50 percent of the transitional yield for the crop, type, and practice obtained from a county with similar agronomic conditions and risk exposure;
 - (3) There is not adequate information available to establish an actuarially sound premium rate and insurance coverage for the crop and acreage;
 - (4) The crop was not previously grown in the county or there is no evidence of a market for the crop based on sales receipts, contemporaneous feeding records or a contract for the crop (applicable only for counties without actuarial documents); or
 - (5) Agricultural experts or the organic agricultural industry determines the crop is not adapted to the county;
- (i) A written agreement will be denied unless:
- (1) FCIC approves the written agreement;

- (2) The original written agreement is signed by you and sent to us not later than the expiration date; and
- (3) The crop meets the minimum appraisal amount specified in section 18(e)(2)(l)(A), if applicable;
- (j) Multiyear written agreements may be canceled and requests for renewal may be rejected if the severity or frequency of your loss experience under the written agreement is significantly worse than expected based on the information provided by you or used to establish your premium rate and the loss experience of other crops with similar risks in the area;
- (k) With respect to your and our ability to reject an offer for a written agreement:
- (1) When a single Request for Actuarial Change form is submitted, regardless of how many requests for changes are contained on the form, you and we can only accept or reject the written agreement in its entirety (you cannot reject specific terms of the written agreement and accept others);
- (2) When multiple Request for Actuarial Change forms are submitted, regardless of when the forms are submitted, for the same condition or for the same crop (i.e., to insure corn on ten legal descriptions where there are no actuarial documents in the county or the request is to change the premium rates from the high risk rates) all these forms may be treated as one request and you and we will only have the option of accepting or rejecting the written agreement in its entirety (you cannot reject specific terms of the written agreement and accept others);
- (3) When multiple Request for Actuarial Change forms are submitted, regardless of when the forms are submitted, for the different conditions or for different crops, separate agreements may be issued and you and we will have the option to accept or reject each written agreement; and
- (4) If we reject an offer for a written agreement approved by FCIC, you may seek arbitration or mediation of our decision to reject the offer in accordance with section 20;
- (l) Any information that is submitted by you after the applicable deadlines in sections 18(a) and (e) will not be considered, unless such information is specifically requested in accordance with section 18(f)(3);
- (m) If the written agreement or the policy is canceled for any reason, or the period for which an existing written agreement is in effect ends, a request for renewal of the written agreement must contain all the information required by this section and be submitted in accordance with section 18(e), unless otherwise specified by FCIC; and
- (n) If a request for a written agreement is not approved by FCIC, a request for a written agreement for any subsequent crop year that fails to address the stated basis for the denial will not be accepted (if the request for a written agreement contains the same information that was previously rejected or denied, you will not have any right to arbitrate, mediate or appeal the non-acceptance of your request).
- 19. Crops as Payment.**
You must not abandon any crop to us. We will not accept any crop as compensation for payments due us.
- 20. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review.**
- (a) If you and we fail to agree on any determination made by us except those specified in section 20(d), the disagreement may be resolved through mediation in accordance with section 20(g). If resolution cannot be reached through mediation, or you and we do not agree to mediation, the disagreement must be resolved through arbitration in accordance with the rules of the American Arbitration Association (AAA), except as provided in sections 20(c) and (f), and unless rules are established by FCIC for this purpose. Any mediator or arbitrator with a familial, financial or other business relationship to you or us, or our agent or loss adjuster, is disqualified from hearing the dispute.
- (1) All disputes involving determinations made by us, except those specified in section 20(d), are subject to mediation or arbitration. However, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either you or we must obtain an interpretation from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC.
- (i) Any interpretation by FCIC will be binding in any mediation or arbitration.
- (ii) Failure to obtain any required interpretation from FCIC will result in the nullification of any agreement or award.
- (iii) An interpretation by FCIC of a policy provision is considered a rule of general applicability and is not appealable. If you disagree with an interpretation of a policy provision by FCIC, you must obtain a Director's review from the National Appeals Division in accordance with 7 CFR 11.6 before obtaining judicial review in accordance with subsection (e).
- (iv) An interpretation by FCIC of a procedure may be appealed to the National Appeals Division in accordance with 7 CFR part 11.
- (2) Unless the dispute is resolved through mediation, the arbitrator must provide to you and us a written statement describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award and breakdown by claim for any award. The statement must also include any amounts awarded for interest. Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator. All agreements reached through settlement, including those resulting from

mediation, must be in writing and contain at a minimum a statement of the issues in dispute and the amount of the settlement.

(b) Regardless of whether mediation is elected:

- (1) The initiation of arbitration proceedings must occur within one year of the date we denied your claim or rendered the determination with which you disagree, whichever is later;
- (2) If you fail to initiate arbitration in accordance with section 20(b)(1) and complete the process, you will not be able to resolve the dispute through judicial review;
- (3) If arbitration has been initiated in accordance with section 20(b)(1) and completed, and judicial review is sought, suit must be filed not later than one year after the date the arbitration decision was rendered; and
- (4) In any suit, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, an interpretation must be obtained from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC. Such interpretation will be binding.

(c) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 20(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.

(d) If you do not agree with any determination made by us or FCIC regarding whether you have used a good farming practice (excluding determinations by us of the amount of assigned production for uninsured causes for your failure to use good farming practices), you may request reconsideration by FCIC of this determination in accordance with the reconsideration process established for this purpose and published at 7 CFR part 400, subpart J (reconsideration). To resolve disputes regarding determinations of the amount of assigned production, you must use the arbitration or mediation process contained in this section.

- (1) You must complete reconsideration before filing suit against FCIC and any such suit must be brought in the United States district court for the district in which the insured farm is located.
- (2) Suit must be filed not later than one year after the date of the decision rendered in the reconsideration.
- (3) You cannot sue us for determinations of whether good farming practices were used by you.

(e) Except as provided in section 20(d), if you disagree with any other determination made by FCIC, you may obtain an administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (appeal). If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC

not later than one year after the date of the decision rendered in such appeal. Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory or any other damages from FCIC.

(f) In any mediation, arbitration, appeal, administrative review, reconsideration or judicial process, the terms of this policy, the Act, and the regulations published at 7 CFR chapter IV, including the provisions of 7 CFR part 400, subpart P, are binding. Conflicts between this policy and any state or local laws will be resolved in accordance with section 31. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.

(g) To resolve any dispute through mediation, you and we must both:

- (1) Agree to mediate the dispute;
- (2) Agree on a mediator; and
- (3) Be present, or have a designated representative who has authority to settle the case present, at the mediation.

(h) Except as provided in section 20(i), no award or settlement in mediation, arbitration, appeal, administrative review or reconsideration process or judicial review can exceed the amount of liability established or which should have been established under the policy, except for interest awarded in accordance with section 26.

(i) In a judicial review only, you may recover attorneys fees or other expenses, or any punitive, compensatory or any other damages from us only if you obtain a determination from FCIC that we, our agent or loss adjuster failed to comply with the terms of this policy or procedures issued by FCIC and such failure resulted in you receiving a payment in an amount that is less than the amount to which you were entitled. Requests for such a determination should be addressed to the following: USDA/RMA/Deputy Administrator of Compliance/ Stop 0806, 1400 Independence Avenue, S.W., Washington, D.C. 20250-0806.

(j) If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring an arbitration, mediation or litigation action against us. You must request administrative review or appeal in accordance with section 20(e).

21. Access to Insured Crop and Records, and Record Retention.

(a) We, and any employee of USDA authorized to investigate or review any matter relating to crop insurance, have the right to examine the insured crop and all records related to the insured crop and any mediation, arbitration or litigation involving the insured crop as often as reasonably required during the record retention period.

(b) You must retain, and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance:

- (1) Complete records of the planting, replanting, inputs, production, harvesting, and disposition of the insured crop on each unit for three years

- after the end of the crop year (This requirement also applies to all such records for acreage that is not insured); and
- (2) All records used to establish the amount of production you certified on your production reports used to compute your approved yield for three years after the end of the crop year for which you initially certified such records, unless such records have already been provided to us (For example, if your approved yield for the 2003 crop year was based on production records you certified for the 1997 through 2002 crop years, you must retain all such records through the 2006 crop year, unless such records have already been provided to us).
 - (c) We, or any employee of USDA authorized to investigate or review any matter relating to crop insurance, may extend the record retention period beyond three years by notifying you of such extension in writing.
 - (d) By signing the application for insurance authorized under the Act or by continuing insurance for which you have previously applied, you authorize us or USDA, or any person acting for us or USDA authorized to investigate or review any matter relating to crop insurance, to obtain records relating to the planting, replanting, inputs, production, harvesting, and disposition of the insured crop from any person who may have custody of such records, including but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. You must assist in obtaining all records we or any employee of USDA authorized to investigate or review any matter relating to crop insurance request from third parties.
 - (e) Failure to provide access to the insured crop or the farm, authorize access to the records maintained by third parties or assist in obtaining such records will result in a determination that no indemnity is due for the crop year in which such failure occurred.
 - (f) Failure to maintain or provide records will result in:
 - (1) The imposition of an assigned yield in accordance with section 3(e)(1) and 7 CFR part 400, subpart G for those crop years for which you do not have the required production records to support a certified yield;
 - (2) A determination that no indemnity is due if you fail to provide records necessary to determine your loss;
 - (3) Combination of the optional units into the applicable basic unit;
 - (4) Assignment of production to the units by us if you fail to maintain separate records:
 - (i) For your basic units; or
 - (ii) For any uninsurable acreage; and
 - (5) The imposition of consequences specified in section 6(g), as applicable.
 - (g) If the imposition of an assigned yield under section 21(f)(1) would affect an indemnity, prevented planting payment or replant payment that was paid in a prior crop year, such claim will be adjusted and you will be required to repay any overpaid amounts.

22. Other Insurance.

- (a) **Other Like Insurance** - Nothing in this section prevents you from obtaining other insurance not authorized under the Act. However, unless specifically required by policy provisions, you must not obtain any other crop insurance authorized under the Act on your share of the insured crop. If you cannot demonstrate that you did not intend to have more than one policy in effect, you may be subject to the consequences authorized under this policy, the Act, or any other applicable statute. If you can demonstrate that you did not intend to have more than one policy in effect (For example, an application to transfer your policy or written notification to an insurance provider that states you want to purchase, or transfer, insurance and you want any other policies for the crop canceled would demonstrate you did not intend to have duplicate policies), and:
 - (1) One is an additional coverage policy and the other is a Catastrophic Risk Protection policy:
 - (i) The additional coverage policy will apply if both policies are with the same insurance provider or, if not, both insurance providers agree; or
 - (ii) The policy with the earliest date of application will be in force if both insurance providers do not agree; or
 - (2) Both are additional coverage policies or both are Catastrophic Risk Protection policies, the policy with the earliest date of application will be in force and the other policy will be void, unless both policies are with:
 - (i) The same insurance provider and the insurance provider agrees otherwise; or
 - (ii) Different insurance providers and both insurance providers agree otherwise.
- (b) **Other Insurance Against Fire** - If you have other insurance, whether valid or not, against damage to the insured crop by fire during the insurance period, and you have not excluded coverage for fire from this policy, we will be liable for loss due to fire caused by a naturally occurring event only for the smaller of:
 - (1) The amount of indemnity determined pursuant to this policy without regard to such other insurance; or
 - (2) The amount by which the loss from fire is determined to exceed the indemnity paid or payable under such other insurance.
- (c) For the purpose of subsection (b) of this section the amount of loss from fire will be the difference between the fair market value of the production of the insured crop on the unit involved before the fire and after the fire, as determined from appraisals made by us.

23. Conformity to Food Security Act.

Although your violation of a number of federal statutes, including the Act, may cause cancellation, termination, or voidance of your insurance contract, you should be specifically aware that your policy will be canceled if you are determined to be ineligible to receive benefits under the Act due to violation of the controlled substance provisions (title XVII) of the Food Security Act of 1985

(Pub. L. 99-198) and the regulations promulgated under the Act by USDA. Your insurance policy will be canceled if you are determined, by the appropriate Agency, to be in violation of these provisions. We will recover any and all monies paid to you or received by you during your period of ineligibility, and your premium will be refunded, less a reasonable amount for expenses and handling not to exceed 20 percent of the premium paid or to be paid by you.

24. Amounts Due Us.

- (a) Interest will accrue at the rate of 1.25 percent simple interest per calendar month, or any portion thereof, on any unpaid amount owed to us or on any unpaid administrative fees owed to FCIC. For the purpose of premium amounts owed to us or administrative fees owed to FCIC, interest will start to accrue on the first day of the month following the premium billing date specified in the Special Provisions. We will collect any unpaid amounts owed to us and any interest owed thereon and, prior to the termination date, we will collect any administrative fees and interest owed thereon to FCIC. After the termination date, FCIC will collect any unpaid administrative fees and any interest owed thereon.
- (b) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount. Amounts found due under this paragraph will not be charged interest if payment is made within 30 days of issuance of the notice by us. The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us.
- (c) All amounts paid will be applied first to expenses of collection (see subsection (d) of this section) if any, second to the reduction of accrued interest, and then to the reduction of the principal balance.
- (d) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.
- (e) The portion of the amounts owed by you for a policy authorized under the Act that are owed to FCIC may be collected in part through administrative offset from payments you receive from United States government agencies in accordance with 31 U.S.C. chapter 37. Such amounts include all administrative fees, and the share of the overpaid indemnities and premiums retained by FCIC plus any interest owed thereon.

25. [Reserved]

26. Interest Limitations.

We will pay simple interest computed on the net indemnity ultimately found to be due by us or by a final judgment of a court of competent jurisdiction, from and including the 61st day after the date you sign, date, and submit to us the properly completed claim on our form. Interest will be paid only if the reason for our failure to timely pay is NOT due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) and published in the Federal

Register semiannually on or about January 1 and July 1 of each year, and may vary with each publication.

27. Concealment, Misrepresentation or Fraud.

- (a) If you have falsely or fraudulently concealed the fact that you are ineligible to receive benefits under the Act or if you or anyone assisting you has intentionally concealed or misrepresented any material fact relating to this policy:
 - (1) This policy will be voided; and
 - (2) You may be subject to remedial sanctions in accordance with 7 CFR part 400, subpart R.
- (b) Even though the policy is void, you may still be required to pay 20 percent of the premium due under the policy to offset costs incurred by us in the service of this policy. If previously paid, the balance of the premium will be returned.
- (c) Voidance of this policy will result in you having to reimburse all indemnities paid for the crop year in which the voidance was effective.
- (d) Voidance will be effective on the first day of the insurance period for the crop year in which the act occurred and will not affect the policy for subsequent crop years unless a violation of this section also occurred in such crop years.

28. Transfer of Coverage and Right to Indemnity.

If you transfer any part of your share during the crop year, you may transfer your coverage rights, if the transferee is eligible for crop insurance. We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred. The transfer of coverage rights must be on our form and will not be effective until approved by us in writing. Both you and the transferee are jointly and severally liable for the payment of the premium and administrative fees. The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.

29. Assignment of Indemnity.

You may assign to another party your right to an indemnity for the crop year. The assignment must be on our form and will not be effective until approved in writing by us. The assignee will have the right to submit all loss notices and forms as required by the policy. If you have suffered a loss from an insurable cause and fail to file a claim for indemnity within 60 days after the end of the insurance period, the assignee may submit the claim for indemnity not later than 15 days after the 60-day period has expired. We will honor the terms of the assignment only if we can accurately determine the amount of the claim. However, no action will lie against us for failure to do so.

30. Subrogation (Recovery of Loss From A Third Party).

Since you may be able to recover all or a part of your loss from someone other than us, you must do all you can to preserve this right. If you receive any compensation for your loss, excluding private hail insurance payments and payments covered by section 35, and the indemnity due under this policy plus the amount you receive from the person exceeds the amount of your actual loss, the indemnity will be reduced by the excess amount, or if the indemnity has already been paid, you will be required to repay the excess amount, not to exceed the amount of the indemnity. The total amount of the actual loss is the difference between the

value of the insured crop before and after the loss, based on your production records and the highest price election or amount of insurance available for the crop. If we pay you for your loss, your right to recovery will, at our option, belong to us. If we recover more than we paid you plus our expenses, the excess will be paid to you.

31. Applicability of State and Local Statutes.

If the provisions of this policy conflict with statutes of the State or locality in which this policy is issued, the policy provisions will prevail. State and local laws and regulations in conflict with federal statutes, this policy, and the applicable regulations do not apply to this policy.

32. Descriptive Headings.

The descriptive headings of the various policy provisions are formulated for convenience only and are not intended to affect the construction or meaning of any of the policy provisions.

33. Notices.

(a) All notices required to be given by you must be in writing and received by your crop insurance agent within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by telephone or in person and confirmed in writing. Time of the notice will be determined by the time of our receipt of the written notice. If the date by which you are required to submit a report or notice falls on Saturday, Sunday, or a Federal holiday, or if your agent's office is, for any reason, not open for business on the date you are required to submit such notice or report, such notice or report must be submitted on the next business day.

(b) All notices and communications required to be sent by us to you will be mailed to the address contained in your records located with your crop insurance agent. Notice sent to such address will be conclusively presumed to have been received by you. You should advise us immediately of any change of address.

34. Unit Division.

(a) You may elect an enterprise unit or a whole farm unit if the Special Provisions allow such unit structure, subject to the following:

(1) You must make such election on or before the earliest sales closing date for the insured crops and report such unit structure to us in writing. Your unit selection will remain in effect from year to year unless you notify us in writing by the earliest sales closing date for the crop year for which you wish to change this election. These units may not be further divided except as specified herein;

(2) For an enterprise unit:

- (i) You must report the acreage for each optional or basic unit on your acreage report that comprises the enterprise unit;
- (ii) These basic units or optional units that comprise the enterprise unit must each have insurable planted acreage of the same crop in the crop year insured;
- (iii) You must comply with all reporting requirements for the enterprise unit (While separate records of acreage and production for basic or optional units

must be maintained, if you want to change your unit structure in subsequent crop years, it is not required to qualify for an enterprise unit);

(iv) The qualifying basic units or optional units may not be combined into an enterprise unit on any basis other than as described herein;

(v) If you do not comply with the production reporting provisions for the enterprise unit, your yield for the enterprise unit will be determined in accordance with section 3(e)(1);

(vi) At any time we discover you do not qualify for an enterprise unit, we will assign the basic unit structure; and

(vii) The discount contained in the actuarial documents will only apply to acreage in the enterprise unit that has been planted.

(3) For a whole farm unit:

(i) You must report on your acreage report the acreage for each optional or basic unit for each crop produced in the county that comprises the whole farm unit;

(ii) Although you may insure all of your crops under a whole farm unit, you will be required to pay separate applicable administrative fees for each crop included in the whole farm unit; and

(iii) At any time we discover you do not qualify for a whole farm unit, we will assign the basic unit structure.

(b) Unless limited by the Crop Provisions or Special Provisions, a basic unit as defined in section 1 of the Basic Provisions may be divided into optional units if, for each optional unit, you meet the following:

(1) You must plant the crop in a manner that results in a clear and discernible break in the planting pattern at the boundaries of each optional unit;

(2) All optional units you select for the crop year are identified on the acreage report for that crop year (Units will be determined when the acreage is reported but may be adjusted or combined to reflect the actual unit structure when adjusting a loss. No further unit division may be made after the acreage reporting date for any reason);

(3) You have records, that are acceptable to us, for at least the previous crop year for all optional units that you will report in the current crop year (You may be required to produce the records for all optional units for the previous crop year);

(4) You have records of marketed or stored production from each optional unit maintained in such a manner that permits us to verify the production from each optional unit, or the production from each optional unit is kept separate until loss adjustment is completed by us; and

(c) Each optional unit must meet one or more of the following, unless otherwise specified in the Crop Provisions or allowed by written agreement:

- (1) Optional units may be established if each optional unit is located in a separate section. In the absence of sections, we may consider parcels of land legally identified by other methods of measure such as Spanish grants, as the equivalents of sections for unit purposes. In areas which have not been surveyed using sections, section equivalents or in areas where boundaries are not readily discernible, each optional unit must be located in a separate FSA farm serial number;
- (2) In addition to, or instead of, establishing optional units by section, section equivalent or FSA farm serial number, optional units may be based on irrigated and non-irrigated acreage. To qualify as separate irrigated and non-irrigated optional units, the non-irrigated acreage may not continue into the irrigated acreage in the same rows or planting pattern. The irrigated acreage may not extend beyond the point at which the irrigation system can deliver the quantity of water needed to produce the yield on which the guarantee is based, except the corners of a field in which a center-pivot irrigation system is used may be considered as irrigated acreage if the corners of a field in which a center-pivot irrigation system is used do not qualify as a separate non-irrigated optional unit. In this case, production from both practices will be used to determine your approved yield; and
- (3) In addition to, or instead of, establishing optional units by section, section equivalent or FSA farm serial number, or irrigated and non-irrigated acreage, separate optional units may be established for acreage of the insured crop grown and insured under an organic farming practice. Certified organic, transitional and buffer zone acreages do not individually qualify as separate units. (See section 37 for additional provisions regarding acreage insured under an organic farming practice).
- (d) Optional units are not available for crops insured under a Catastrophic Risk Protection Endorsement.
- (e) If you do not comply fully with the provisions in this section, we will combine all optional units that are not in compliance with these provisions into the basic unit from which they were formed. We will combine the optional units at any time we discover that you have failed to comply with these provisions. If failure to comply with these provisions is determined by us to be inadvertent, and the optional units are combined into a basic unit, that portion of the additional premium paid for the optional units that have been combined will be refunded to you for the units combined.
- 35. Multiple Benefits.**
- (a) If you are eligible to receive an indemnity under an additional coverage plan of insurance and are also eligible to receive benefits for the same loss under any other USDA program, you may receive benefits under both programs, unless specifically limited by the crop insurance contract or by law.
- (b) The total amount received from all such sources may not exceed the amount of your actual loss. The total amount of the actual loss is the difference between the fair market value of the insured commodity before and after the loss, based on your production records and the highest price election or amount of insurance available for the crop.
- (c) FSA will determine and pay the additional amount due you for any applicable USDA program, after first considering the amount of any crop insurance indemnity.
- 36. Substitution of Yields.**
- (a) When you have actual yields in your production history database that, due to an insurable cause of loss, are less than 60 percent of the applicable transitional yield (T-yield) you may elect, on an individual actual yield basis, to exclude and replace one or more of any such yields within each database.
- (b) Each election made in section 36(a) must be made on or before the production reporting date for the insured crop and each such election will remain in effect for succeeding years unless cancelled by the production reporting date for the succeeding crop year. If you cancel an election, the actual yield will be used in the database. For example, if you elected to substitute yields in your database for the 1998 and 2000 crop year, for any subsequent crop year, you can elect to cancel the substitution for either or both years.
- (c) Each excluded actual yield will be replaced with a yield equal to 60 percent of the applicable T-yield for the crop year in which the yield is being replaced (For example, if you elect to exclude a 2001 crop year actual yield, the T-yield in effect for the 2001 crop year in the county will be used. If you also elect to exclude a 2002 crop year actual yield, the T-yield in effect for the 2002 crop year in the county will be used). The replacement yields will be used in the same manner as actual yields for the purpose of calculating the approved yield.
- (d) Once you have elected to exclude an actual yield from the database, the replacement yield will remain in effect until such time as that crop year is no longer included in the database unless this election is cancelled in accordance with section 36(b).
- (e) Although your approved yield will be used to determine your amount of premium owed, the premium rate will be increased to cover the additional risk associated with the substitution of higher yields.
- 37. Organic Farming Practices.**
- (a) In accordance with section 8(b)(2), insurance will not be provided for any crop grown using an organic farming practice, unless the information needed to determine a premium rate for an organic farming practice is specified on the actuarial table, or insurance is allowed by a written agreement.
- (b) If insurance is provided for an organic farming practice as specified in section 37(a), only the following acreage will be insured under such practice:
- (1) Certified organic acreage;
 - (2) Transitional acreage being converted to certified organic acreage in accordance with an organic plan; and

- (3) Buffer zone acreage.
- (c) On the date you report your acreage, you must have:
- (1) For certified organic acreage, a written certification in effect from a certifying agent indicating the name of the entity certified, effective date of certification, certificate number, types of commodities certified, and name and address of the certifying agent (A certificate issued to a tenant may be used to qualify a landlord or other similar arrangement);
 - (2) For transitional acreage, a certificate as described in section 37(c)(1), or written documentation from a certifying agent indicating an organic plan is in effect for the acreage; and
 - (3) Records from the certifying agent showing the specific location of each field of certified organic, transitional, buffer zone, and acreage not maintained under organic management.
- (d) If you claim a loss on any acreage insured under an organic farming practice, you must provide us with copies of the records required in section 37(c).
- (e) If any acreage qualifies as certified organic or transitional acreage on the date you report such acreage, and such certification is subsequently revoked by the certifying agent, or the certifying agent no longer considers the acreage as transitional acreage for the remainder of the crop year, that acreage will remain insured under the reported practice for which it qualified at the time the acreage was reported. Any loss due to failure to comply with organic standards will be considered an uninsured cause of loss.
- (f) Contamination by application or drift of prohibited substances onto land on which crops are grown using organic farming practices will not be an insured peril on any certified organic, transitional or buffer zone acreage.
- (g) In addition to the provisions contained in section 17(f), prevented planting coverage will not be provided for any acreage based on an organic farming practice in excess of the number of acres that will be grown under an organic farming practice and shown as such in the records required in section 37(c).
- (h) In lieu of the provisions contained in section 17(f)(1) that specify prevented planting acreage within a field that contains planted acreage will be considered to be acreage of the same practice that is planted in the field, prevented planting acreage will be considered as organic practice acreage if it is identified as certified organic, transitional, or buffer zone acreage in the organic plan.

**Comparison of
Federal Crop
Insurance to
Private Crop-Hail
Insurance
2009**

Comparison of Federal Crop Insurance to Private Crop-Hail Insurance

Prepared by National Crop Insurance Services, Inc.

	FEDERAL CROP INSURANCE	PRIVATE CROP-HAIL INSURANCE
Regulator	Risk Management Agency of USDA.	State Departments of Insurance
Premium rates	Established by the Risk Management Agency of the USDA.	Filed by individual insurance company and approved by state insurance departments.
Deadlines for purchase	Initial applications or requests for changes in coverage levels must be made by the Sales Closing Date stated in the special provisions of insurance.	There is not an established deadline to purchase hail insurance; however, coverage is not effective until 12:01 a.m. of the second day following the date the insured and agent sign the application.
Basis of Indemnity	Determine the amount of crop remaining (revenue to count for revenue plans and value to count for dollar plans).	Determine the percent of loss.
Continuous or annual coverage	Federal Crop Insurance policies are continuous subject to the insured meeting all policy requirements to report acreage and production history. Action is required by the insured or insurer to cancel a policy, change coverage levels, or select different price elections.	Annual. Policy term is only for the crop year specified on the application.
Requirement to insure all acreage of a crop?	Generally, Federal Crop Insurance policies require that all insurable acreage of a crop in a county be insured. The Federal Livestock products would be an exception because they place a limit on the number of livestock that an insured may insure during an insurance period.	Private crop-hail insurance allows an insured to choose which and how much acreage to insure.
Insurance unit	Generally all of the insurable acreage in a county of the insured crop by share determines a unit. Units may be further divided by farming practices (i.e., irrigated and non-irrigated), crop types, and section or section equivalents if allowed by policy provisions. In order for an insured to receive an indemnity, the entire unit's production (harvested and/or appraised) must be less than the unit's guarantee.	Each acre constitutes a unit of insurance. An insured may receive an indemnity payment if damage occurs to only a few insured acres or even 1 insured acre.
Reporting requirements to obtain and maintain coverage.	In the most common form of Federal Crop Insurance, an insured is required to report acreage and production history by established reporting dates to establish an Actual Production History (APH) which is used to establish the insurance guarantee. Other Federal Crop Insurance programs may require reporting of revenue history (Adjusted Gross Revenue) or a Plant Inventory Value Report (Nursery). Producers who do not provide verifiable records may be assigned yields according to Federal Crop Insurance Underwriting guidelines. Producers who do not meet the reporting deadlines (some exceptions) may have their coverage reduced or voided for the current crop year.	Complete an application.
Perils covered	Federal Crop Insurance, with a few exceptions, offers coverage on an all-risk basis. The Federal Crop Insurance Act stipulates that causes of loss must be due to natural causes. However, some products provide protection against declines in revenue. Two examples of products that protect against declines in revenue would be the Adjusted Gross Revenue and Adjusted Gross Revenue-Life programs or the Livestock Risk Protection and Gross Margin programs.	Named perils policy. The crop is insured for direct losses resulting from hail, and in most cases other named perils such as fire, lightning, transit, etc. Indirect losses and perils not named are not covered.
Limits of insurance	For most Federal Crop Insurance products, amounts of insurance are limited by multiplying the approved yield (determined by the insurance company according to RMA guidelines) by the selected coverage level and price (value of bushel, pound, carton, etc.) established by RMA. Insureds select by the Sales Closing Date which coverage level and what percentage of the established price (price election) to determine their insurance guarantee. Federal Crop Insurance generally does not allow increases in coverage during the crop year. One exception would be the nursery program which allows increases during the crop year that are limited and subject to a waiting period.	Cannot insure a crop for more than its value. However, coverage may be increased during the year if the value of the crop is greater than anticipated when the insurance was purchased.
Indemnity determinations	Difference between the unit guarantee and the actual or appraised production for the unit. For example, in a unit consisting of 640 acres, the production from the entire 640 acres must be less than the production guarantee of the entire 640 acres before an indemnity would be paid. For Federal Crop Insurance plans offering guarantees of expected revenue or a stated value, indemnities would be based on the difference in determined revenue or value and the final guaranteed amount of protection.	Percentage of loss multiplied by the limit of insurance per acre subject to any excess over loss or deductible provisions elected by the insured. For example, if a producer insured 640 acres and only 40 acres were damaged, the producer would receive an indemnity on the damaged 40 acres in the amount of the determined percent of loss multiplied by the limit of insurance on those 40 acres.

* The information contained herein is only intended to provide a general understanding of Federal Crop Insurance program and is not all-inclusive of every plan and option available.

A Quick Guide To Crop Insurance

Who is NCIS

National Crop Insurance Services (NCIS) is an international not-for-profit organization representing the interests of the crop insurance industry. NCIS member companies write Crop-Hail Insurance; Multiple Peril Crop Insurance (MPCI), the federally subsidized risk management program; and, privately developed crop insurance products. NCIS member companies service all farmers participating in the federal program, including limited-resource and socially-disadvantaged farmers. In partnership with the government, these private companies are the safety net that equitably provides risk management to the American farmer. NCIS members range in size from one-state companies to national writers, as well as foreign company members.

Purpose

NCIS believes it is in the public interest to provide adequate insurance protection against damage to growing crops by hail and other perils, and against loss or damage in connection with public events or private undertakings from rain or other adverse weather conditions. Such protection can be made available only upon adequate information and knowledge.

In support of this belief, NCIS is organized for the following objects and purposes:

- To compile and analyze relevant statistics acquired by members from year to year.
- To operate as an insurance advisory organization and an insurance statistical organization.
- To furnish statistics, loss expense, actuarial analyses, actuarial formulas, procedures, forms, and information to members and other purchasers.
- To consult and meet with groups or individuals having an interest in crop insurance, including, but not limited to, state and federal government officials and other trade associations.
- To develop, provide, and publicize procedures and forms for adjustment of losses.
- To conduct research, training, and education activities in order to promote improved knowledge and understanding of the appropriate aspects of crop insurance.

Basic Policy Choices:

- MPCI (Multiple Peril Crop Insurance) provides protection against a loss in yield due to nearly all natural disasters. It guarantees a yield based on the individual producer's APH (Actual Production History). MPCI is a Federal product.
- GRP (Group Risk Plan) insurance is based on the county expected yield rather than the individual farm yields. GRP is a Federal product.
- Crop-Hail is insurance offered by private companies and is not a product of federal or state governments, nor is it subsidized. Crop-Hail insurance is regulated by the insurance departments in each state. Crop-Hail is a named peril product insuring a crop from direct loss resulting from Hail and other named perils such as fire or lightning.

Other policy choices fall into the "revenue insurance" category. Instead of guaranteeing only yield, revenue products protect a grower from loss of revenue resulting from low prices, low yields, or a combination of the two.

- CRC (Crop Revenue Coverage) policies guarantee an amount of revenue (based on the individual producer's APH x commodity price). The final guarantee is based on the greater of the preplanting base price or the harvest price.
- RA (Revenue Assurance) has a Fall Harvest Price Option available. This option uses the greater of the fall harvest price or the spring generated price to determine the per-acre revenue guarantee.
- IP (Income Protection) policies protect against a loss of income when prices and/or yields fall. It is only available on an enterprise unit basis and does not have the increasing price function of CRC. IP policies pay when the harvested and appraised production to count, multiplied by the harvest price, is below the IP guarantee.
- GRIP (Group Risk Income Protection) makes a payment only if the county revenue for the insured crop is less than the selected trigger revenue.
- AGR (Adjusted Gross Revenue) protects against low revenue due to unavoidable natural disasters and market fluctuation that occur during the insurance year. It uses the producer's Schedule F tax form information and annual farm report as a basis to provide a level of guaranteed revenue for multiple Agricultural commodities in one insurance product.

Provided By:



National Crop Insurance Services

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**FCIC Catastrophic
Risk Protection
Endorsement
2008
(09-CAT)**

**SUMMARY OF CHANGES FOR THE CATASTROPHIC RISK PROTECTION
ENDORSEMENT
(09-CAT)
(Rev. Nov. 2008)**

The following is a brief description of the changes to the Catastrophic Risk Protection (CAT) Endorsement that are effective for the 2009 and succeeding crop years for all crops with a 2009 crop year contract change date on or after November 30, 2008, and for the 2010 and succeeding crop years for all crops with a 2009 crop year contract change date prior to November 30, 2008.

Section 1 – Removed the definitions of “crop of economic significance,” “insurance is available,” and “linkage requirement” because these terms are only used in relation to the linkage requirements. The requirement to purchase crop insurance to be eligible for certain other USDA program benefits is more appropriately contained in the rules for such other USDA program, not the crop insurance policy.

Section 2 – Removed the reference to the “General Crop Insurance Policy” because that policy no longer exists.

Section 4 – Removed provisions that were only relevant for the 1995 through 1998 crop years.

Section 6(e) – Removed the reference to “section 12” because all of the provisions in section 12 have been removed.

Section 7 – Removed provisions regarding tobacco marketing cards because they are no longer being used by the Farm Service Agency. Also removed the reference to linkage requirements for the reason stated above.

Section 9 – Removed provisions regarding instances where a producer was eligible to receive an indemnity under the policy and was also eligible for compensation for the same loss under another USDA program. This language was repetitive of similar provisions contained in the Basic Provisions.

Section 10(b) – Removed provisions indicating a new application is required after a policy has been voided because voidance does not automatically mean a policy is canceled for subsequent years. Also removed provisions referring to the waiver of disaster assistance for the reason stated above.

Section 11(a) – Removed the reference to the Late Planting Agreement Option because the option is no longer available.

Removed section 12 which dealt with linkage requirements for the reason stated above.

DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Catastrophic Risk Protection Endorsement
(This is a continuous endorsement)



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

Terms and Conditions

1. Definitions

Approved insurance provider - A private insurance company, including its agents, that has been approved and reinsured by FCIC to provide insurance coverage to producers participating in the Federal Crop Insurance program.

Approved yield - The amount of production per acre computed in accordance with FCIC's actual production history program (7 CFR part 400, subpart G) or for crops not included under 7 CFR part 400, subpart G, the yield used to determine the guarantee in accordance with the Crop Provisions or the Special Provisions, and any adjustments elected in accordance with section 36 of the Basic Provisions.

County - The political subdivision of a state listed in the actuarial table and designated 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 tobacco, the county will also include any land identified by a FSA farm serial number for the county but physically located in another county.

Expected market price - (price election) The price per unit of production (or other basis as determined by FCIC) anticipated during the period the insured crop normally is marketed by producers. This price will be set by FCIC before the sales closing date for the crop. The expected market price may be less than the actual price paid by buyers if such price typically includes remuneration for significant amounts of post-production expenses such as conditioning, culling, sorting, packing, etc.

FCIC - The Federal Crop Insurance Corporation, a wholly owned Government Corporation within USDA.

FSA - The Farm Service Agency; an agency of the United States Department of Agriculture or any successor agency.

Household - A domestic establishment including the members of a family (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to be family members) and others who live under the same roof.

Limited resource farmer - A person with:

- (1) Direct or indirect gross farm sales not more than \$100,000.00 in each of the previous two years (to be increased starting in fiscal year 2004 to adjust for inflation using Prices Paid by Farmer Index as

compiled by National Agricultural Statistical Service (NASS)); and

- (2) A total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department Data).

Secretary - The Secretary of the United States Department of Agriculture.

USDA - The United States Department of Agriculture.

Zero acreage report - An acreage report filed by you that certifies you do not have a share in the crop for that crop year.

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

- (a) You must have one of the following policies in force to elect this Endorsement:

- (1) The Common Crop Insurance Policy (7 CFR 457.8) and crop provisions;
- (2) The Group Risk Plan Policy, if available for catastrophic risk protection; or
- (3) A specific named crop insurance policy.

- (b) You must have made application for catastrophic risk protection on or before the sales closing date for the crop in the county.

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

3. Unit Division

- (a) This section is in lieu of the unit provisions specified in the applicable crop 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 that combines the two cash leases and the land you own.)

- (c) Further division of the units described in paragraph (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, catastrophic coverage will offer protection 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.
- (b) If the crop policy denominates coverage in dollars per acre or other measure, or any other alternative method of coverage, such coverage will be converted to the amount of coverage that would be payable at fifty percent (50%) of your approved yield indemnified at fifty-five percent (55%) of the expected market price.
- (c) You may elect catastrophic coverage for any crop insured or reinsured by FCIC on either an individual yield and loss basis or an area yield and loss basis, if both options are offered as set out in the Actuarial Table or the Special Provisions.
- (d) To be eligible for an indemnity under this endorsement you must have suffered at least a 50 percent loss in yield.

5. Report of Acreage

- (a) The report of crop acreage that you file in accordance with the crop policy must be signed on or before the acreage reporting date. For catastrophic risk protection, unless the other person with an insurable interest in the crop objects in writing prior to the acreage reporting date and provides a signed acreage report on their own behalf, the operator may sign the acreage report for all other persons with an insurable interest in the crop without a power of attorney. All persons with an insurable interest in the crop, and for whom the operator purports to sign and represent, are bound by the information contained in that acreage report.
- (b) For the purpose of determining the amount of indemnity only, your share will not exceed your insurable interest 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. A lease containing provisions for both a minimum payment (such as a specified amount of cash, bushels, pounds, etc.) and a crop share will be considered a crop share lease. A lease containing provisions for either a minimum payment (such as a specified amount of cash, bushels, pounds, etc.) or a crop share will be

considered a cash lease. 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.

6. 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 coverage, you must pay an administrative fee to us within 30 days after you have been billed, unless otherwise authorized in the Federal Crop Insurance Act (You will be billed by the date stated in the Special Provisions);
 - (1) The administrative fee owed is \$300 for each crop in the county unless otherwise specified in the Special Provisions.
 - (2) Payment of an administrative fee will not be required if you file a bona fide zero acreage report on or before the acreage reporting date for the crop (If you falsely file a zero acreage report you may be subject to criminal and administrative sanctions).
- (c) The administrative fee provisions of paragraph (b) of this section do not apply if you meet the definition of a limited resource farmer (see section 1). The administrative fee will be waived if you request it and:
 - (1) You qualify as a limited resource farmer; or
 - (2) You were insured prior to the 2005 crop year or for the 2005 crop year and your administrative fee was waived for one or more of those crop years because you qualified as a limited resource farmer under a policy definition previously in effect, and you remain qualified as a limited resource farmer under the definition that was in effect at the time the administrative fee was waived.
- (d) When a crop policy has provisions to allow you the option to separately insure individual crop types or varieties, you must pay a separate administrative fee in accordance with paragraph (b) of this section for each type or variety you elect to separately insure.
- (e) If the administrative fee is not paid when due, you, and all persons with an insurable interest in the crop under the same contract, may be ineligible for certain other USDA program benefits.

7. Insured Crop

The crop insured is specified in the applicable crop policy, however:

- (a) Notwithstanding any other policy provision requiring the same insurance coverage on all insurable acreage of the crop in the county, if you purchase additional coverage for a crop, you

may separately insure acreage under catastrophic coverage that has been designated as "high risk" land by FCIC, provided that you execute a High Risk Land Exclusion Option and obtain a catastrophic risk protection policy with the same approved insurance provider, if available, on or before the applicable sales closing date. If catastrophic coverage is not available from the same insurance provider, you may obtain the catastrophic risk protection policy for the high risk land from another approved insurance provider or FSA, if available. You will be required to pay a separate administrative fee for both the additional coverage policy and the catastrophic coverage policy.

(b) A landowner will be allowed to obtain catastrophic coverage for all other landowners who hold an undivided interest in the insurable acreage, provided:

- (1) All the landowners must agree in writing to such arrangement and have their social security number or employer identification number listed on the application, without regard to the actual amount of their interest in the insured acreage;
- (2) All landowners must have an undivided interest in the insurable acreage;
- (3) None of the landowners may hold any share in other acreage for which they are required to obtain at least catastrophic coverage;
- (4) The total cumulative liability under the Catastrophic Risk Protection Endorsement for all landowners must be \$2,500 or less;
- (5) The landowner insuring the crop will:
 - (i) Make application for insurance and provide the name and social security number or employer identification number of each person with an undivided interest in the insurable acreage;
 - (ii) Be responsible to pay the one administrative fee for all the producers within the county;
 - (iii) Fulfill all requirements under the insurance contract; and
 - (iv) Receive any indemnity payment under the landowner's social security number, or when applicable, employer identification number, and distribute the indemnity payments to the other persons sharing in the crop.

8. 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.

9. Claim for Indemnity

If two or more insured crop types, varieties, or classes are insured within the same unit, and multiple price elections 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 price elections and then totaled to determine the total liability or dollar amount of production to be counted for the unit.

10. Concealment or Fraud

Notwithstanding any provision contained in any other crop insurance document, your CAT policy may be voided by us on all crops without waiving any of our 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 for the crop year during which any such act or omission occurred.

11. Exclusion of Coverage

- (a) Options or endorsements that extend the coverage available under any crop policy offered by FCIC will not be available under this endorsement. Written agreements are not available for any crop insured under this endorsement.
- (b) Notwithstanding any provision contained in any other crop policy, hail and fire coverage and high-risk land may not be excluded under catastrophic risk protection.

**FCIC Coarse Grains
Crop Provisions
(98-041)**

SUMMARY OF CHANGES FOR THE COARSE GRAINS CROP PROVISIONS (98-041)

The following is a brief description of changes to the crop provisions that will be effective for the 1998 crop year. Please refer to the crop provisions for more complete information.

- The crop provisions have been modified to accommodate changes made to the Basic Provisions of the Common Crop Insurance Policy. These modifications may include, but are not limited to:
 - (a) Removal of some definitions now contained in the Basic Provisions;
 - (b) Removal of unit division provisions since provisions previously contained in section 2 regarding unit division requirements and unit structure by section, section equivalent, FSA farm serial number, and irrigated and non-irrigated practices, have been moved from the crop provisions to the Basic Provisions; and
 - (c) Modification of late and prevented planting provisions.

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
COARSE GRAINS CROP PROVISIONS



If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Catastrophic Risk Protection Endorsement, if applicable; (2) the Special Provisions; (3) these Crop Provisions; and (4) the Basic Provisions with (1) controlling (2), etc.

1. Definitions

Coarse grains – Corn, grain sorghum, and soybeans.

Grain sorghum – The crop defined as sorghum under the United States Grain Standards Act.

Harvest – Combining, threshing, or picking the insured crop for grain, or cutting for hay, silage, or fodder.

Local market price – The cash grain price per bushel for the U.S. No. 2 yellow corn, U.S. No. 2 grain sorghum, or U.S. No. 1 soybeans, offered by buyers in the area in which you normally market the insured crop. The local market price will reflect the maximum limits of quality deficiencies allowable for the U.S. No. 2 grade for yellow corn and grain sorghum, or U.S. No. 1 grade for soybeans. Factors not associated with grading under the Official United States Standards for Grain, including but not limited to protein and oil, will not be considered.

Planted acreage – In addition to the definition contained in the Basic Provisions, coarse grains must initially be planted in rows (corn must be planted in rows far enough apart to permit mechanical cultivation), unless otherwise provided by the Special Provisions, actuarial documents, or by written agreement.

Production guarantee (per acre) – In lieu of the definition contained in the Basic Provisions, the number of bushels (tons for corn insured as silage) determined by multiplying the approved actual production history (APH) yield per acre, calculated in accordance with 7 CFR part 400, subpart G, by the coverage level percentage you elect.

Silage – A product that results from severing the plant from the land and chopping it for the purpose of livestock feed.

Ton – Two thousand (2000) pounds avoirdupois.

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

(a) In addition to the requirements of section 3 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities) of the Basic Provisions, you may select:

(1) For grain sorghum and soybeans, only one price election for each crop in the county insured under this policy; and

(2) For corn, only one price election for all the corn in the county insured as grain under this policy, and only one price election for all the corn in the county insured as silage under this policy. The price elections you choose for grain and silage must have the same percentage relationship to the maximum price election offered by us for grain and silage. For example, if you choose one hundred percent (100%) of the maximum grain price election and you also insure corn on a silage basis, you must choose one hundred percent (100%) of the maximum silage price election.

(b) For corn only, if you harvest the crop in a manner other than the manner you reported (for example, you reported grain but harvested as silage) and you did not select a price election for the type harvested, we will assign a price election for the type harvested that bears the same percentage relationship to the

maximum price election you selected for the type reported (for example, if you selected a grain price election in the amount of eighty percent (80%) of the maximum price election for grain and you did not select a silage price election, we will assign a silage price election in the amount of eighty percent (80%) of the maximum price election for silage specified in the Special Provisions if you harvest for silage). This assigned price election will be used only to determine the dollar value of production to count for indemnity purposes and will not be used to determine the amount of insurance or premium.

3. Contract Changes

The contract change date is November 30 preceding the cancellation date (see the provisions of section 4 (Contract Changes) of the Basic Provisions).

4. Cancellation and Termination Dates

In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are:

	<u>Cancellation and Termination Dates</u>
<p>(a) For corn and grain sorghum: Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof</p>	<p>January 15</p>
<p>El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Malagorda Counties, Texas</p>	<p>February 15</p>
<p>Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina</p>	<p>February 28</p>
<p>All other Texas counties and all other states</p>	<p>March 15</p>
<p>(b) For soybeans: Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, LaSalle, and Dimmit Counties, Texas and all Texas counties lying south thereof</p>	<p>February 15</p>
<p>Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise,</p>	

Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Maverick, Zavala, Frio, Atascosa, Karnes, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas

February 28

All other Texas counties and all other states

March 15.

5. Insured Crop

- (a) In accordance with section 8 (Insured Crop) of the Basic Provisions, the crop insured will be each coarse grain crop you elect to insure for which premium rates are provided by the actuarial documents:
- (1) In which you have a share;
 - (2) That is adapted to the area based on days to maturity and is compatible with agronomic and weather conditions in the area; and
 - (3) That is not (unless allowed by the Special Provisions or by written agreement):
 - (i) Interplanted with another crop except as allowed in paragraph 5(b)(1); or
 - (ii) Planted into an established grass or legume.
- (b) For corn only, in addition to the provisions of subsection 5(a), the corn crop insured will be all corn that is:
- (1) Planted for harvest either as grain or as silage (see subsection 5(c)). A mixture of corn and sorghum (grain or forage-type) will be insured as corn silage if the sorghum does not constitute more than twenty percent (20%) of the plants;
 - (2) Yellow dent or white corn, including mixed yellow and white, waxy or high-lysine corn, and excluding:
 - (i) High-amylose, high-oil, high-protein, flint, flour, Indian, or blue corn, or a variety genetically adapted to provide forage for wildlife or any other open pollinated corn, unless a written agreement allows insurance of such excluded crops.
 - (ii) A variety of corn adapted for silage use only when the corn is reported for insurance as grain.
- (c) For corn only, if the actuarial documents for the county provide a premium rate for:
- (1) **Both grain and silage**, all insurable acreage will be insured as the type or types reported by you on or before the acreage reporting date;
 - (2) **Grain but not silage**, all insurable acreage will be insured as grain unless a written agreement allows insurance on all or a portion of the insurable acreage as silage; or
 - (3) **Silage but not grain**, all insurable corn acreage will be insured as silage unless a written agreement allows insurance on all or a portion of the insurable acreage as grain.
- (d) For grain sorghum only, in addition to the provisions of subsection 5(a), the grain sorghum crop insured will be all of the grain sorghum in the county:
- (1) That is planted for harvest as grain;
 - (2) That is a combine-type hybrid grain sorghum (grown from hybrid seed); and
 - (3) That is not a dual-purpose type of grain sorghum (a type used for both grain and forage), unless a written agreement allows insurance of such grain sorghum.
- (e) For soybeans only, in addition to the provisions of

subsection 5(a), the soybean crop insured will be all of the soybeans in the county that are planted for harvest as beans.

6. Insurable Acreage

In addition to the provisions of section 9 of the Basic Provisions, any acreage of the insured crop damaged before the final planting date, to the extent that a majority of producers in the area would not normally further care for the crop, must be replanted unless we agree that it is not practical to replant.

7. Insurance Period

In accordance with the provisions under section 11 (Insurance Period) of the Basic Provisions, the calendar date for the end of the insurance period is the date immediately following planting as follows:

(a) For corn insured as grain:

- (1) Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof September 30
- (2) Clark, Cowitz, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Pierce, Skagit, Snohomish, Thurston, Wahkiakum, and Whatcom Counties, Washington October 31
December 10
- (3) All other counties and states

(b) For corn insured as silage:

- All states September 30

(c) For grain sorghum:

- (1) Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof September 30
- (2) All other Texas counties and all other states December 10

(d) For soybeans:

- All states December 10.

8. Causes of Loss

In accordance with the provisions of section 12 (Causes of Loss) of the Basic Provisions, insurance is provided only against the following causes of loss which occur within the insurance period:

- (a) Adverse weather conditions;
- (b) Fire;
- (c) Insects, but not damage due to insufficient or improper application of pest control measures;
- (d) Plant disease, but not damage due to insufficient or improper application of disease control measures;
- (e) Wildlife;
- (f) Earthquake;
- (g) Volcanic eruption; or
- (h) Failure of the irrigation water supply, if applicable, due to an unavoidable cause of loss occurring within the insurance period.

9. Replanting Payments

(a) In accordance with section 13 of the Basic Provisions, replanting payments for coarse grains are allowed if the coarse grains are damaged by an insurable cause of loss to the extent that the remaining stand will not produce at least 90 percent of the production guarantee for the acreage and it is practical to replant.

(b) The maximum amount of the replanting payment per acre will be the lesser of twenty percent (20%) of the production guarantee or the number of bushels (tons for corn insured as silage) set out herein, multiplied by your price election multiplied by your insured share or the share determined under 9(c), if applicable. The number of bushels or tons are 8 bushels for corn grain; 1 ton for corn silage; 7 bushels for grain sorghum; and 3 bushels for

- soybeans.
- (c) When more than one person insures the same crop on a share basis, a replanting payment based on the total shares insured by us may be made to the insured person who incurs the total cost of replanting. Payment will be made in this manner only if an agreement exists between the insured persons which:
- (1) Requires one person to incur the entire cost of replanting; or
 - (2) Gives the right to all replanting payments to one person.
- (d) When the insured crop is replanted using a practice that is uninsurable as an original planting, the liability for the unit will be reduced by the amount of the replanting payment which is attributable to your share. The premium amount will not be reduced.
- 10. Duties in the Event of Damage or Loss**
- (a) In accordance with the requirements of section 14 (Duties in the Event of Damage or Loss) of the Basic Provisions, if you initially discover damage to any insured crop within 15 days of or during harvest, you must leave representative samples of the unharvested crop for our inspection. The samples must be at least 10 feet wide and extend the entire length of each field in the unit, and 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.
- (b) For any corn unit that has separate dates for the end of the insurance period (grain and silage):
- (1) In lieu of paragraph 14(a)(2) of the Basic Provisions, if damage occurs:
 - (i) Before the earliest end of insurance period date (grain or silage), you must give us notice within 72 hours of your initial discovery of damage (but not later than 15 days after that earliest end of insurance period date); or
 - (ii) If damage does not occur before the earliest end of insurance period date (grain or silage), but occurs before the latest end of insurance period date (grain or silage), you must give notice within 72 hours of your initial discovery of damage (but not later than 15 days after that latest end of insurance period date).
 - (2) In lieu of subsection 14(c) of the Basic Provisions, in addition to complying with all other notice requirements, you must submit a claim for indemnity declaring the amount of your loss not later than 60 days after the latest date for the end of insurance period for the unit. This claim must include all the information we require to settle the claim.
- 11. Settlement of Claim**
- (a) We will determine your loss on a unit basis. In the event you are unable to provide records of production:
- (1) For any optional unit, we will combine all optional units for which acceptable records of production were not provided; or
 - (2) For any basic unit, we will allocate any commingled production to such units in proportion to our liability on the harvested acreage for each unit.
- (b) In the event of loss or damage covered by this policy, we will settle your claim on any unit:
- (1) For grain sorghum and soybeans by:
 - (i) Multiplying the insured acreage by the production guarantee;
 - (ii) Subtracting from this the total production to count;
 - (iii) Multiplying the remainder by your price election; and
 - (iv) Multiplying this result by your share.
 - (2) For corn by:
 - (i) Multiplying the insured acreage of each type (grain/silage) by the production guarantee for the applicable type;
 - (ii) Multiplying each result by the price election for the applicable type;
 - (iii) Adding these values;
 - (iv) Multiplying the production to count of each type (see subsection 11(d)) by the price election for that type (see the provisions under section 2 (Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities));
 - (v) Adding these dollar values;
 - (vi) Subtracting the result of step (v) from the result of step (iii); and
 - (vii) Multiplying the result by your share.
- (c) The total production in bushels (tons for corn silage) (see subsection 11(d)) to count from all insurable acreage on the unit will include:
- (1) All appraised production as follows:
 - (i) Not less than the production guarantee for acreage:
 - (A) That is abandoned;
 - (B) Put to another use without our consent;
 - (C) Damaged solely by uninsured causes; or
 - (D) For which you fail to provide records of production that are acceptable to us;
 - (ii) Production lost due to uninsured causes;
 - (iii) Unharvested production (mature unharvested production may be adjusted for quality deficiencies and excess moisture in accordance with subsection 11(e)); and
 - (iv) Potential production on insured acreage you want to put to another use or you wish to abandon and no longer care for, if you and we agree on the appraised amount of production. Upon such agreement the insurance period for that acreage will end if you put the acreage to another use or abandon the crop. If agreement on the appraised amount of production is not reached:
 - (A) If you do not elect to continue to care for the crop we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us (The amount of production to count for such acreage will be based on the harvested production or appraisals from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or you fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be

- used to determine the amount of production to count.); or
- (B) If you elect to continue to care for the crop, the amount of production to count for the acreage will be the harvested production, or our reappraisal if additional damage occurs and the crop is not harvested; and
- (2) All harvested production from the insurable acreage.
- (d) The production to count for corn will be in bushels for grain and in tons for silage as follows:
- (1) For harvested acreage, according to the method of harvest; and
- (2) For unharvested acreage, according to the information contained on your acreage report; except as otherwise provided in paragraph 11(c)(1).
- (e) Mature coarse grain production (excluding corn insured or harvested as silage) may be adjusted for excess moisture and quality deficiencies. If moisture adjustment is applicable it will be made prior to any adjustment for quality. Corn insured or harvested as silage will be adjusted for excess moisture and quality only as specified in subsection 11(f).
- (1) Production will be reduced by 0.12 percent for each 0.1 percentage point of moisture in excess of:
- (i) Fifteen percent (15%) for corn (If moisture exceeds 30 percent (30%), production will be reduced 0.2 percent for each 0.1 percentage point above 30 percent (30%));
- (ii) Fourteen percent (14%) for grain sorghum; and
- (iii) Thirteen percent (13%) for soybeans.
- We may obtain samples of the production to determine the moisture content.
- (2) Production will be eligible for quality adjustment if:
- (i) Deficiencies in quality, in accordance with the Official United States Standards for Grain, result in:
- (A) Corn not meeting the grade requirements for U.S. No. 4 (grades U.S. No. 5 or worse) because of test weight or kernel damage (excluding heat damage) or having a musty, sour, or commercially objectionable foreign odor;
- (B) Grain sorghum not meeting the grade requirements for U.S. No. 4 (grades U.S. Sample grade) because of test weight or kernel damage (excluding heat damage) or having a musty, sour, or commercially objectionable foreign odor (except smut odor), or meets the special grade requirements for smutty grain sorghum; or
- (C) Soybeans not meeting the grade requirements for U.S. No. 4 (grades U.S. Sample grade) because of test weight or kernel damage (excluding heat damage) or having a musty, sour, or commercially objectionable foreign odor (except garlic odor), or which meet the special grade requirements for garlicky soybeans; or
- (ii) Substances or conditions are present that are identified by the Food and Drug Administration or other public health organizations of the United States as being injurious to human or animal health.
- (3) Quality will be a factor in determining your loss only if:
- (i) The deficiencies, substances, or conditions resulted from a cause of loss against which insurance is provided under these crop provisions;
- (ii) All determinations of these deficiencies, substances, or conditions are made using samples of the production obtained by us or by a disinterested third party approved by us; and
- (iii) The samples are analyzed by a grader licensed under the authority of the United States Grain Standards Act or the United States Warehouse Act with regard to deficiencies in quality, or by a laboratory approved by us with regard to substances or conditions injurious to human or animal health. (Test weight for quality adjustment purposes may be determined by our loss adjuster).
- (4) Coarse grain production that is eligible for quality adjustment, as specified in paragraphs 11(e)(2) and (3), will be reduced by the quality adjustment factor contained in the Special Provisions.
- (f) For corn insured or harvested as silage:
- (1) Whenever our appraisal of grain content is less than 4.5 bushels of grain per ton of silage, the silage production will be reduced by 1 percentage point for each 0.1 (1/10) of a bushel less than 4.5 bushels per ton. (If we cannot make a grain appraisal before harvest and you do not leave a representative unharvested sample, in accordance with the policy no reduction for grain-deficient silage will be made.); and
- (2) If the normal silage harvesting period has ended, or for any acreage harvested as silage or appraised as silage after September 30 of the crop year, we may increase the silage production to count to 85 percent (85%) moisture equivalent to reflect the normal moisture content of silage harvested during the normal silage harvesting period.
- (g) Any production harvested from plants growing in the insured crop may be counted as production of the insured crop on a weight basis.
- 12. Prevented Planting**
- Your prevented planting coverage will be 60 percent of your production guarantee for timely planted acreage. If you have limited or additional levels of coverage, as specified in 7 CFR part 400, subpart T, and pay an additional premium, you may increase your prevented planting coverage to a level specified in the actuarial documents.

**Crop-Hail Policy
General Provisions
2007
NCIS 3**

GENERAL PROVISIONS

AGREEMENT TO INSURE: We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions. If a conflict exists between the terms of the General Provisions and the Special Provisions, the terms of the Special Provisions will apply. If a conflict exists between the terms of a special crop endorsement and the General Provisions or Special Provisions, the special crop endorsement will apply.

1. COVERAGE.

We cover the crops specified at the locations described in the Schedule of Insurance.

We do not cover crops that have been damaged by an insured peril(s), as defined in the Special Provisions, prior to signing the application, unless agreed to in writing by us.

2. INSURANCE PERIOD.

The insurance is in effect from the time the crop is clearly visible above the ground until the crop is harvested, except as follows:

- a. No coverage is in effect until 12:01 a.m. of the second day following the date you and our agent sign the application.
- b. For some crops, there is an additional waiting period if shown in the Special Provisions or in a special crop endorsement.
- c. Coverage expires on the dates shown in the Special Provisions or special crop endorsement.
- d. *Increase of Existing Insurance*
Insurance added to this policy becomes effective at 12:01 a.m. of the second day following the date the revised Schedule of Insurance is accepted by us or as otherwise provided in the Special Provisions or special crop endorsement. We will not increase insurance if damage by an insured peril has already occurred, unless agreed to in writing by us.
- e. *Decrease of Existing Insurance*
Reduction or cancellation of insurance will be effective at 12:01 a.m. of the date requested.
- f. *Policy Term*
Your policy is in effect only until coverage expires and only for the crop year specified in the application. If you elect to purchase a new policy for the next or future crop years, we reserve the right to change any terms or provisions of the policy contract.

3. DUTIES AFTER LOSS.

- a. *Your Duties Are:*
In case of a probable loss to crops insured under this policy you must:
 - (1) Give written notice to us within 10 days after the occurrence of one of the insured perils.
 - (2) Continue to care for each damaged field of insured crop until we have examined the field; provided, however, that with our written consent, you may preserve representative samples in each damaged field of insured crop.
 - (3) Allow us to examine the damaged crop as often as we reasonably require.

- (4) Upon our request, provide a complete harvesting and marketing record of each insured crop.
- (5) Upon our request, submit to an examination under oath.
- (6) Sign a Withdrawal of Claim when our inspection of the crop determines that there is no payable loss under the terms of this policy.
- (7) Within 60 days after your loss, unless we extend such time in writing, submit to us a signed statement in proof of loss declaring your loss and interest in the crop.
- (8) If a claim is made on other insurance arising from the same occurrence for which a claim is made on this policy, upon our request, provide us with all claims material relating to the other insurance.

b. Our Duties Are:

- (1) Adjust all losses.
- (2) Pay the loss within 30 days after we reach agreement with you, entry of a final judgment, or the filing of any appraisal award with us.

c. Adjustment Procedures.

Both you and we agree that the percentage of loss will be determined using the crop-hail loss adjustment procedures published by National Crop Insurance Services, or in the absence of such procedures, other procedures as determined by us, for the particular crop insured and the applicable crop year.

d. Deferred Adjustment.

At times it may be necessary for us to defer the adjustment of a covered loss until the percentage of loss can be determined. You must continue to care for the damaged field of insured crop during this deferral period until the percentage of loss can be determined.

4. LOSS PAYMENT.

- a. The amount payable per acre will be the limit of insurance applying on the date of the loss multiplied by the percentage of loss. However, the amount payable may not exceed the actual cash value of the portion of the crop destroyed by perils insured against.
- b. If a crop loss is also covered by other crop-hail insurance, we will pay only the proportion of the loss that our limit of insurance bears to the total amount of insurance, provided, however that no crop insurance reinsured or approved by the Federal Crop Insurance Corporation will be prorated with this policy. If a crop loss is also covered by other insurance, including but not limited to the following examples, farm property insurance or farm and ranch insurance, then we will

pay only for the excess of such loss beyond the amount due from such other insurance, whether collectible or not, and not exceeding our limits of insurance.

5. REDUCTION OF INSURANCE.

The limit of insurance applying to each acre of insured crop will be reduced:

- a. By the gross percentage of loss determined for each loss.
- b. By the same percentage as each acre of crop is harvested.

6. APPRAISAL.

If you and we fail to agree on the percentage of loss caused by one of the insured perils, the following procedure will be used:

- a. The entire crop or a representative sample of the crop, as defined in the policy, must remain intact until a determination of the percentage of loss is rendered by these procedures.
- b. One of us will demand in writing that the percentage of loss be set by appraisal.
- c. Each of us will select a competent appraiser and notify the other of the appraiser's identity within 10 days after receipt of the written demand.
- d. The two appraisers will then select a competent, impartial umpire. If within 10 days of the selection of the appraisers, the two appraisers are unable to agree upon an umpire, you or we can ask a judge of a court of record, in the state which the insured crop is grown, to select an umpire. If the court fails to act on the request within 30 days, you or we can ask the American Arbitration Association to select an umpire.
- e. The appraisers will then set the percentage of loss in accordance with provision 3.c. The appraisers' written agreement will be final and binding upon you and us.
- f. If the appraisers fail to agree within 10 days, they will submit their difference to the umpire. Written agreement signed by any two of these three will set the percentage of loss. This written report of an agreement will be final and binding upon you and us.
- g. In the event you or we fail to select an appraiser within the time allowed herein, the appraiser selected by the other party will set the percentage of loss and his written report will be final and binding upon you and us.
- h. The determination of the percentage of loss rendered by these procedures may be entered in any court of competent jurisdiction as a final judgment.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and compensation of the umpire will be paid equally by you and us.

We will not be held to have waived any of our rights by any act relating to the appraisal.

7. LIBERALIZATION.

If we adopt any revision which would broaden the coverage under this policy without additional premium, the broadened coverage will apply.

8. VARIATION IN ACREAGE IN CASE OF LOSS.

When the actual acreage of a crop differs from the number of acres stated by item in the Schedule of Insurance:

- a. A revised Schedule of Insurance per acre will be obtained by dividing the limit of insurance by the actual acreage at the location for such item.
- b. The total insurance per acre on your insured interest will not exceed the value of the crop at the time of loss.

9. ENTIRE AGREEMENT, WAIVER OR CHANGE OF POLICY PROVISIONS.

This policy, the application as accepted by us, and any endorsements issued by us and attached hereto constitute the entire agreement between you and us. A waiver or change of any provision must be in writing and approved by us. Our request for an appraisal or examination will not waive any of our rights.

10. ASSIGNMENT OF INTEREST.

You may not assign your interest in this policy without our written consent.

11. ASSIGNMENT OF INDEMNITY.

You may assign to another party your right to an indemnity for the crop year only on our form and with our approval. The assignee will have the right to submit the loss notices and forms required by the policy.

12. CONCEALMENT OR FRAUD.

We do not provide coverage for any insured who has intentionally concealed or misrepresented any material fact or circumstance relating to this insurance, either before or after a loss.

13. CANCELLATION OF POLICY.

a. *By You:*

If you cancel or reduce coverage prior to inception of the insurance period, we will refund your paid premium for the amount of insurance canceled. If you cancel or reduce coverage during the insurance period, we will not refund any premium.

b. *By Us:*

We may cancel all or any part of the insurance provided by us at any time by notifying you in writing at least 10 days before the date and hour cancellation takes effect. Notices of cancellation may be delivered or mailed to you at your mailing address shown in the declarations. Proof of mailing will be sufficient proof of notice.

If we cancel all or any part of this policy, we will return the premium paid for the amount of insurance per acre on the portion canceled.

(State law exceptions to the 10 days notice of cancellation, if any, are contained in the Special Provisions and/or state endorsements.)

14. EXCLUSIONS.

We do not cover:

- a. Loss from any peril not insured against, even though the loss may have occurred in conjunction with a peril insured against.
- b. Consequential or indirect damages, such as but not limited to diseases, insect infestation, lodging, loss of markets, etc.
- c. Loss of any portion of a crop recoverable by harvesting equipment.
- d. Loss due to your neglect or failure to harvest mature crops.
- e. Injury or damage to the vegetative or flowering portion of any plant, tree or shrub, except to the extent that the injury results in a loss to that crop.
- f. Any loss that has been contributed to by nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
- g. Any loss caused in whole or in part due to pollution or contamination caused by the discharge or escape of any pollutants or contaminants.

15. ABANDONMENT OF CROP.

We will not accept abandonment to us of any interest in any crop.

16. SUIT AGAINST US.

You cannot bring suit or action against us unless you have complied with all of the policy provisions.

If you do enter suit against us you must do so within 12 months of the occurrence causing loss or damage.

(State law exceptions to the 12-months limitation, if any, are contained in the Special Provisions and/or state endorsements.)

17. CONFORMITY TO STATUTES.

If any terms of this policy are in conflict with statutes of the state in which this policy is issued, the policy will conform to such statutes.

18. SUBROGATION. (Recovery of loss from a third party)

Because you may be able to recover all or a part of your loss from someone other than us, you must do all you can to preserve any such rights. If we pay you for your loss, your right of recovery will belong to us. If we recover more than we paid you plus our expenses, the excess will be paid to you.

19. INSPECTIONS.

We will be permitted, but not obligated, to inspect your property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon, will constitute an undertaking on your behalf or for your benefit or the benefit of others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

20. PRE-JUDGMENT INTEREST.

If you and we do not reach agreement on the amount of loss, and whether we determine the amount of loss through the appraisal process or you file suit against us, you are not entitled to pre-judgment interest.

**Crop-Hail Insurance
Kentucky
Amendatory
Endorsement 2009
NCIS 3KY**

KENTUCKY AMENDATORY ENDORSEMENT

In compliance with the insurance regulations of the State of Kentucky, the General Provisions NCIS 3 are amended as follows:

6. **APPRAISAL.** – The first sentence of Provision No. 6 of the NCIS 3 General Provisions is amended to read as follows:

If you and we fail to agree on the percentage of loss caused by one of the insured perils, the following procedure may be used, however, any agreement obtained through this process is not final and binding.

13. **CANCELLATION OF POLICY BY US.** – Provision No. 13.b. of General Provisions NCIS 3 is amended to read as follows:

We may cancel all or any part of the insurance provided by us at any time during the first 60 days the policy is initially in effect by notifying you at least 14 days before the date and hour cancellation takes effect.

We may cancel any policy which has been in effect for more than 60 days, by notifying you in writing at least 75 days before the date and hour cancellation takes effect. In the event of nonpayment of premium, we may cancel upon 14 days notice to you. We may not cancel any policy, which has been in effect for 60 days or more, except for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Discovery of fraud or material misrepresentation made by or with the knowledge of you in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c. Discovery of willful or reckless acts or omissions on the part of you that increase any hazard insured against;
- d. The occurrence of a change in the risk, that substantially increases any hazard insured against, after insurance coverage has been issued or renewed;
- e. A violation of any local fire regulation or ordinance with respect to any insured property that substantially increases any hazard insured against;
- f. We are unable to reinsure the risk covered by the policy; or
- g. A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

Cancellation notices will state the reason for cancellation. Notices of cancellation will be mailed to you at your mailing address shown in the declarations. Unless otherwise specifically required, proof of mailing of any notice will be sufficient proof of notice. If we cancel all or any part of this policy, we will return the premium paid for the amount of insurance per acre on the portion canceled.

(THIS ENDORSEMENT MUST BE ATTACHED TO ALL KENTUCKY CROP-HAIL POLICIES.)

**Optional Fire and
Lightning Coverage
on Crops Planted in
Small Grain Crop,
Stubble or Residue
2007
NCIS 457**

**CROP-HAIL INSURANCE
OPTIONAL ENDORSEMENT**

2007 - NCIS 457

**OPTIONAL FIRE AND LIGHTNING COVERAGE ON CROPS
PLANTED IN SMALL GRAIN CROP, STUBBLE OR RESIDUE**

In consideration of the additional premium charge, your Fire and Lightning coverage is extended to crops that have been planted in small grain crop, stubble or residue. This endorsement only applies to those crops for which fire and lightning coverage is provided for in the Special Provisions or State Amendatory Endorsement.

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**Crop-Hail Policy
Jacket 2010
NCIS 5**

CROP-HAIL INSURANCE POLICY

[Name of the Company]

(Signature)

(Signature)

Secretary

President

PLEASE READ YOUR CROP-HAIL INSURANCE POLICY CAREFULLY

Quick Reference

Your Crop-Hail policy is composed of four parts:

- 1) Part I - Consists of your APPLICATION OR DECLARATION PAGE for this insurance which contains the Schedule of Insurance, description and location of crops insured, and binder provisions.
- 2) Part II - The SPECIAL PROVISIONS and ENDORSEMENTS, if any, tailor the coverage to meet the needs of the crops grown within your state and to conform to the laws and regulations of the state.
- 3) Part III - The following GENERAL PROVISIONS are the same for all policies written in the United States.

Agreement to Insure

Coverage	Provision No. 1
Insurance Period.....	Provision No. 2
Duties After Loss	Provision No. 3
Loss Payment.....	Provision No. 4
Reduction of Insurance	Provision No. 5
Appraisal	Provision No. 6
Liberalization.....	Provision No. 7
Variation In Acreage in Case of Loss.....	Provision No. 8
Entire Agreement, Waiver or Change of Policy Provisions.....	Provision No. 9
Assignment of Interest.....	Provision No. 10
Assignment of Indemnity.....	Provision No. 11
Concealment or Fraud.....	Provision No. 12
Cancellation of Policy	Provision No. 13
Exclusions	Provision No. 14
Abandonment of Crop	Provision No. 15
Suit Against Us	Provision No. 16
Conformity to Statutes	Provision No. 17
Subrogation (Recovery of Loss From a Third Party).....	Provision No. 18
Inspections.....	Provision No. 19
Pre-Judgment Interest.....	Provision No. 20

- 4) Part IV - EXPLANATION OF POLICY/INSURANCE TERMS.

IMPORTANT: READ YOUR POLICY CAREFULLY. This Quick Reference is not part of the Crop-Hail Policy and does not provide coverage. Refer to the Crop-Hail Policy itself for the actual contractual provisions. This cover sheet provides only a brief outline of some of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth, in detail, the rights and obligations of both you and your insurance company. IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY CAREFULLY.

EXPLANATION OF POLICY/INSURANCE TERMS

Throughout this policy "you" and "your" refer to the "named insured" shown in the Application or Declarations, and "we", "us" and "our" refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **Direct Loss or Loss** - Only that damage to the insured crop caused by the initial impact of the insured peril.
2. **Feasible to Replant** - When the remaining growing season is considered sufficient for a crop to reach maturity.
3. **Hail** - Precipitation in the form of transparent or partially opaque balls or irregular lumps of concentric ice, and does not include sleet, snow and frozen or partly frozen rain.
4. **Harvest** - The act or process of gathering in a crop.
5. **Insured** - You.
6. **Insured Crop** - A crop described in the Schedule of Insurance which has been accepted by us for which a specific amount of insurance and premium charge has been indicated.
7. **NCIS** - National Crop Insurance Services.
8. **Occurrence** - Exposure to the peril insured against.
9. **Replant** - To reseed or transplant due to the condition of the original crop.
10. **Representative Sample** - A sample area of equal amounts of harvested and adjacent unharvested planted crop that is sufficient to provide accurate appraisals of the crop, as determined by the Company.
11. **Schedule of Insurance** - The list of crops, locations, policy forms and amounts of insurance as contained in the policy as issued by us.
12. **Unit of Insurance** - Throughout this policy the acre is the unit of insurance. This means that the limit of insurance applying to a loss on any acre may not exceed the limit per acre in the Schedule of Insurance.

This also means to the extent a crop is insured for less than its value you are self-insured. As an example of how this works, assume a crop is worth \$100 per acre and you insured it for only \$50 per acre; assume also that there has been a loss of 40% due to hail. If there is no Excess Over Loss or Deductible applying, the amount payable is 40% of \$50 per acre (or \$20 per acre), whereas the actual amount of the loss is 40% of \$100 (or \$40 per acre), and you are thus self insured for the difference of \$20 per acre.

OPTIONAL COMPANY INFORMATION

**Crop-Hail Policy
Basic Form Special
Provisions
Kentucky 2007
NCIS 616K**

SPECIAL PROVISIONS

Kentucky

1. PERILS INSURED AGAINST.

We insure for direct loss to the crops described in the Schedule of Insurance caused by:

a. *Hail*b. *Fire and Lightning*

We cover loss by fire and lightning before harvest and while crop is still in the harvester, except that fire and lightning will not apply to any crop that has been planted in small grain crop, stubble or residue.

Fire and Lightning coverage does not extend to cotton modules.

c. *Transit Coverage (Except Cotton and Tobacco)*

While the harvested crop is being transported to the first place of storage not to exceed 50 miles, this policy is extended to cover loss caused by:

- (1) Fire and Lightning
- (2) Windstorm
- (3) Collision
- (4) Overturn
- (5) Collapse of bridges, docks and culverts

However, *Transit Coverage* is excess over any other valid and collectible insurance.

FIRST PLACE OF STORAGE means any drying apparatus, drying bins or storage facility of any kind.

d. *Fire Department Service Charge*

We will pay up to \$250 for your obligation assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect the unharvested crop.

No Excess Over Loss or Deductible will apply to Fire, Lightning and Transit Coverage or Fire Department Service Charge.

e. *Wind with Hail-Tobacco only*

We cover loss of unharvested tobacco caused by wind when hail destroys 5% or more of the crop during the same occurrence.

After tobacco is cut or primed and until it is housed, we cover loss by windstorm or hail only when the loss(es) exceeds 10%. We do not cover loss resulting from mud or dirt contamination.

Wind loss will be interpreted to mean injury to the plant above ground only by the breaking off of stalks or

destruction or removal of leaves or any portion thereof by wind. We do not cover loss or damage as a result of tobacco blown down by wind or fallen over from any cause.

2. NOTICE OF LOSS. (Exception to General Provisions)

In case of probable loss to crops you must give written notice to us within 5 days after the occurrence.

3. TOBACCO.a. *Insurance Effective*

Coverage on tobacco will become effective 12:01 a.m. the 7th day after the crop has been set in the field. Coverage will continue until the tobacco is unloaded at the first place of housing.

b. *Excess Over 5% Loss – Increasing Payment*

We do not cover loss of unharvested tobacco caused by hail or wind with hail until the percent of loss per acre exceeds 5%. The percentage then payable per acre will be the percent in excess of 5%.

Once the percent of loss exceeds 85%, an additional 1% will be paid for each percent of loss in excess of 85%. The payable percentage may not exceed 100%.

c. *Loss Adjustment*

The adjustment of any loss or claim for damage will not commence prior to the eighth day after the date of the occurrence of such claimed loss; except that this provision will not apply if replanting is necessary or if the loss occurs after August 10.

At any stage of growth, coverage will apply only to marketable, commercial leaves. The individual leaf will be the unit of measurement of leaf area destroyed.

If a fractional part of one leaf is destroyed the leaf area destroyed will be the proportion that the fractional part bears to the whole of that leaf.

If adjustment is made before the tobacco is topped, adjustment will be based on an average leaf production of not less than 24 leaves on burley tobacco and not less than 14 leaves on dark-fired tobacco and not less than 20 leaves on dark air-cured tobacco.

4. COTTON.

We do not cover cotton in open bolls, or cotton bolls immature at the time of a killing frost or freeze.

5. CORN AND SORGHUM SEED PRODUCTION.

On corn grown for seed purposes, the amount of any loss will be determined in the same manner as for ordinary field corn. On sorghum crops grown for seed purposes, the amount of any loss will be determined in the same manner as for ordinary field sorghum.

6. HAY, FORAGE AND GRASS CROPS.

- a. For hay, forage or other crops harvested more than once each growing season, the limit of insurance per acre provided for each cutting or harvest will be determined by dividing the total insurance per acre by the number of cuttings or harvests.
- b. If your schedule of insurance specifies a limit of insurance per acre for each cutting or harvest, Section (a) will not apply.
- c. When hay and grass crops grown for seed are insured:

- (1) The insurance will apply only to the cutting to be harvested for seed.
- (2) Until the seed is set, a maximum of 25% of the insurance per acre stated in the Schedule of Insurance will apply.

7. CANNING BEANS, KALE, SPINACH, OR TURNIP GREENS.

Insurance per acre applying to each crop or planting of canning beans, kale, spinach, or turnip greens will be determined by dividing the total insurance per acre by the number of crops to be harvested.

8. REPLANTING DESTROYED CROPS (Except small grain crops and rice).

When any acre of crop has been damaged by hail to the extent that replanting is necessary, and replanting to the same or a substitute crop is feasible, as determined by us, under the growing conditions where such crop is grown, we will reimburse you for your actual expense of replanting whether the crop is replanted or not.

The limit of insurance will be reduced by the amount of the replanting award. Insurance remaining above the cost of replanting will, subject to the conditions of this policy, insure the replanted crop if of like kind; if not of like kind, the insurance remaining will be transferred to the substitute crop at the appropriate premium upon approval by us. No Excess Over Loss or Deductible provision will apply to any replant award.

9. EXPIRATION OF INSURANCE.

Coverage ceases at 12:01 a.m. on the following dates of the current year:

	Hall or Hall and Wind coverage:	Fire, Lightning and Transit coverage:
Cotton.....	November 15	November 15
Soybeans	November 15	November 15
Tobacco	October 15	October 15
Tree fruit.....	November 1.....	November 1
All other crops	October 15	October 15

OPTIONAL PROVISIONS

Your application and rate of premium determine whether your coverage will be amended by one of the following optional provisions.

<p>EXCESS OVER 10% LOSS – INCREASING PAYMENT PROVISION – (SYMBOL: XS10IP) (TOBACCO ONLY)</p> <p>The provision "<i>Excess Over 5% Loss-Increasing Payment</i>" is hereby deleted and the following substituted therefore:</p> <p>We do not cover loss of unharvested tobacco caused by hail or wind with hail until the percent of loss per acre exceeds 10%. The percentage then payable will be the percent in excess of such 10%. Once the percent of loss exceeds 70%, an additional 1% will be paid for each percent of loss in excess of 70%. The payable percentage may not exceed 100%.</p>
<p>EXCESS OVER 5% LOSS – DISAPPEARING AT 25% PROVISION – (SYMBOL: DXS5) (CORN, SMALL GRAIN CROPS AND SOYBEANS ONLY)</p> <p>We will not cover any loss until the percentage of loss per acre exceeds 5%. The percentage per acre then payable will be the percent in excess of 5%, multiplied by 1.25. Once the percentage of loss equals or exceeds 25% this provision will no longer apply.</p>

**Crop-Hail Policy -
Unharvested and
Harvested Tobacco
Form Special
Provisions
Kentucky 2005
NCIS 641K**

**CROP-HAIL POLICY – UNHARVESTED AND HARVESTED TOBACCO FORM 2005-NCIS 641K
SPECIAL PROVISIONS**

Kentucky

1. PERILS INSURED AGAINST. (Unharvested Tobacco)

We insure for direct loss to the crops described in the Schedule of Insurance caused by:

- a. *Hail*
- b. *Fire and Lightning*
- c. *Wind with Hail – Tobacco Only*

We cover loss of unharvested tobacco caused by wind when hail destroys 5% or more of the crop during the same occurrence.

Wind loss will be interpreted to mean injury to the plant above ground, only by the breaking off of stalks or destruction or removal of leaves or any portion thereof by wind. We do not cover loss or damage as a result of tobacco blown down by wind or fallen over from any cause.

2. EXCESS OVER 5% LOSS-INCREASING PAYMENT.

We do not cover loss of unharvested tobacco caused by hail or wind with hail until the percentage of loss per acre exceeds 5%. The percentage per acre then payable will be the percent in excess of 5%.

Once the percent of loss exceeds 85%, an additional 1% will be paid for each percent of loss in excess of 85%. The payable percentage may not exceed 100%.

3. PERILS INSURED AGAINST. (Harvested Tobacco)

After the insured tobacco is harvested we insure for direct loss caused by:

- a. *Hail*
- b. *Fire and Lightning*
- c. *Windstorm and hail*

After the tobacco is cut or primed and before it is housed we cover loss or damage caused directly by windstorm or hail only when the loss(es) exceeds 10%. The percentage per acre then payable will be the percent in excess of 10%. We do not cover loss resulting from mud or dirt contamination.

After the tobacco is housed in a fully enclosed building we cover loss or damage caused directly by windstorm and hail. We do not cover damage resulting from frost, cold weather, ice, snow or sleet, even if driven by wind. But if the roof or walls of your building are damaged by wind or hail, we cover any subsequent loss to the tobacco inside that is caused by snow, rain, sand or dust coming through the openings in the roof or walls.

- d. *Explosion*

However, we do not cover loss caused by explosion originating within steam boilers, steam pipes, steam

turbines, steam engines or flywheels, located in any building containing the property insured.

- e. *Vehicle and Aircraft*

We cover loss of your insured tobacco resulting from a collision between a vehicle or an aircraft and the insured crops or the building housing it. We also cover your insured tobacco against loss or damage caused by objects falling from an aircraft, except spray or dusting materials.

By vehicles we mean machines that run on land or tracks. Aircraft includes self-propelled missiles and spacecraft.

We do not cover loss or damage caused by a vehicle owned or operated by you or any tenant of the described premises.

- f. *Civil disturbance and Riots*

We cover loss of insured tobacco resulting from a civil disturbance or a riot (including a riot during a strike). Losses due to looting and pillaging at the time and place of a riot are also covered.

We do not cover damage to tobacco caused by a change in temperature or humidity or interruption of business resulting from civil disturbance or riots.

- g. *Transit Coverage*

While the harvested crop is being transported from the farm premises, public stripping house or curing barn to the auction market, this policy is extended to cover loss caused by:

- (1) Fire and Lightning
- (2) Windstorm
- (3) Collision
- (4) Overturn
- (5) Collapse of bridges, docks and culverts

Except, this extension of coverage will not apply while the harvested crop is being transported by common or contract carrier.

However, *Transit Coverage* is excess over any other valid and collectible insurance.

Provisions Applying to the Unharvested Tobacco

4. INSURANCE EFFECTIVE. (Exception to General Provisions)

Coverage on tobacco will become effective 12:01 a.m. the 7th day after the crop has been set in the field.

5. REPLANTING DESTROYED CROPS.

When any acre of crop has been damaged by hail to the extent that replanting is necessary, and replanting to the same or a substitute crop is feasible under the growing conditions where such crop is grown, we will reimburse you for your actual expense of replanting whether the crop is replanted or not.

The limit of insurance will be reduced by the replanting award. Insurance remaining above the cost of replanting will, subject to the conditions of this policy, insure the replanted crop if of like kind. If not of like kind, the insurance remaining will be transferred to the substitute crop at the appropriate premium upon approval by us. No Excess Over Loss or Deductible provision will apply to any replant award.

6. LOSS ADJUSTMENT.

The adjustment of any loss or claim for damage will not commence prior to the eighth day after the date of the occurrence of such claimed loss, except that this provision will not apply if replanting is necessary or if loss occurs after August 10.

In any stage of growth, coverage will apply only to marketable, commercial leaves. The individual leaf will be the unit of measurement of leaf area destroyed.

If a fractional part of one leaf is destroyed the leaf area destroyed will be the proportion that the fractional part bears to the whole of that leaf.

If adjustment is made before the tobacco is topped, adjustment will be based on an average leaf production of not less than 24 leaves on burley tobacco and not less than 14 leaves on dark-fired tobacco and not less than 20 leaves on dark air-cured tobacco.

Provisions Applying to the Harvested Tobacco

7. LOSS DEDUCTIBLE.

The sum of \$100 will be deducted from the amount of loss for each occurrence.

8. EXCLUSIONS.

We do not cover loss resulting directly or indirectly from:

- a. *Neglect*, meaning neglect of the insured to use all reasonable means to save and preserve the tobacco at and after the time of a loss or when the tobacco is endangered by a peril insured against.
- b. *Water damage*, meaning flood, surface water waves, tidal water, overflow of a body of water, whether or not driven by wind.
- c. *War*, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequences of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

Other Provisions Applying to Unharvested and Harvested Tobacco

9. FIRE DEPARTMENT SERVICE CHARGE.

We will pay up to \$250 for your obligation assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect the insured tobacco. No Excess Over Loss or Deductible will apply.

10. NOTICE OF LOSS. (Exception to General Provisions)

In case of probable loss to crops you must give written notice to us within 5 days after the occurrence.

11. EXPIRATION OF INSURANCE.

We will not cover unharvested tobacco after 12:01 a.m., October 15 of the current year. We will not cover harvested tobacco after 12:01 a.m., March 15 or the closing of the market, whichever is later, of the year following the inception date of this policy.

We will not cover harvested tobacco after it has arrived inside a sales warehouse or public stripping house for curing, stripping and storage, or has been sold or otherwise marketed or abandoned.

OPTIONAL PROVISION

Your application and rate of premium determine whether your coverage will be amended by the following optional provision.

EXCESS OVER 10% LOSS – INCREASING PAYMENT PROVISION – (SYMBOL: XS10IP)

The Provision "*Excess Over 5% Loss—Increasing Payment*" is hereby deleted and the following substituted therefore:

We do not cover loss of unharvested tobacco caused by hail or wind with hail until the percent of loss per acre exceeds 10%. The percentage per acre then payable will be the percent in excess of 10%. Once the percent of loss exceeds 70%, an additional 1% will be paid for each percent of loss in excess of 70%. The payable percentage may not exceed 100%.

About the Risk Management Agency 2009



Program
Aid 1687-02

A Risk Management Agency Fact Sheet

About the Risk Management Agency

Revised October 2009

The role of USDA's Risk Management Agency (RMA) is to help producers manage their business risks through effective, market-based risk management solutions. RMA's mission is to promote, support, and regulate sound risk management solutions to preserve and strengthen the economic stability of America's agricultural producers. As part of this mission, RMA operates and manages the Federal Crop Insurance Corporation (FCIC). RMA was created in 1996; the FCIC was founded in 1938.

RMA employs approximately 500 people in offices around the country. RMA's fiscal year 2009 administrative budget was \$77 million. Meanwhile, the size of the program has grown tremendously (see chart, p. 2). In crop year 2009, RMA managed nearly \$80 billion worth of insurance liability (see table).

RMA Administrator William J. Murphy was appointed in July 2009. He also serves as the manager of the FCIC. Located within the Office of the Administrator are the Director of External Affairs, the Director of Civil Rights and Outreach, the Director of Program Support, the Chief Information Officer, the Chief Financial Officer, and the Secretary to the FCIC Board of Directors.

The Agency has three divisions: Insurance Services, Product Management, and Risk Compliance. Insurance Services is responsible for program delivery (for example, managing contracts with the companies that sell and service policies), and local program administration and support. Product Management is responsible for overseeing product development. Risk Compliance monitors compliance with program provisions by both producers and the 16 insurance companies that sell and service policies.

RMA, through FCIC, provides crop insurance to American producers. Sixteen private-sector insurance companies sell and service the policies. RMA develops and/or approves the premium rate, administers premium and expense subsidies, approves and supports products, and reinsures the companies. In addition, RMA sponsors educational and outreach programs and seminars on the general topic of risk management.

Additional information about RMA can be found on our main Web site, including agency news, State profiles and other publications, summaries of insurance sales, information on pilot programs, downloadable crop policies, and agency-sponsored events. The site also features online tools and applications. The most popular applications are the Agent Locator, Premium Calculator, and Summary of Business.

RMA launched a new Web site, Farm Risk Plans, in 2009. The Farm Risk Plans Web site is dedicated to providing risk management information to the Nation's farmers and ranchers. The site features risk management planning, better marketing planning, new enterprise planning, and a farm planning library.

Crop Year 2009 Program Size

Number of Policies	1.17 million
Premium Volume	8.92 billion
Crop Value Insured	\$79.2 billion*
Acres Insured	264 million

†Data accurate as of October 15, 2009
*Estimate

Contact Us

USDA/RMA

Mail Stop 0801

1400 Independence Ave., SW

Washington, DC 20250-0801

Web sites: <http://www.rma.usda.gov>

<http://www.farm-risk-plans.usda.gov>

E-mail: RMA.CCO@rma.usda.gov

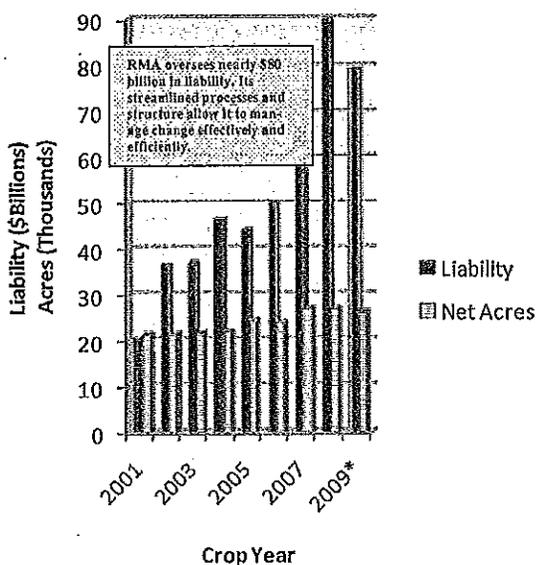
This fact sheet gives only a general overview of the Federal Crop Insurance Program and is not a complete policy. For further information and an evaluation of your risk management needs, contact a crop insurance agent.

RMA Insures:

Apples	Macadamia Trees
Apiculture	Millet
Avocados	Mint
Barley	Nursery
Citrus	Potatoes
Clams	Rangeland
Corn	Rice
Cotton	Rye
Flax	Safflower
Florida Fruit Trees	Soybeans
Forage Production	Sugar Beets
Grain Sorghum	Sugarcane
Green Peas	Sunflowers
Livestock	Wheat
Macadamia Nuts	... and more

This is a partial listing of crops and/or livestock eligible for coverage. For a more complete listing, please visit our Web site at: <http://www.rma.usda.gov/policies/2009policy.html>. To find out if your crop is insured in your county, please contact your insurance agent. To find an agent, please visit our online agent locator at: <http://www3.rma.usda.gov/tools/agents/companies/> or your local USDA Service Center.

Liability and Net Acres Insured



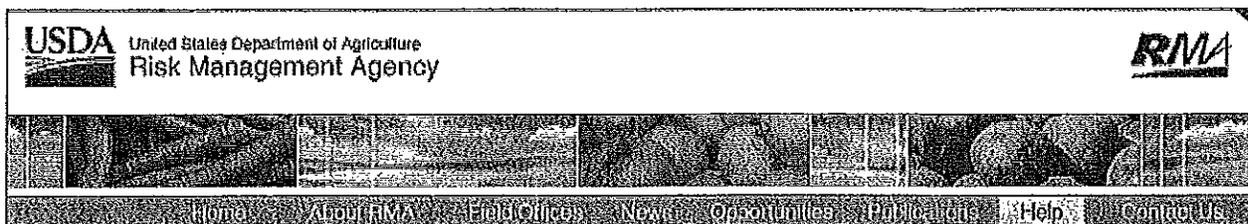
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Visit our online publications/fact sheets page at: <http://www.rma.usda.gov/pubs/rme/factsht.html>

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**USDA Crop
Insurance Basics
2008**



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- 1. Livestock Policies
- 1. Reinsurance Agreements
- 1. Tools and Calculators

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Help

Frequently Asked Questions

Crop Insurance Basics

Aug 14, 2008

Q: Do I really need crop insurance?

A: Buying a crop insurance policy is one risk management option. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to insure the best possible outcome each crop year. Crop insurance agents and other agri-business specialists in the private and public sectors can assist farmers in developing a good management plan.

Q: Does crop insurance cover crops in the event of natural disasters?

A: Producers who purchased crop insurance are covered for all natural causes of loss listed in their policies. For those without insurance, the Noninsured Crop Disaster Assistance Program (NAP), managed by USDA's [Farm Service Agency](#), provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occurs due to natural disasters.

Q: How does the Federal crop insurance program work, and how do I apply for coverage?

A: [Federal Crop Insurance Corporation \(FCIC\)](#) programs are administered by the Risk Management Agency (RMA), which underwrites crop insurance policies for hundreds of crops and livestock in the United States. Crop insurance policies are sold and serviced by [private insurance companies](#).

For information about insurance products available in your area, please contact a local [insurance agent](#) or one of the insurance companies that sell and service crop insurance policies in your state. RMA also has 10 [Regional Offices](#), in various locations across the country, that you may contact for information specific to your area. Your local [insurance agent](#) can describe the different insurance products available, and the policy rates and terms. Your agent will help you choose the best coverage for your crop based on your particular farm operation and your risk management and budgetary needs.

Q: My crop insurance company denied all or part of my claim after I experienced a loss. Can RMA help me get a payment on my claim?

A: RMA has a [Standard Reinsurance Agreement](#) with insurance providers to sell and service crop insurance policies according to Federal Crop Insurance Corporation policies and procedures. As a reinsurer, RMA does not have an appeal process available for producers. Producers may seek to resolve their disputes by exercising their rights under Section 20 or Section 25, in the crop insurance policy [Basic Provisions](#).

Q: Crop insurance seems complicated. What are some of the common mistakes

that producers make that can cost them money?

A: Here are some of the most common mistakes that could cost the producer money:

Underreporting your planted acreage per unit - Production to count for an insured crop is derived from all planted acreage for that crop per unit, whether you reported all of the acres in that unit or not. Therefore, if you underreport your acres your yield will be artificially inflated and you will receive a lower indemnity payment.

Over reporting your planted acreage per unit - If you have over reported your acres, your production to count will be derived from all planted acreage for that crop per unit. The acreage will be reduced to the correct number of acres. Your indemnity will be slightly less due to the reduction in your total guarantee (not your per acre guarantee) and you will be refunded any overpayment of premium.

Failure to report all farm Serial numbers (FSNs) planted to the insured crop - If you fail to report all of the FSNs planted to the insured crop, the unreported FSNs will not have coverage. This oversight generally seems to occur with added land, but many times occurs because the producer fails to insert the planted acreage figure under the farm number on their acreage reporting form. The indemnity payment will be reduced.

Failure to report the production for all farm serial numbers (FSNs) - If you do not report all of your FSNs, with production information, on or before the production reporting date, the production cannot be added at acreage reporting time. The unit without production will be assigned a yield based on the variable T-yield procedure discussed previously. This yield is generally lower than the grower's actual yields. The yield guarantee will be reduced and any indemnity payment will be less.

Failure to elect "New Producer" status - If you are a new producer and fail to elect New Producer status on or before the production reporting date for the insured crop, the yield on the crop will be assigned using the variable T-yield method (a percentage of the county T-yield) instead of more favorable method of using 100% of the county t-yield. The yield guarantee will be reduced and any indemnity payment will be lower.

Failure to indicate "Added Land" on your acreage report - If you fail to indicate Added Land on your acreage report for new farms, the yield will be calculated using the variable T-yield method instead of more favorable methods. The yield guarantee will be reduced and any indemnity payment will be lower.

Harvesting the crop in a manner other than insured - If you are harvesting the insured crop in a manner other than intended without informing the crop insurance carrier and have a claim, you will have a problem. For example: the producer has insured his corn as grain, but harvest the corn as silage. If there is no actual harvested grain for the adjuster to measure, the crop must be field appraised for grain content before harvested. The adjuster cannot appraise the grain content of harvested corn silage and the production to count will be assessed at the full guarantee. No indemnity will be paid.

Destroying the insured crop without the company's approval - Production for a crop that is destroyed before the claim adjustment is made will be assessed at the full production guarantee and no indemnity will be paid.

Q: Federal crop insurance isn't available for my crop in my county, but it's available in other nearby counties. Why can't I get Federal crop insurance for my crop?

A: Congress requires that RMA strive for actuarial soundness in all Federal crop insurance programs that it administers. In support of this goal, RMA has a very deliberate process for new program development. New pilot programs must be approved by the FCIC Board of Directors before they are made available to producers.

Under certain circumstances, new pilot programs must be authorized by Congress before RMA can begin program development.

Most pilot programs are expected to operate for about 3 years so that RMA may gain insurance experience and test the program components before the pilot programs are made more broadly available or are converted to permanent programs.

However, RMA is authorized, under certain circumstances on a case-by-case basis, to underwrite Multiple Peril Crop Insurance (MPCI) insurance offers when standard rates or coverage is not available. RMA can enter into a Written Agreement with the insurance provider and can underwrite an individual policy if the grower's particular crop production plan will be actuarially sound under modified rates and terms.

If you are interested in expansion of the Federal crop insurance program to your area and your crop, you should contact the Regional Office that serves your area. RMA staff will ensure that your request is given full consideration.

If the Federal crop insurance program cannot be made available in your county for your crop, RMA will advise you if an individual Written Agreement is possible or if coverage is available through the private sector.

Q: Why isn't insurance available for the same crop in every county and state?

A: Since the development of crop insurance policies depends first of all upon the demand for them, RMA does not initiate policies or expand existing programs where there are no requests. In some cases, a crop may not be grown by many, if any, farmers in a county. For example, there aren't many cultivated clams raised in Sheridan County, Nebraska, the cotton production is relatively low in Kittson County, Minnesota, and there aren't a lot of cherries grown in Jackson County, Mississippi.

In areas where an established crop policy is not available, farmers may request that their RMA Regional Office expand the program to their county the next crop year. They may also contact their local crop insurance agent to see if a written agreement is available for the current crop year.

Q: What is a crop year?

A: The crop year is designated by the year in which the planted crop is normally grown and harvested. For example, crops planted in the fall of 2004 are considered to be grown in the 2005 crop year because they are harvested in the spring or early fall of 2005. Crops planted in the spring of 2005 are also considered to be grown in the 2005 crop year because they are harvested in the fall of 2005.

RMA's Role in Crop Insurance

Q: In layman's terms, what is RMA's role in the crop insurance program?

A: Along with other congressionally mandated functions, RMA provides policies for more than 100 crops. (This number would be much higher if every insurance plan available for the crops insured in every county were counted.) RMA also conducts studies to determine the feasibility of insuring many other crops and is conducting pilot programs for some new crop policies in selected states and counties. Federal crop insurance policies typically consist of the Common Crop Insurance Policy, the specific crop provisions, and the policy endorsements and special provisions.

Last Modified: 08/14/2008

**Loss Adjustment
Manual (LAM)
Standards
Handbook - 2010
and Succeeding
Crop Years
FCIC-25010**

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Product
Administration and
Standards
Division

FCIC-26010 (02-2010)

LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK

2010 and Succeeding Crop Years

- (8) Review information from any previous inspection for the crop being inspected, including information documented on Special Reports (definition in Exhibit 1).
- (9) Verify the insured's entity and share are correct. Verify whether the entity is married and, if so, whether the spouse's SSN/EIN has been provided to the AIP as stated in PAR.'s 13 H and 14 A and D.
- (10) During a loss inspection, review documents, records, etc., that would show the correct entity, share, legal description and/or FSA FSNs, and acres. Refer to the appropriate paragraphs for more information. As stated in PAR. 58, FSA records do not have to be used for verification purposes, UNLESS information needed to complete loss adjustment can only be obtained from FSA. However, such verification at FSA is recommended as an additional verification source since AIPs must ensure that producer-certified information is accurate and that liability is established and indemnities are paid according to FCIC-issued policies and procedures and any related Agency policy or procedural interpretations.
- (11) If the actuarial classification appears to be incorrect, adverse, or unusual risk conditions exist, prepare a Special Report with details and forward to the AIP. The AIP can then request an actuarial review or prepare a Request for Actuarial Change.
- (12) During an indemnity inspection, explain what the insured's options are under the terms and conditions of the contract, but in no way provide advice or suggestions that could affect the insured's decision concerning these options; e.g., do not advise or suggest whether to carry the crop to harvest or go to another crop, etc.
- (13) DO NOT provide any advice or suggestions to the insured regarding the insured's farming operation; e.g., type and application of chemicals, herbicides, tillage, etc. If the insured solicits your advice, advise the insured to consult with an agricultural expert (refer to definition in Exhibit 1).
- (14) Advise insureds that a routine quality assurance review may be made to assure the loss adjustment was done in a fair and impartial manner, and in accordance with contract terms.
- (15) **Prior to obtaining the insured's signature (or authorized representative's signature) on the claim form: (1) Review all entries on appraisal worksheets and claim forms with the insured; (2) Explain any circumstances that may affect the indemnity; and (3) Explain the Certification Statement on the claim form and that the insured's (or authorized representative's) signature represents the insured's certification that the information on the claim form is complete and accurate. Do not sign a final replant payment or final claim for indemnity (including prevented planting payment) until satisfied with all determinations.**
- (16) Use a Claim Checklist (similar or like the one shown in Exhibit 10) when instructed by the AIP to do so.
- (17) Conflict of Interest

Refer to PAR. 7 I regarding what constitutes a conflict of interest for a loss adjuster and the loss adjuster's responsibility to disclose to the AIP and FCIC any potential conflicts of interest the adjuster may have.

18 WRITTEN AGREEMENT

Verify whether any written agreement is in effect for the crop and crop year being inspected. If there is, read the entire agreement and determine how it affects the crop being inspected; e.g., a practice that is not otherwise insurable is insurable via this agreement, etc.

19 APH FORM (PRODUCTION AND YIELD REPORT)

A Review Approved APH Yields. An APH form with the current approved APH yield must be on file in order to complete a claim. Unless subparagraph B applies, the AIP will verify the approved APH during the loss adjustment inspection, as follows:

- (1) Review the actual yields certified by the insured for reasonableness.
- (2) Perform a cursory review to determine if the APH yield was calculated accurately.
- (3) Compare the approved APH yields to the acreage report. Verify that the correct APH yields have been entered on the acreage report (by unit, Practice/Type/Variety, map area, etc.).
- (4) Conduct additional reviews and/or make corrections, as appropriate, if:
 - (a) A current approved APH yield is not on file;
 - (b) Yields certified do not appear to be reasonable; or
 - (c) The approved APH yield appears to have been calculated incorrectly. If a correct/current APH yield cannot be verified before an inspection must be made, and the insured has a *bona fide* contract and claim, the inspection may be made but the claim cannot be finalized (do not obtain the insured's signature).

B Required Mandatory Reviews Requiring APH Field Reviews. Refer to Appendix IV of the SRA for information and instructions.

20 OPTIONS AND ENDORSEMENTS

A High-Risk Land Exclusion Option

If an option is in effect, verify that:

- (1) None of the acreage designated as high risk is included with insured acreage on the acreage report. If such acreage is included as insured acreage on the acreage report, revise the acreage report to correctly reflect the insured and uninsured acreage. (It is possible that the insured may have this high-risk land insured under a separate CAT policy - see the CIH for more information), and
- (2) Harvested production from the acreage designated as high risk has been kept separate. If it has not, refer to the commingled production procedure in PAR. 126.

SECTION 11 USDA FARM PROGRAM COMPLIANCE

56 CONTROLLED SUBSTANCE VIOLATION

Under the Food Security Act of 1985, any person who is convicted under Federal or state law of planting, cultivating, growing, producing, harvesting, or storing a controlled substance in any crop year will be ineligible for USDA benefits, including crop insurance for 5 years. The 5 years begins with the crop year in which the person is convicted of a controlled substance violation.

SECTION 12 HAZARDS CONNECTED WITH PESTICIDES OR OTHER CHEMICAL SUBSTANCES

57 PESTICIDE OR OTHER CHEMICAL SUBSTANCE HAZARDS

- A General Information. Most pesticides have a period of time that must lapse after they have been applied before it is safe to enter the treated field without wearing protective clothing and equipment. Normally, this is at least the time necessary for sprays to dry and dusts to settle (8-48 hours). Material Safety Data Sheets (MSDS) contain pertinent detailed information about specific chemicals including health hazards, emergency and first-aid, and the safe re-entry period after a chemical has been applied. Some USDA field offices such as FSA and NRCS house MSDSs. Other local agencies may have these data sheets for possible use. In addition, each state has a poison control center, which normally carries a toll-free number and maintains a 24-hour consultant service in the diagnosis and treatment of human illnesses resulting from toxic substances. Check with NRCS or FSA for MSDSs or other literature pertaining to pesticide or chemical hazards.
- B Prior to Inspection. At the time the appointment is set up, ask the insured or the insured's representative if the field, orchard, or vineyard to be entered has been treated with pesticides or other chemicals. If the field, orchard, or vineyard is to be treated or has been treated within this time period, reschedule the appointment(s) and document the visit accordingly.

SECTION 13 FSA OFFICE

58 FSA INFORMATION

- A General Information. Although insured producers are not required to certify acreage to FSA, AIPs may use certain information or documents from the FSA office as one option to verify and/or determine data for loss adjustment inspections if it has not already been done by a previous inspection for the crop year.
- B FSA Responsibilities for Releasing Producer Information
- (1) FSA offices are required to ensure that anyone requesting information on another person is authorized.
 - (2) FSA will not release documents to adjusters, AIP employees, or RMA employees unless they can provide proof that they are authorized to access the producer's

- (13) Some crop provisions have a liability limitation when the crop is replanted by a practice that was uninsurable as an original planting. Specific claim preparation instructions will be found in the applicable crop handbooks.
- (14) If the crop is replanted to a different type than initially planted, the acreage report must be revised to the new type and amount of acres replanted. Replant payments will be based on the new type replanted, unless specified otherwise in the crop provisions or SPOIs.
- (15) Replanting payments will be calculated using the price election and production guarantee for the crop type that is replanted and insured, unless specified otherwise in the crop provisions or SPOIs. For example: The Small Grains Crop Provisions indicates: A replanting payment will be based on the guarantee and price election for the crop type initially planted when: (1) A damaged winter crop type is replanted to a spring crop type, and retains insurance based on the winter crop type guarantee and price election, and (2) Acreage replanted at a reduced seeding rate into a partially damaged stand of the insured crop.
- (16) When acreage being claimed for a replant payment was initially timely planted (after the earliest planting date (if applicable) and before the final planting date) and then is replanted during the late planting period, the timely-planted guarantee will apply to the replanted acreage and will be used to determine the replant payment. If the acreage being claimed for a replant payment was initially planted in the late planting period, then the initial late planting guarantee would be used to determine the replant payment.

C Self-Certification Replant Inspections

(1) General Information

- (a) If authorized by the AIP, the self-certification replant inspection can be used on the following crops provided replanted acreage will be 50 gross acres (before share) or less on a unit and the unit acreage qualifies for a replanting payment in accordance with policy/endorsement replanting provisions. **Authorized crops: barley (spring-seeded only), corn, dry beans, flax (spring-seeded only), grain sorghum, oats (spring-seeded only), popcorn, peanuts, soybeans, sugar beets, sunflower seed, and spring wheat (if replant payment allowed by crop provisions and/or effective endorsement).**
- (b) No provisions of the contract are waived. As outlined below, the Self-Certification Replant Worksheet (Exhibit 12) will be used in lieu of the on-the-farm-visit and in place of the Certification Form. The APPROVED Self-Certification Replant Worksheet constitutes the AIP's determination that all replanting payment requirements are considered to have been met.
- (c) To claim a replanting payment, the insured must give notice of damage to his/her AIP prior to obtaining consent to replant without an inspection. (The agent CANNOT give consent to replant without an inspection.) The AIP upon receiving the notice of damage will prepare the claim form as a Preliminary Notice.

- (10) **Is an irrigated practice insured on the crop unit being inspected?** If yes, record the type of irrigation equipment in place, whether equipment is functional and adequate, whether adequate irrigation water is available, and the amount of irrigation water applied and times applied to the crop, to date. If equipment or water is not adequate, explain why not. If all of the information cannot be obtained, explain why.
- (11) **Should the producer's farming operation be reviewed at a later date?** Answer yes or no, and explain why or why not.
- (12) **Remarks:** Briefly enter any other pertinent remarks; e.g., for perennial crops, whether practices necessary to protect the crop and/or move the crop toward maturity and yield upon which the guarantee is based has been carried out.
- (13) **Adjuster's Signature, Code Number, and Date.** Signature of adjuster, code number, and date of inspection.

E Documentation on Aerial Photo Copy

On the aerial photocopy, clearly identify the following:

- (1) Insured's name and contract number,
- (2) Insured's farm and the field(s) inspected,
- (3) Area in the field where the appraisals were taken,
- (4) Any problem areas within the field(s), and
- (5) Any field(s) of the same crop that border (a neighbor's field and the condition of that neighbor's field).

F GSI Report Package and Distribution

Attach together completed aerial-photo documentation, GSI Report, appraisal worksheet, GSI Form, and photo and/or video documentation. Distribute originals to the office designated by the AIP to maintain insureds' files of original documents and as otherwise instructed by the AIP.

72 PRE-HARVEST INSPECTION

A General Information

Pre-harvest inspections are done as a quality assurance/control function to deter insureds from shifting or hiding production in order to create losses or create larger losses. It also serves to discover producers who are attempting to do this. By appraising all fields prior to harvest, the appraised production can be compared against the harvested production. If there are large discrepancies, it may be possible to use the appraisals to establish misrepresentation or as a key that further investigation is needed to establish the misrepresentation.

C Deferred Appraisals

Deferred appraisals are appraisals that are deferred to a later date in order to assess crop recovery and/or obtain more accurate appraisals.

- (1) Appraisals must be deferred when:
 - (a) Hail damage or damage from blowing sand has occurred on **IMMATURE** crops. Defer appraisals 7-10 days from the date damage occurred, unless specified otherwise by agricultural experts in the area for the crop or as otherwise specified in the individual crop handbook. If agricultural experts in the area specify less days are needed to determine damage to the particular crop, written documentation of this must be retained in the insured's loss file; i.e., name of agricultural expert, date, written statement from the agricultural expert specifying the number of days to defer appraisal, etc. Refer to Exhibit 1 for definition of agricultural expert.
 - (b) Frost/freeze damage has occurred on immature crop. Defer appraisals at least 7-10 days from the date of frost/freeze, unless specified otherwise by agricultural experts in the area for the crop or as otherwise specified in the individual crop handbook. If agricultural experts in the area specify less days are needed to determine damage to the particular crop, written documentation of this must be retained in the insured's loss file; i.e., name of agricultural expert, date, written statement from the agricultural expert specifying the number of days to defer appraisal, etc. Refer to Exhibit 1 for definition of agricultural expert.
 - (c) A crop is in dormancy. Defer appraisal until at least the time the crop is out of dormancy. Refer to (3) below.
 - (d) For spring-seeded crops where insufficient soil moisture has affected seed emergence and the insured requests acreage to go to another use, appraisals must be deferred until at least 8 days after the late planting period (15 days after the final planting date if no late planting period applies.) None of the acreage in the field(s) can be released until the appraisals are completed. The seed must have been planted at least 15 days prior to release for a final indemnity. Use the stand reduction appraisal method.
- (2) Defer appraisals anytime a more accurate appraisal can be made at a later date due to type of damage or circumstances; e.g., extent of damage or recovery of crop after flooding, pollination problems, freeze, etc. Refer to (3) below.
- (3) Utilize agricultural experts for the crop for the length of time appraisals should be deferred for the particular crop and situation. Include a copy of these recommendations with the paperwork pertaining to the inspection to support the AIP's actions. Refer to Exhibit 1 for the definition of agricultural expert.
- (4) Unless specified elsewhere (as in (1) (d) above), the deferred appraisal may be made from RSAs (as specified in PAR. 88) when (a) or (b) below are applicable and provided the insured agrees to leave and maintain the representative sample areas as described in PAR. 88.

- (5) Illustrations such as sketch maps, bin locations, etc., should be used whenever they will promote a better understanding of the report.
- (6) Documentation should be reviewed with the next level of supervision at the time the formal report is submitted.
- (7) Do not make recommendations.

B Report Arrangement. There are many acceptable arrangements for reports as indicated below:

- (1) The title and the report should be short and descriptive.
- (2) If the report is lengthy or detailed, a table of contents should list the location of major sections and subsections.
- (3) The report should have an introduction that tells why the report was written.
- (4) The body should clearly explain the facts or findings presented in the introduction.
- (5) The summary is the most important element of the report since many people read only this section thoroughly. State the problem simply, along with any significant findings. Remember, keep the summary brief to maximize its impact. Ideas should be presented in short paragraphs or numbered sentences. State your conclusions without elaboration.

119 POINTS TO REMEMBER WHILE DEALING WITH PROBLEM CASES

When dealing with any problem case, adjusters should NEVER WORK ALONE. As instructed by your AIP, a supervisor, another adjuster, or other AIP representative may ACCOMPANY you on any field or farm inspection involving a problem case.

A Potential Use of Information

Although the potential use of information for legal action cannot be denied, do not voluntarily discuss any possible legal action, as it will discourage a candid discussion. If the insured is prepared to make a statement, it should be submitted in the insured's own handwriting, if possible, and signed and dated by the insured. Do not assist the insured with the contents or wording of the statement. It does not have to be grammatically correct.

If you prepare a statement, have the insured dictate it word for word to you. The insured should read it and agree to its contents by signing and dating the statement. If a minor error is made in the body, it should be corrected and then initialed by the insured. This is very strong evidence that the statement was read and understood. It is also helpful if the statement explains its purpose, but not in a manner to exclude other uses the statement may have.

B Use of Photography or Videoring

- (1) It is often helpful on a farm review to have a camera available. Certain conditions detected during reviews may be substantiated and documented very clearly in color photographs. Use of color photographs in reports is encouraged. (In some cases the use of video filming can be even more precise and advantageous for

documentation purposes.) Photographs or video filming of neighboring fields of the same crop, type, variety, grown on same soil type, etc. should be used as comparison. Their use can:

- (a) Reduce the volume of writing necessary to explain certain situations.
 - (b) Substantiate crop conditions, field or stubble conditions, and hidden production.
 - (c) Reduce very complex situations to easily understood images.
 - (d) Increase comprehension of the report.
- (2) Take photographs or video in a straightforward, open manner to avoid giving the appearance of being secretive or suspicious. There may be occasions when resentment or disapproval of the use of photographs or videos is expressed. In such cases, contact your next level of supervision for a decision on whether to proceed with the photographs or videos.
- (3) Document photographs and video using a log to show the following pertinent information (also narrate on videotape): Date taken, where taken (legal description, etc.) and by whom, the subject matter depicted, direction of view, contract and unit number, etc. The log should be initiated at the time the photograph or video are taken, and the photo, and the photo number should correspond with the print number. PHOTOGRAPHS AND VIDEOS SHOULD ALWAYS DEPICT A REFERENCE of the nearest identifiable intersection (document estimated distance to subject field), an integrity picture of the entire field or concerned area, and then close-up photographs (video) identifying the condition. Reference and integrity photographs should always include permanent landmarks when possible. If any individual appears in photographs, identify each individual. Make every attempt to include the insured (or representative in the photograph, in the field.

C Insured Deception or Misrepresentation. On occasion, an insured will attempt to misinform the AIP with respect to insurability or losses. The purpose of the misinformation is usually to qualify for or enhance an indemnity payment; however, there have been situations in which the insured deceives the AIP in order to be consistent with an erroneous position taken with another agency. A search must be made to discover the facts upon which the AIP should act.

D Evidence Admissible and Not Admissible. An AIP employee or a loss adjustment contractor (adjuster) is NOT a law enforcement agent. In the ordinary course of duty, a statement or fact obtained by an AIP employee or adjuster may be admissible in a court of law. The same statement or fact obtained by law enforcement officials may be admissible only if prescribed procedures are followed. This distinction is based on the purpose of the inquiry. As long as reviews are conducted for the sole purpose of obtaining information necessary for the contractual operation of the insurance program, the information obtained is not considered an illegal search or seizure.

E Purpose of Farm Visit. In actuality, questionable claims may be investigated when there is some indication that legal action may occur. This is still a legitimate function as long as the information is intended for AIP use. Consideration must not be given as to the eventual evidentiary value of the information. If it is discovered upon cross examination that a particular farm visit was for the purpose of obtaining evidence for criminal or civil

production exceeds the unit guarantee, ALL OF THE FOLLOWING INSTRUCTIONS MAY BE DISREGARDED.

C Other Fire Insurance but Hail and Fire Excluded

If there is other fire insurance and hail and fire coverage has been excluded from the MPCl policy, follow the instructions given in PAR. 22.

D Other Fire Insurance and MPCl Fire Coverage (Double-Fire Coverage)

If the insured has other fire insurance and MPCl fire coverage:

- (1) The AIP will be liable only for loss due to fire for the smaller of, the amount:
 - (a) of indemnity computed, or
 - (b) by which the loss from fire exceeds the indemnity paid or payable under the other insurance. The amount of loss from fire is the difference between the fair market value of the production of the insured crop on the unit involved BEFORE AND AFTER the fire.
- (2) Prepare documentation on a Special Report in the following manner:
 - (a) Name and address of other insurance company and the name of their adjuster.
 - (b) The other insurance policy number.
 - (c) The applicant's issue date and the termination date of the other policy.
 - (d) Whether the loss was total or partial (all or part of the unit).
 - (e) Divide the determined acreage for the unit by the total acreage for all units involved and round the resulting factor to three decimal places.
 - 1 Multiply the amount of fire coverage by this factor.
 - 2 The result thus obtained will be used as the amount of fire coverage applicable to the unit.
 - (f) The amount of indemnity paid or payable to the insured by the other insurer with respect to:
 - 1 the entire loss, and
 - 2 that part of the loss applicable to the unit in question.
 - (g) The quantity of the crop (expressed in bushels, tons, pounds, etc.) from the unit damaged or destroyed by fire. Include:
 - 1 The fair market VALUE per unit of measure (e.g., pounds, bushel, etc.) AND the total value on the date of the fire BEFORE fire damage.

- (7) Production from the landlord's and tenant's share of the crop unit that is stored in the same structure is not considered commingled production. Refer to PAR. 84 C.

127 UNREPORTED UNITS

A General Instructions

- (1) If the insured fails to report all units (acreage that could have been established as a separate unit), the insured's share of production from the acreage in the unreported unit will be allocated to the acreage in the REPORTED unit(s) in proportion to the liability (do not include share) on the insured acreage on each reported unit.
- (2) If an insured reports zero acres for a unit and it is determined that there are insurable acres, it will be considered to be an unreported unit. If an insured reports uninsured acreage on the acreage report that is determined to have been a unit of insurable acreage, the unreported unit procedure will apply.
- (3) No production from unreported units will be allocated to prevented planting acreage or otherwise affect any prevented planting payment. The calculation examples in subparagraph D below show how the production is proportioned to the liability. No premium will be charged for the acreage on the unreported unit(s).
- (4) Production from the unreported unit(s) is allocated to reported units of the same crop in the SAME county, unless the "county" definition in the policy/endorsement or a Written Agreement specifies otherwise.
- (5) Production from the unreported unit(s) can only be established from harvested and/or appraised production. If no production has been harvested and/or appraised from an unreported insurable unit and this unit is destroyed prior to the adjuster's knowledge of its existence, potential production cannot be assessed for this unreported unit. At the time an unreported unit is discovered, appraise unreported unit acreage any time it is suspected or known that the crop will not be harvested or production will be harvested and stored in such a manner that such production cannot be established at a later date.

B Inform the Insured

Advise the insured that production from the unreported unit WILL NOT be counted for APH purposes for the reported unit even though it will be apportioned to it; however, the unreported unit production will be counted for APH purposes for the unreported unit.

- C When Claim Can Be Finalized. Claims CANNOT be finalized until the production (preferably harvested rather than appraised) from unreported units is established for allocation.

EXHIBIT 1

DEFINITIONS

Abandonment	Refer to PAR. 79.
Acceptable Determined Acres.	Refer to PAR. 80.
Acreage Report (A/R) or Raisin Tonnage Report	An insurance document required by the Basic Provisions to be submitted by the policyholder used to establish the premium, and amount of coverage for the crop(s) insured by reporting the number of all acres (insurable and not insurable of the insured crop in the county in which the insured has a share), share percentage, location, practice, type, planting date, (if applicable), and any other information required for the crop.
Acreage Reporting Date	The date by which insureds are required to submit acreage reports. The acreage report must be filed not later than the date contained in the SPOIs for the insured crop, or as provided in the section entitled "Report of Acreage" contained in the Basic Provisions.
Actual Production History (APH)	An individual crop insurance yield program in which the producer furnishes or certifies acreage and production records to qualify for a production guarantee calculated from a base period. A transitional or FCIC determined yield is used if production records are not available.
Actual Yield	The yield per acre for a crop year calculated from the producer's production records and/or claims for indemnities. The actual yield is determined by dividing total production (including harvested and appraised potential production) by planted insurable acres for annual crops, and by insurable acres for perennial crops (unless production from uninsurable acreage is commingled with production from insurable acreage).
Actuarial	The statistical computation of probable risks and rates according to recorded facts. Includes all related documents.
Actuarial Documents	The material for the crop year which is available for public inspection in the agent's office, and published on RMA's website at http://www.rma.usda.gov/ or a successor website, and which shows available coverage levels, information needed to determine amounts of insurance, premium rates, premium adjustment percentages, practices, particular types or varieties of the insurable crop, insurable acreage, and other related information regarding crop insurance in the county.
Additional Coverage	A level of coverage greater than catastrophic risk protection.
Additional Price Election	The price per unit of production (or other basis as determined by FCIC) set and announced by RMA not less than 15 days prior to the sales closing date for the crop. RMA bases this price on additional data or information that has become available after the initial price election release, which allows for a more accurate price projection.

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Adjuster	A person under contract with or employed by the AIP and who is authorized to perform loss adjustment and related activities. The adjuster verifies information affecting the coverage and makes factual determinations regarding the existence or amount of loss under an eligible crop insurance contract. Also known as Loss Adjustment Contractor, Loss Adjuster, or Claims Adjuster.
Administrative Fee	A fee the policyholder must pay each crop year on a per-crop and county basis for catastrophic risk protection and additional coverage, as specified in the Basic Provisions and the Catastrophic Risk Protection Endorsement.
Agent	The individual licensed by the State in which an eligible crop insurance contract is sold and serviced for the reinsurance year, and who is under contract with the AIP, or its designee, to sell and service such eligible crop insurance contracts.
Agricultural Commodity	Any crop or other commodity produced, regardless of whether or not it is insurable.
Agricultural Experts	Persons who are employed by the Cooperative State Research, Education and Extension Service, or the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation are related to the specific crop or practice for which such expertise is sought.
AIP (Approved Insurance Provider)	A legal entity, including the Company, which has entered into a Standard Reinsurance Agreement with FCIC for the applicable reinsurance year.
AIP Inspection	An inspection initiated by the AIP. These inspections may be initiated where misrepresentation is suspected or where routine spot checks are being performed.
Annual Crop	An agricultural commodity that normally must be planted each year.
Another Use, notice of	The written notice required when the insured wishes to put acreage to another use (refer to definition of other use).
Agreement in Writing	An agreement between two or more parties as would be permitted by the Crop Provisions or SPOs. For example, the Coarse Grains Crop Provisions provide that via an agreement between a tenant and landlord, the party who incurs the entire cost of the replant can receive a replanting payment based on the total share insured by the AIP. Written Agreements are different from agreements in writing. Refer to Written Agreement definition.
Application	The form used to apply for multiple peril crop insurance coverage in a specific state and county which identifies the applicant, entity of applicant, crop, endorsements (options) to the crop provisions, types, coverage levels, and price elections selected by the applicant. This form must be completed and filed in the agent's office not later than the sales closing date of the

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DEFINITIONS

Application (Continued)	initial insurance year for each crop for which insurance coverage is requested. The AIP must accept the application before insurance coverage will commence.
Appraised Production	Production from unharvested acreage determined by the AIP that reflects potential production for the crop at the time of appraisal. (Appraised production can also be production assessed (harvested or unharvested acreage) for uninsured causes, destroying or putting acreage to another use without consent, abandoned acreage, or the insured's failure to provide records of production that are acceptable.) Appraisals made for Appraised production LOST due to uninsurable causes are not allowed for APH production records.
Appraisal Worksheet	A form used by an adjuster to enter appraisal information such as plant counts, tillers, sample weights, etc., to compute appraisals on unharvested or damaged crop acreage.
Approved Yield	The actual production history (APH) yield, calculated and approved by the verifier, used to determine the production guarantee by summing the yearly actual, assigned, adjusted or unadjusted transitional yields and dividing the sum by the number of yields contained in the database, which will always contain at least four yields. The database may contain up to 10 consecutive crop years of actual or assigned yields. The approved yield may have yield adjustments elected under applicable policy provisions, yield revisions/reductions, or other limitations according to FCIC-issued procedures applied when calculating the approved yield.
Area	Land surrounding the insured acreage with geographic characteristics, topography, soil types and climatic conditions similar to the insured acreage.
Area Yield Plan	Refer to GRP.
Assignment of Indemnity	A transfer of policy rights, made on the AIP's form, and effective when approved by the AIP. It is the arrangement whereby the insured assigns his/her right to an indemnity payment to any party of the insured's choice for the crop year.
Assuming Agent	An AIP agent who assumes the contracts that were previously serviced by another AIP.
Assuming Company	An AIP that assumes the contracts that were previously serviced by another AIP.
Authorized Representative	A party that is authorized by the applicant/insured via a properly executed Power of Attorney to represent and sign crop insurance documents for the applicant/insured.

EXHIBIT 1

DEFINITIONS

Basic Provisions	The multiple peril crop insurance policy (Common Crop Insurance Policy) that provides basic policy provisions common to all crops. Crop provisions that are specific to the crop are found in the crop provisions or crop endorsements.
Basic Units	Refer to PAR. 55
Beneficiary	The entity determined by the AIP to receive indemnity payments, in the event of the death of the original policyholder.
Block	Trees, vines, or bushes in an orchard, vineyard, or bog of a single or mixed age and density, separated by applicable practice, type, variety, different T-Yield Map Areas, or other characteristics shown in the actuarial documents (e.g., early, mid, late peaches).
Buffer Zone	A parcel of land, as designated in the insured's organic plan, that separates agricultural commodities grown under organic practices from agricultural commodities grown under non-organic practices, and used to minimize the possibility of unintended contact by prohibited substances or organisms.
Bypassed Acreage	Refer to PAR. 89.
Cancellation Date	The calendar date specified in the Crop Provisions on which coverage for the crop will automatically renew unless canceled in writing by either the insured or the AIP, or terminated in accordance with the policy terms.
Carryover Insured	An entity that was insured the previous crop year without respect to the carrier or agent and is determined on crop policy (by county) basis. If the insured had an MPCI, Income Protection, Crop Revenue Coverage, Group Risk Protection, Group Risk Income Protection, Revenue Assurance, Adjusted Gross Revenue, AGR-Lite, or other policies or other plans of insurance approved by FCIC, and then switches from one plan to another plan, the insured is still considered a carryover insured.
CAT	Acronym for Catastrophic Risk Protection. It is the minimum level of Federal crop insurance coverage a producer can obtain.
Catastrophic Risk Protection (CAT)	 The minimum level of coverage offered by FCIC.
Ceding Agent	An AIP agent who cedes or transfers a contract (that the agent previously serviced) to another AIP agent.
Ceding Company	The AIP that cedes or transfers a contract (that the AIP previously serviced) to another company.
Certification Form	Refer to PAR. 66.

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DEFINITIONS

Certified Organic Acreage	Acreage in the certified organic farming operation that has been certified by a certifying agent as conforming to organic standards in accordance with 7 CFR part 205.
Certifying Agent	A private or governmental entity accredited by the USDA Secretary of Agriculture for the purpose of certifying a production, processing or handling operation as organic.
Cherry Pick	To harvest or remove a portion of the crop from the crop acreage by selecting the best or most desirable fruit production including quality by either hand or mechanical harvesting while leaving less desirable fruit unharvested on the crop acreage.
Circumference	The distance around the outer boundary of a circular structure, such as a grain bin.
Claim	See Claim for Indemnity.
Claim Form	An insurance document used to record appraisals of potential or assessed production, unharvested and harvested production to count, guarantees, and acres by practice and type from which an indemnity will be computed.
Claim for Indemnity	Loss and contract information documented on a claim form for the insured due to damage or loss to an insured crop unit and required by the Basic Provisions to be submitted to the AIP no later than 60 days after the end of the insurance period.
Claims Adjuster	Refer to Adjuster.
Claims Supervisor	Any person having immediate or day-to-day supervisory control, management or oversight authority of the activities of adjusters or other persons who determine whether an indemnity will be paid and the amount thereof.
Classified Land (Insurable Land)	Land on which both a coverage and rate have been established in the County Actuarial Documents, making crops showed on the table that are grown on the land eligible for insurance.
Code of Federal Regulations (CFR)	The codification of general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. Rules published in the Federal Register by FCIC are contained in 7 CFR chapter IV. The full text of the CFR is available in electronic format at http://www.access.gpo.gov/ or a successor website.
Collateral Assignment	Refer to Assignment of Indemnity.
Commingled Production	Refer to PAR. 126.

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DEFINITIONS

Companion Contracts	Crop insurance contracts of individuals having a share in the same crop/crop units for the crop year.
Common Land Unit (CLU)	The smallest unit of land that has: a permanent, contiguous boundary; common land cover and land management; common owner and common producer association.
Company Conical Pile	As used in the context of this handbook, Company refers to AIPs. A quantity of crop whose base is a circle and whose sides taper evenly up to a point.
Consent	Approval in writing by the AIP allowing the insured to take a specific action; e.g., putting a damaged crop to another use.
Continuous Coverage	Insurance coverage not canceled or terminated for a crop year. Transfer of coverage to a different AIP is still continuous coverage.
Continuous Rating	A rate presentation method that allows a rate to be calculated for each unit of measure of a crop or for any producer's APH yield.
Continuous Production Report	Production reports submitted by a producer for each consecutive APH crop year (within the base period) and must include the most recent APH crop year in the base period.
Contained Water	Refer to paragraph 121.
Contract	Refer to Insurance Contract or Policy.
Contract Changes	The form used to make changes to or cancel an existing crop insurance contract.
Contract Change Date	The calendar date by which changes to the policy, if any, will be made available in accordance with the applicable section in the Basic Provisions.
Contract File	Refer to Policyholder File.
Contract Number	A number assigned by the AIP to identify insureds' specific contracts. Also known as policy number.
Contract Provisions	All the provisions that make up the contract. See insurance contract.
Controlled Substance Violation	Refer to PAR. 56.
Conventional Farming Practice	A system or process for producing an agricultural commodity, excluding organic farming practices, that are necessary to produce the crop that may be, but is not required to be, generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.

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DEFINITIONS

Conveyance	Anything in which agricultural commodities are transported. This may include combine hoppers, commodity bins, grain carts, grain wagons, farm truck, semi trailer, railcar, or barge. The term "transported" does not include all forms of grain movement; e.g., the following are not conveyances, grain augers, grain dryers, elevator legs, or picking lines.
County (Parish in Louisiana)	The county, parish, or other political subdivision of a state listed in the actuarial documents and designated on the accepted application, (county includes acreage in a field that extends into an adjoining county or state if the county or state boundary is not readily discernible).
County Crop Program	The offering of insurance coverage by FCIC on a crop in a specified county or parish as approved by FCIC's Board of Directors.
Cover crop	A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement. A cover crop may be considered to be a second crop (refer to the definition of "second crop").
Coverage (Guarantee)	The amount of insurance protection against insured loss of production or value, by unit as shown on the insured's summary of coverage.
Coverage Begins Date	The calendar date insurance begins on the insured crop, as contained in the Crop Provisions (SPOIs, if applicable), or the date planting begins on the unit.
Crop Endorsement	An adjunct to the General Crop Insurance Policy or Basic Provisions that contains crop-specific provisions.
Crop Handbooks	The FCIC-issued crop-specific procedures that must be used to perform loss adjustment. They contain appraisal methods, forms completions instructions, and any other loss adjustment instructions specific to the crop.
Crop Loss Adjustment Standards (CLAS)	The required crop-specific instructions and methods (standards) that must be utilized during loss adjustment. The AIP must comply with these standards when performing loss adjustment.
Crop of Economic Significance	A crop or a type or variety of a crop (if the applicable policy allows the option to separately insure individual crop types or varieties) that has either contributed in the previous crop year, or is expected to contribute in the current crop year, 10 percent (10%) or more of the total expected value of the producer's share of all crops grown in the county. However, a crop will not be considered a crop of economic significance if the expected liability under the CAT Endorsement is equal to or less than the administrative fee required for the crop (\$100 per crop per county).

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Crop Provisions	An adjunct to the Basic Provisions that contains crop-specific provisions (appraisal of production, production to count, indemnity calculations, definitions, etc.)
Crop Year	The period within which the insured crop is normally grown, regardless of whether or not it is actually grown, and designated by the calendar year in which the insured crop is normally harvested, unless otherwise specified in the crop provisions.
Damage	Injury, deterioration, or loss of production of the insured crop due to insured and/or uninsured causes.
Deductible	The amount determined by subtracting the coverage level percentage the insured chooses from 100 percent. For example, if the insured elected a 65 percent coverage level, the insured's deductible would be 35 percent (100% - 65% = 35%).
Delayed Claim	A claim for indemnity form signed by the insured later than the time required in the applicable policy.
Delayed Notice	A notice of damage or loss filed by the insured after the time required in the policy.
Destroyed Without Consent	A determination made by an adjuster that an insured has altered the condition of a crop (without permission) so that an accurate appraisal cannot be made.
Diameter	A straight line measurement passing through the center of a circle. Normally an inside measurement when measuring the volume of a round storage structure.
Digitizer	A measuring tool that computes areas and lengths by tracing an area and directly entering the results into a computer. Some digitizers have small internal computers. It is used to obtain acreage measurements.
Disinterested third party	A person that does not have any familial relationship (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to have a familial relationship) with you or who will not benefit financially from the sale of the insured crop. Persons who are authorized to conduct quality analysis in accordance with the crop provisions are considered disinterested third parties unless there is a familial relationship. When making quality determinations, persons employed by USWA licensed warehouses and warehouses holding a storage agreement with CCC shall be considered disinterested third parties.

For crops having quality provisions in the SPOIs, the SPOIs state:

In addition to the definition of "Disinterested third party," a person or business who does not routinely purchase production for resale or for feed

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Disinterested third party (Continued)	will not be considered a disinterested third party if the RIVs applied by the buyer are not reflective of the RIVs in the local market.
Double Crop	Producing two or more crops for harvest on the same acreage in the same crop year.
Earliest Planting Date	The initial planting date contained in the SPOIs, which is the earliest date the insured may plant an insured agricultural commodity and qualify for a replanting payment if such payments are authorized by the Crop Provisions.
Eligible crop insurance contract	An insurance contract for an agricultural commodity authorized by the Act with terms and conditions in effect as of the applicable contract change date, that is sold and serviced consistent with the Act, FCIC regulations, the procedures and the Standard Reinsurance Agreement, having a sales closing date within the reinsurance year, and with an eligible producer.
Eligible producer	A person who has an insurable interest in an agricultural commodity, who has not been determined ineligible to participate in the Federal crop insurance program, and who possesses a United States issued social security number or employer identification number.
Employee	A person who works for FCIC or AIP in return for wages or salary.
End of Insurance Period	The date upon which the insured's crop insurance coverage ceases for the crop year.
Enterprise Unit	Refer to PAR. 55 I for the definitions for crops insured under the Common Crop Insurance Policy Basic Provisions, Crop Revenue Coverage Basic Provisions, and Revenue Assurance Basic Provisions
Established Price	The price per unit of production issued by RMA by each crop's filing date. Also, known as Price Election.
Familial relationship	Means the same as relative. (Refer to definition of relative).
Farm Serial Number (FSN)	A number assigned to the farm by the local FSA office. Also known as FSN.

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DEFINITIONS

Farming Organization	One or more individuals who participate in establishing a yield history; corporations, partnerships, and family operations are included under this title.
FCIC	An acronym for Federal Crop Insurance Corporation. A wholly owned government corporation under the control of the USDA and administered by the Risk Management Agency.
FCIC-issued Policy Provisions	Multiple Peril Crop Insurance (MPCI) policy provisions, (including endorsements and amendments) published in the Federal regulations or approved by the FCIC Board of Directors for pilot programs and that the AIP uses to print the policy provisions provided to the insured for which the AIP services.
Field	All acreage of tillable land within a natural or artificial boundary (e.g., roads, waterways, fences, etc.). Different planting patterns or planting different crops do not create separate fields. A field may be identified by a FSA FSN and field/or CLU number.
Final Acreage Reporting Date (ARD)	For each insured crop in the county on or before the ARD contained in the SPOIs for the insured crop except as follows: (1) if multiple crops are insured (by the same AIP) that have final planting dates on or after August 15 but before December 31, the acreage report must be submitted for all such crops on or before the latest applicable ARD for such crops; (2) if multiple crops are insured (by the same AIP) that have final planting dates on or after December 31 but before August 15, the acreage report must be submitted for all such crops on or before the latest applicable ARD for such crops; (3) If the SPOIs designate separate planting periods for a crop, the acreage report for each planting period must be submitted on or before the ARD contained in the SPOIs for the planting period; and (4) If planting of the insured crop continues after the final planting date or is prevented from planting during the late planting period, the ARD will be the later of: (a) the ARD contained in the SPOIs or applicable date described in (1) or (2) above if there are multiple insured crops insured by the same AIP; or (b) Five days after the end of the late planting period for the insured crop, if applicable. (See Late-Filed Acreage Reports for acreage reports filed after this date.)
Final Claim	A claim form developed by the AIP that meets the FCIC-issued form standards submitted (signed) by the insured after a final inspection has been completed and after all the necessary information to make an applicable indemnity payment, replant payment, or a prevented planting payment has been recorded on the claim form.
Final Inspection	An inspection that requires all of the necessary verifications and determinations of production (if applicable for the type of inspection), acreage, practice, etc., to have been made on a unit prior to processing an indemnity payment, replant payment, or prevented planting payment.

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Final Planting Date	The date contained in the SPOIs for the insured crop by which the crop must initially be planted in order to be insured for the full production guarantee or amount of insurance per acre. (Crops initially planted after this date are not insurable unless the crop provisions provide for coverage that extends beyond the planting date. Also, refer to definitions for Timely Planted and Late Planting Period.)
First Insured Crop	With respect to a single crop year and any specific crop acreage, the first instance that an agricultural commodity is planted for harvest or prevented from being planted and is insured under the authority of the Act. For example, if winter wheat that is not insured is planted on acreage that is later planted to soybeans that are insured, the first insured crop would be soybeans. If the winter wheat were insured, it would be the first insured crop.
Flood Irrigation	A method of irrigation other than sprinkler (traveling gun, center pivot, or other recognized forms of sprinkler systems) or furrow irrigation in which the cropland (wider than a furrow) between raised borders, embankments, or dikes of soil is inundated with controlled amounts of water.
Food Security Act	A law passed by Congress in 1985 that included provisions to discourage the planting of agricultural commodities on converted wetlands or land of predominately highly erodible soils.
FSA	Acronym for Farm Service Agency, an agency of the USDA, or successor agency.
FSA Farm Serial Number	Refer to Farm Serial Number.
Furrow Irrigation	A type of irrigation carried out by use of gravity water flow at the soil surface that is contained within furrows between planted rows. (Rows must be far enough apart to allow water furrows). The land must be formed to allow uniform distribution of water to the entire irrigated acreage without undue impoundment (ponding).
Generally Recognized	When agricultural experts or the organic agricultural industry, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the crop to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance.
Gleaner	A person who harvests for free distribution to the needy, or for donation to a nonprofit organization for ultimate distribution to the needy, an agricultural crop that has been donated by the crop owner(s).
Good Farming Practice	The production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late planted acreage, which are: (1) for conventional or

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Good Farming Practice (Continued)	sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by the organic agricultural industry for the area or contained in the organic plan. The AIP may determine whether or not production methods are considered to be good farming practices, or the AIP or the insured may request the AIP to contact FCIC to determine whether or not production methods will be considered to be "good farming practices."
Gross Production	For delivered production, the net delivered production of the commodity (removing truck weight and other weights which are considered tare from the gross scale weight) prior to adjustments for dockage, test weight, moisture content, poor quality, FM, etc. For farm-stored production, the amount of production in the storage structure, prior to adjustments for dockage, test weight, moisture content, poor quality, FM, etc. For APH purposes, gross production is adjusted the same as adjusted on the claim form, provided there are acceptable records for these adjustments.
Group Risk Plan (GRP)	A plan of insurance offered for certain crops in specific counties and states that compare an expected county average yield to the county yield for the insured year. A form of insurance coverage that provides protection against loss of crop production that affects an area rather than individual producers.
Guarantee (unit)	The guarantee for the unit expressed in the unit of measure for the crop (e.g., bushels, pounds, hundredweight, dollars, etc.) calculated by multiplying the total insured acres on the unit by the guarantee per acre times the insured's share.
Harvest	To combine, thresh, cut, pick, dig, or otherwise remove the crop from the crop acreage. Refer to crop policy/endorsement/crop provisions for specific harvest definition for the crop.
Headed	When the plant's head has emerged from the leaf sheath and is visible to the naked eye.
Heading	At least 50 percent of the crop has headed.
High-Risk Land	Land that has a loss frequency and severity potential that cannot be rated adequately on the standard rate table, such as a flood plain, high sand content soil, high aluminum toxicity soil, high sodium content soil, high alkali soil, peat soil, soil with high or low pH, etc.
Household	A domestic establishment including the members of a family (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to be family members) and others who live under the same roof.
Indemnity	The dollar amount paid in the event of an insured loss.

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Indemnity Summary	A computer-generated document showing the insured's dollar amount of indemnity payment by crop and unit number.
Initially Planted	The first occurrence of planting the insured crop on insurable acreage for the crop year.
Initial Planting Date	The earliest calendar date that an insured commodity can be planted and qualify for a replanting payment if such payments are authorized by the crop provisions. (If planted prior to this date, the crop is not eligible for a replanting payment but is still insurable.)
Insurable Acreage	Acreage that meets all policy insurability requirements, regardless of whether or not such acreage is reported as "insured acres" by the acreage reporting date for the applicable insured crop.
Insurance Contract	A binding agreement between the AIP and the insured producer to insure an agricultural commodity and consisting of the accepted application, the Common Crop Insurance Policy (Basic Provisions), Crop Provisions, SPOIs, or other applicable endorsement or options, the actuarial documents for the insured agricultural commodity, the Catastrophic Risk Protection Endorsement, if applicable, and the applicable regulations published in 7 CFR Chapter IV. Insurance for each agricultural commodity in each county will constitute a separate policy.
Insurable Interest	The same meaning as the term "share" in the applicable crop insurance policy.
Insurance Period	The period during which liability for loss due to insured causes is assumed according to the applicable endorsement or policy.
Insurance Policy	Defines the rights and responsibilities of the insured and the AIP. Refer to Insurance Contract.
Insurance Premium	The dollar amount paid for insurance. (Does not include administrative fees.)
Insured	The named person as shown on the application accepted by the AIP. This term does not extend to any other person having a share or interest in the crop (for example, a partnership, landlord, or any other person) unless specifically indicated on the accepted application.
Insured Acres	Insurable acreage that is insured in accordance with the policy. This would include, but is not limited to: (1) Insurable acreage reported by the insured by the acreage reporting date; or (2) Insurable acreage of the insured crop reported by the insured after the acreage reporting date and the AIP accepts such acreage as allowed by the policy provisions and paragraph 74 of this handbook.
Insured Cause of Loss	An unavoidable cause of loss defined in the policy or endorsement for which an indemnity can be paid.

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Insured Crop	The crop in the county for which coverage is available under the insured's policy defined in the Basic Provisions and the applicable Crop Provisions, as shown on the application accepted by the AIP.
Interplanted	Acreage on which two or more crops are planted in a manner that does not permit separate agronomic maintenance or harvest of the insured crops.
Irrigated Practice	A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee or amount of insurance on the irrigated acreage planted to the insured crop.
Kansas City (RMA) Office	The national office responsible for the acceptance and processing of electronically transmitted data for the Federal crop insurance program, for issuing actuarial documents, for developing policy regulations and other related regulations, and for developing and issuing underwriting and loss adjustment standards/procedures.
Late-Filed Acreage Report	Any original acreage report obtained from the policyholder after the final ARD established by the Actuarial Documents.
Late-Filed Application	Any original application for insurance signed by the producer after the sales closing date established by the Actuarial Document Book.
Late-Filed Claim	Refer to Delayed Notice.
Late Planted	Acreage initially planted to the insured crop after the final planting date or as provided in some crop provisions, during the late planting period or if due to an insured cause occurring within the insurance period for PP coverage and PP provisions are applicable to the insured crop, the acreage is prevented from planting by the final planting date or during the late planting period (if applicable for the crop), but is planted after the late planting period (final planting date if a late planting period is not applicable).
Late Planting Coverage	Refer to PAR. 139.
Late Planting Period	For crop provisions providing automatic late-planting coverage, this is the period that begins the day after the final planting date for the insured crop and ends 25 days after the final planting date, unless otherwise specified in the crop provisions or SPOIs. For acreage planted during the late planting period, coverage is reduced according to the crop policy provisions (or SPOI, if applicable).
Legal Description	A specified section, township, and range (or parts thereof) as identified by a land survey.
Legal Entity or Person	Refer to PAR. 14.

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Level Election	The percentage of coverage selected by the insured from those offered by FCIC that is used to determine the production guarantee, premium, and dollar amount of insurance.
Liability	The dollar amount of insurance coverage used in the premium computation for the insured agricultural commodity. NOTE: However, for the purpose of determining a LAF or MIF, share will be excluded from liability.
Liability Adjustment Factor (LAF)	When the dollar claim (determined) liability (based on the actual information determined by the adjuster (excluding share) and recorded on the claim form) is greater than the dollar acreage report liability (based on the acreage information reported by the insured (excluding share)), divide the dollar acreage report liability by the dollar claim liability; e.g., acreage report liability of \$1557 divided by claim (determined) liability of \$2000 = .778500 LAF ($1557/2000 = .778500$ rounded to six places).
Loss Adjustment Contractor (LAC)	A person under a personal contract with the AIP who is authorized to perform loss adjustment and/or contract service activities and is reimbursed for services rendered.
Loss Ratio	The ratio of paid indemnities to net premium expressed as a percentage (i.e., 1.10, etc.).
Management of a Crop	Person or persons exercise control of the day-to-day operation (controls what and when to plant, till, cultivate, irrigate, fertilize, spray, and harvest) of producing and marketing the crop.
Measuring Wheel	An instrument composed of a handle, wheel, and counter that is used to measure ground area. As the wheel is moved along the ground, the counter measures the number of revolutions of the wheel and then is converted to acreage measurements.
MIF	An acronym for Misreported Information Factor. Factor used to reduce a replanting payment, prevented planting payment, or indemnity payment when liability (excluding share) for the unit has been under/over reported by more than 10% of the actual liability (excluding share) determined for the unit. Refer to PAR. 29 and Exhibit 18.
Multiple Peril Crop Insurance (MPCI)	Crop insurance policies, which generally cover more than one cause of loss and that are sold and serviced by reinsured companies.
NAP	An acronym for Non-Insured Assistance Program. NAP covers non-insured commercial crops or other agricultural commodities (except livestock) for which CAT Coverage is not available and that is produced for food or fiber. NAP provides coverage similar to what CAT coverage would be if the crop were insurable under multiple peril crop insurance.

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National Resources Conservation Services (NRCS)	Formerly the Soil Conservation Service.
Native sod	Acreage that has no record of being tilled (determined in accordance with FSA or other verifiable records acceptable to us) for the production of an annual crop on or before May 22, 2008, and on which the plant cover is composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing.
Negligence	The failure to use such care as a reasonably prudent and careful person would use under similar circumstances.
New Crop Program	The offering of insurance or reinsurance coverage by FCIC on a crop that has not previously been entitled to insurance or reinsurance coverage.
Next Level Supervision	A person authorized by the AIP to supervise employees, agents, contractors, or other functions as assigned by the AIP.
Non-contiguous	Acreage of an insured crop that is separated from other acreage of the same insured crop by land that is neither owned by the insured nor rented by the insured for cash or a crop share. However, acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered as contiguous.
Notice of Acceptance	Refer to Policy Confirmation.
Notice of Loss	The written notice required to be provided by the insured to the AIP not later than 72 hours after certain occurrences or 15 days after the end of the insurance period, whichever is earlier, as identified in the policy provisions. Refer to the Basic Provisions or the PP Handbook for the insured's required Notices of Prevented Planting.
Nurse Crop	Sometimes called companion crop. It is a crop planted into the same acreage as another crop, that is intended to be harvested separately, and which is planted to improve growing conditions for the crop with which it is grown.
Official File	Hard copy of all original documents for each insured maintained by the AIP in their headquarters or as otherwise specified in the AIPs Plan of Operations required by Appendix II of the Standard Reinsurance Agreement.
Offset	The act of deducting one amount from another amount.
Operator or Tenant	Refer to PAR. 12.

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Optional Unit	Further division of a basic unit as allowed and described by the Basic Provisions, Crop Provisions, or SPOIs. The insured must pay the surcharge for each optional unit that is shown in the actuarial documents. Refer to PAR. 55.
Organic Agricultural Industry	Persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the Cooperative State Research, Education and Extension Service, the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific organic crop or practice for which such expertise is sought.
Organic Crop	An agricultural commodity that is organically produced consistent with section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502.)
Organic Farming Practice	A system of plant production practices used to produce an organic crop that is approved by a certifying agent in accordance with 7 CFR part 205.
Organic Plan	A written plan, in accordance with the National Organic Program published in 7 CFR part 205, that describes the organic farming practices that the insured and a certifying agent agree upon annually or at such other times as prescribed by the certifying agent.
Organic Standards	Standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) and 7 CFR part 205.
Original Acreage Report, or Raisin Tonnage Report	The initial report filed for a crop year, by crop, used to determine the liability, amount of coverage, and premium. (See Acreage Report).
Other Use	Using insured acreage in a manner that is different from the original intended use as provided in the insurance provisions for the crop.
Palmer Drought Severity Index	A meteorological index calculated by the National Weather Service to indicate prolonged and abnormal moisture deficiency or excess.
Perennial crop	A plant, bush, tree, or vine crop that has a life span of more than one year.
Person	Refer to PAR. 11.
Plan of Insurance	A type of a crop insurance contract such as a revenue or a group risk plan of insurance.
Planted Acreage	Land in which seed, plants, or trees have been placed appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

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Prairie Pothole National Priority Area	Consists of specific counties within the States of Iowa, Minnesota, Montana, North Dakota or South Dakota as specified on the RMA Web site at http://www.rma.usda.gov/ , or a successor Web site, or the Farm Service Agency, Agricultural Resource Conservation Program 2-CRP (Revision 4), dated April 28, 2008, or a subsequent publication.
Priority Area	
Polar Planimeter	An instrument moved along boundaries on aerial photography. The instrument readings are used to convert photograph measurements to acreages.
Policy	See Insurance Contract.
Policy Confirmation	A form or document issued to the insured indicating that the application, cancellation, etc., has been accepted.
Policyholder	The individual or entity listed on the application and who has been accepted and issued coverage by the AIP.
Policyholder File or folder	The file(s) maintained for each insured. The file(s) contains copies of documents, such as, application, acreage report appraisal worksheets, claims, etc. (Also known as insured's contract file or folder.) Some AIPs may have a file folder that maintains sales documents and another file folder for loss files.
Policy Number	See Contract Number.
Power of Attorney	A document signed by the insured naming another party to act on behalf of the insured. For crop insurance purposes, this document may be specific to only certain transactions or all transactions involved with the crop insurance contract.
Practical to Replant	Refer to PAR. 65.
Practice	A special farming procedure or method, such as irrigated, summer fallow, continuous crop, etc., shown on the actuarial documents for which a separate premium rate and/or yield has been established.
Preliminary Inspection	A farm visit by an adjuster in which an appraisal is usually made on a part of an insured crop unit, and in some instances, written permission is given to make other use of or destroy the affected crop.
Preliminary Yield	The APH yield calculated by the agent prior to approval by the verifier. Preliminary yields are used to provide coverage estimates and premium quotations.
Premium Adjustment	A premium cost adjustment applicable to some policies, based on continuous favorable insurance experience or unfavorable insurance experience for the crop (also referred to as Experience Adjustment Factor).
Premium Discount	A reduction in the base premium rate for unit consolidation, good experience, as applicable, etc.

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Premium Subsidy	The portion of the base premium paid by FCIC for the level elected as authorized by law.
Prevented Planting	Failure to plant the insured crop with proper equipment by the final planting date designated in the SPOIs for the insured crop in the county. The insured may also be eligible for a prevented planting payment if the insured failed to plant the insured crop with the proper equipment within the late planting period. The insured must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics.
Previous Crop Year	The crop year immediately preceding the current crop year.
Price Election	The amounts contained in the SPOIs or an addendum thereto, that is the value per pound, bushel, ton, carton, or other applicable unit of measure for the purposes of determining premium and indemnity under the policy.
Prior Crop Year	Two or more crop years preceding the current crop year.
Prior APH Yield	The approved APH yield from the previous year's APH form.
Producer Premium	The insurance premium that a policyholder must pay after the subsidy is deducted.
Production Guarantee (Per Acre)	The number of pounds, bushels, tons, cartons, or other applicable units of measure determined by multiplying the approved yield per acre by the coverage level percentage elected by the insured. For some crops (e.g., onions, tomatoes), the guarantee per acre for harvested acreage is higher than the guarantee for unharvested acreage, or the guarantee may vary with the maturity (stage) of the crop. Also, if late planting provisions apply to the crop and crop acreage is planted during the late planting period, the guarantee will be reduced for the late-planted acreage in accordance with the applicable crop provisions (or SPOIs, if applicable). Refer to the crop provisions for specifics, by crop.
Production Not to Count	Harvested production of the same crop that is subtracted from the unit's production before the indemnity is computed.
Production Report	A written record showing the insured's annual production and is used by the AIP to determine the insured's yield in accordance with section 3 of the Basic Provisions. The report contains yield information for previous years, including planted acreage and harvested production. This report must be supported by written verifiable records from a warehouseman or buyer of the insured crop or by measurement of farm-stored production, or by other records of production approved by the AIP on an individual case basis.

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Production Reporting Date	The latest date production reports will be accepted for inclusion in the base period to be used to calculate an approved APH yield for the current crop year, and is the earlier of the ARD or 45 days after the earliest cancellation date for the crop for the current crop year, unless stated otherwise in the SPOIs.
Production to Count	Harvested and/or appraised quantities of a crop produced (including appraised production from uninsured causes of loss) from a unit, which are subtracted from the unit's production guarantee in computing an indemnity.
Prohibited Substance	Any biological, chemical, or other agent that is prohibited from use or is not included in the organic standards for use on any certified organic, transitional or buffer zone acreage. Lists of such substances are contained at 7 CFR part 205.
Quality Assurance	An established review process maintained by the AIP to inspect and document the performance of its operations, employees, and adjusters. (This review process is also known as quality control.)
Quality Adjustment Factor	A factor used to reduce production to count when the policy allows for reduction of production to count and the production grades at or lower than the specified quality stated in the policy.
Raisin Tonnage Report	Refer to Acreage Report.
Range	All of the six-section north/south rows of a township identified as being east or west of the principal meridian.
Recognized Good Farming Practices	Refer to Good Farming Practice
Reduction in Value (RIV)	The dollar and cents RIV (discount) that the buyer applies for each quality defect of the crop allowed by the policy provisions. The RIV applies only when there is at least one type or level of defect for which there is not a pre-established discount factor listed in the quality section of the SPOIs.
Regional Office (RO)	Regional Office(s) of the Risk Management Agency. For the assigned states, the RO performs program and underwriting services for the crop insurance program.
Reinsured Company	Private insurance companies selling and adjusting multiple peril crop insurance reinsured by FCIC. Also known as AIP.
Relative	An individual who: (1) is a parent, brother, sister, child, spouse, grandchild, or grandparent; or (2) either resides in the household of, or engages in business with respect to a farming operation with, the person in question regardless of whether or not the individual is related by blood, adoption, or marriage.
Releasing Agent	Refer to Ceding Agent.

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Replant Claim	An insurance document submitted by the insured after an inspection that records the number of acres replanted, not replanted, and the cost of replanting any damaged acres from which a replant indemnity will be computed.
Replanted Crop	The same agricultural commodity replanted on the same acreage as the first insured crop for harvest in the same crop year if the replanting is specifically made optional by the policy and the insured elects to replant the crop and insure it under the policy covering the first insured crop, or replanting is required by the policy.
Replanting	Performing the cultural practices necessary to prepare the land to replace the seed or plants of the damaged or destroyed insured crop, and then replacing the seed or plants of the same crop in the same insured acreage. The same crop does not necessarily mean the same type or variety of the crop unless different types or varieties constitute separate crops or it is otherwise specified in the policy.
Replant Payment	The payment received when acreage qualifies for a replanting payment in accordance with the Basic Provisions and applicable crop provisions.
Reported Damage or Loss	A responsibility of the insured to promptly notify the Service Office Representative (agent) of any probable crop damage or loss.
Representative	Any person authorized by the AIP to work in the field or in an office to carry out in whole or in part the Federal crop insurance marketing, or contract servicing for new applicants or present policyholders. See Agent.
Representative Sample	Portions of the insured crop that must remain in the field for examination and review by the AIP's adjuster when making a crop appraisal, as specified in the Crop Provisions. In certain instances, the AIP may allow the insured to harvest the crop and require only that samples of the crop residue be left in the field. (This is not the same thing as Representative Sample Areas, as specified below.)
Representative Sample Areas	Refer to PAR. 88.
Representative Strips (Sample)	Strips of the unharvested crop that the insured is required, in accordance with policy provisions, to leave if damage is initially discovered within 15 days of or during harvest.
Revised Acreage Report or Raisin Tonnage Report	Completed when changes and/or corrections are made to the original acreage or tonnage report. Revised acreage reports (tonnage reports) prepared after the acreage (tonnage) reporting date, must be approved by the AIP before they are processed.
Risk Classification	Classification provided for each individual and crop that is used in the premium calculation for the crop. This classification may be based on the individual's actual yield history, master yield, land, and/or other factors.

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RMA	An acronym for Risk Management Agency. RMA administers the Federal crop insurance program.
Sales Closing Date	The last date for the crop year that a producer may apply for insurance on a crop in a specific county and the last date by which an insured may change the crop insurance coverage for a crop year.
Scale Ruler	A calibrated ruler for use with tapes graduated in chains and feet. Scale rulers for chains are graduated in 660 feet (60 parts to inch and 2,000 feet (75.7 parts to inch.) A tool that can be used by FSA to determine acreage measurements.
Second crop	With respect to a single crop year, the next occurrence of planting any agricultural commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different agricultural commodity as the first insured crop, except the term does not include a replanted crop. A cover crop, planted after a first insured crop and planted for the purpose of haying, grazing or otherwise harvesting in any manner or that is hayed or grazed during the crop year, or that is otherwise harvested is considered to be a second crop. A cover crop that is covered by FSA's noninsured crop disaster assistance program (NAP), or receives other USDA benefits associated with forage crops, will be considered as planted for the purpose of haying, grazing or otherwise harvesting. A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured. Notwithstanding the references to haying and grazing as harvesting in the Basic Provisions, for the purpose of determining the end of the insurance period, harvest of the crop will be as defined in the applicable Crop Provisions.
Section	Refer to PAR. 55.
Share	Refer to PAR. 13.
Sketch Map	A diagram showing where fields or production are located.
Special Provisions of Insurance (SPOIs)	The part of the policy (contained in the county actuarial documents) that contains specific provisions of insurance for each insured crop that may vary by geographic area; e.g., planting dates, rotational requirements, exclusions to the policy, etc.
Special Report	A form used to record facts; e.g., used as an attachment to claims or acreage reports when there is not enough room in the narrative to record required documentation and for additional documentation regarding controversial claims, unusual cases, uninsured causes, not following good farming practices, etc.
Standard Reinsurance Agreement	The agreement between an AIP and FCIC by which the insurer cedes to FCIC certain liabilities arising from the insurer's sales of insurance policies in return for a portion of premium monies and administrative expense reimbursements.

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SSN or EIN	The social security number or Employer Identification Number used on insurance application forms to track an insured entity's insurance history. Insurance coverage cannot be offered if the SSN or EIN is not provided by the prospective insured.
State Premium Subsidy	The portion of the premium paid by the state, when applicable.
Sub-field	A part of a field where damage is so variable within the field that smaller divisions of the field are necessary in order to make accurate appraisals.
Substantial Beneficial Interest (SBI)	An interest held by any person of at least 10 percent in the applicant or insured. The spouse of any individual applicant or individual insured will be considered to have a SBI in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under state law. Any child of an individual applicant or individual insured will not be considered to have a SBI in the applicant or insured unless the child has a separate legal interest in such person. For example, there are two partnerships that each have a 50 percent interest in the insured and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in the insured, and both the partnerships and the individuals would have a SBI in the insured (The spouses of the individuals would not be considered to have a SBI unless the spouse was one of the individuals that made up the partnership). However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in the insured and although the partnership would still have a SBI in the insured, the individuals would not for the purposes of reporting SBIs.
Successor-In-Interest Entity	A successor entity that is entitled to receive all of the experience earned by the previous entity, as determined by the AIP.
Summary of Coverage	Our statement to the insured, based upon the insured's acreage report, specifying the insured crop and the guarantee or amount of insurance coverage provided by unit.
Sustainable Farming Practice	A system or process for producing an agricultural commodity, excluding organic farming practices, that is necessary to produce the crop and is generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.
Tenant	A person who rents land from another person for a share of the crop or a share of the proceeds of the crop (see the definition of "share" above).
Termination for Indebtedness Date	The date specified in the crop policy or endorsement on which the insurance contract is subject to termination because of failure of the insured to pay the premium and/or administrative fee in full prior to this date.

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Tilled	The termination of existing plants by plowing, disking, burning, application of chemicals, or by other means to prepare acreage for the production of an annual crop.
Timely Planted	Planted on or before the final planting date designated in the SPOIs for the insured crop in the county.
Township	A tract of land approximately 36 miles square containing approximately 36 sections, each 1 mile square.
Transfer of Coverage	Refer to Transfer of Indemnity.
Transfer of Contract/Policy	Transfer of a contract or policy to another AIP.
Transfer of Indemnity	A form signed by the insured that transfers the right to an indemnity payment to another party when land ownership or interest has been transferred on part or all of a unit.
Transferee	One who receives an insured right to an indemnity from another party.
Transferor	An insured who transfers an insured right to an indemnity to another party.
Transitional Acreage	Acreage on which organic farming practices are being followed that does not yet qualify to be designated as organic acreage.
Uninsured Acres	Uninsurable acreage and insurable acreage that is not insured in accordance with the policy provisions.
Uninsurable Acreage	Acreage of an insured crop that does not meet the policy requirements for insurance. Such acreage is entered as "Uninsured Acres" on the acreage report.
Unit	An identifiable, insurable segment of land on which an insurable crop is grown and separate production records have been kept, and meets other guidelines defined in the crop policy; endorsement or option, if applicable; and/or SPOIs.
Unrated Land	Land which is not rated on the actuarial map or actuarial listing, requiring a Written Agreement (sometimes known as unclassified or uninsurable).
USDA	An acronym for United States Department of Agriculture.
Varying Share	A landlord-tenant agreement that allows for different crop shares within the same unit.
Verifier	Individual or organization authorized by FCIC to verify APH records and data furnished by the insured to the AIP in order to calculate and determine the approved APH yield.

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Verify	Determine by an on-site inspection, whether information submitted is true and accurate through independent means in accordance with procedures. With respect to certifications, asking the provider of the information whether the information is true and accurate does not constitute verification. Information from independent third parties or independent documentation must be obtained.
Void	When the policy is considered not to have existed for a crop year as a result of concealment, fraud, or misrepresentation.
Whole Farm Unit	All insurable acreage of two or more insured crops planted in the county in which the insured has a share on the date coverage begins for each crop for the crop year. All crops for which the whole farm unit structure is available must be included in the whole farm unit. At least two of the insured crops must each constitute at least 10 percent of the total liability of all insured crops in the whole farm unit, and all crops in the unit must be insured under the same plan of insurance and with the same AIP, unless specified otherwise in the individual crop provisions or SPOIs. (For this definition under CRC and RA plans of insurance, see the applicable Basic Provisions for these plans of insurance.)
Written Agreement	A written agreement between the AIP and the insured that alters designated terms of an additional coverage policy and that is authorized under the basic provisions, the crop provisions, or the SPOIs for the insured crop.
Zero Acreage Report	An acreage report filed by an insured that certifies that the insured does not have a share in insurable acres of the crop for that crop year.

EXHIBIT 4

UNITS OF MEASURE OF PRODUCTION, BY CROP	
CROP NAME	UNIT OF MEASURE
Almonds	Pounds
Apiculture Pilot Rainfall Index plan Vegetative Index plan	Grid Index
Apples (Area B)	Bushels (42 lbs.)
Apples (Area C)	Bushels (40 lbs.)
Apples (Area A)	Boxes (35 lbs. lose/field box)
Avocados California Only (Pilot)	Pounds/Dollars <u>4/</u>
Avocados Florida Only (Pilot)	Bushels (55 lbs.)
Barley	Bushels (48 lbs.)
Barley (Malting)	Bushels (48 lbs.)
Beans (Processing)	Tons <u>3/</u>
Blueberries	Pounds
Cabbage ***	Hundredweight
Canola/Rapeseed	Pounds
ARH Citrus (Pilot)	Carton/Dollars <u>4/</u>
ARH Cherry (Pilot)	Pounds/Dollars <u>4/</u>
Chile Peppers, Processing (Pilot)	Pounds/Dollars <u>4/</u>
Citrus (AZ-CA) (Navel, Valencia, Sweet Oranges) (Lemons) (Grapefruit) (Tangerines, Tangelos, Mandarin Oranges)	Cartons (38 lbs.) Cartons (40 lbs.) Cartons (32 lbs.) Cartons (25 lbs.)
***	***
Citrus (FL)	Boxes (90 lbs. for Types I, II, IV (Tangelo), V (Temples), VI (Lemons) and VIII) Boxes (95 lbs. for Types IV (Tangerines), V (Murcott Honey Oranges) Boxes (88 lbs. for Types VI (Limes)) Boxes (85 lbs. for Types III and VII)
Citrus (TX)	Tons
Texas Citrus Trees	% Tree Damage/Dollar <u>1/</u>
Cultivated Clams (Pilot)	Dollar (Individual Clam Value) <u>5/</u>
Corn (Grain) <u>2/</u>	Bushels (56 lbs.)
Corn (Silage)	Tons <u>3/</u>
Cotton	Pounds
Cotton, ELS	Pounds
Cranberries	Barrels (100 lbs.)

1/ For Tree Crops the loss measurement is first based on the % of tree damage, and then the dollar loss is determined from this.

2/ To convert weight of ear corn to equivalent bushels of shelled corn divide by 70.

3/ Tons = 2,000 pounds

4/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

5/ Clam value by size

EXHIBIT 4

UNITS OF MEASURE OF PRODUCTION, BY CROP	
CROP NAME	UNIT OF MEASURE
Dry Beans	Pounds ^{***}
Figs	Pounds
Flaxseed	Bushels (56 lbs.)
Florida Fruit Trees (Pilot)	% Stand/Dollar <u>1/</u>
Forage Production	Tons <u>3/</u>
Forage Seed (Pilot)	Pounds
Forage Seeding	% Stand/Dollar <u>1/</u>
Grain Sorghum	Bushels (56 lbs.)
Grapes	Tons <u>3/</u>
Table Grapes	Lugs (20-21 lbs. <u>2/</u>)
Hybrid Corn Seed	Bushels (56 lbs.)/Dollar <u>4/</u>
Hawaii Tropical Fruit (Pilot)	Pounds
Hawaii Tropical Fruit Trees (Pilot)	% Tree damage/Dollar <u>1/</u>
Hybrid Sorghum Seed	Bushels (56 lbs.)/Dollar <u>4/</u>
Livestock	Hundredweight/Dollar <u>3/</u>
Macadamia Nuts	Pounds
Macadamia Trees	% Tree damage/Dollar <u>1/</u>
Millet	Bushels (50 lbs.)
Mint	Pounds
Mustard	Pounds
Nursery	Dollar (Individual Plant Value)
Oats	Bushels (32 lbs.)
Onions	Hundredweight
^{***} Pasture, Rangeland, Forage Pilot Rainfall Index plan	Grid Index
^{***} Pasture, Rangeland, Forage Pilot Vegetative Index plan	Grid Index
Peaches	Bushels (50 lbs.)
Peanuts	Pounds
Pears	Tons <u>3/</u>
Peas, dry	Pounds ^{***}
Peas, green	Pounds

1/ For Forage Seeding, the loss measurement is first based on the % of stand, and then the dollar loss is determined from this. For Tree Crops, the loss measurement is first based on the % of tree damage, and then the dollar loss is determined from this.

2/ 20 lbs. in Arizona and Coachella Valley, CA district; 21 lbs. in all other CA districts.

3/ Ton = 2,000 pounds

4/ Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

EXHIBIT 4

UNIT OF MEASURE OF PRODUCTION, BY CROP	
CROP NAME	UNIT OF MEASURE
Pecans	Pounds/Dollars ^{2/}
Peppers	1 1/9 bushels (per box) /Dollar - ^{2/}
Plums	Lugs (28 lbs.)
Popcorn	Pounds ^{***}
Potatoes (Northern and Central/Southern)	Hundredweight
Prunes	Tons ^{1/}
Pumpkins (Pilot)	Tons ^{1/}
Raisins	Tons ^{1/} /Dollar - ^{2/}
Rangeland (GRP) (Pilot)	Tons ^{1/}
Rice	Pounds ^{***}
Rye	Bushels (56 lbs.)
Safflowers	Pounds ^{***}
Sorghum Silage (Pilot)	Tons ^{1/}
Soybeans	Bushels (60 lbs.)
Stonefruit (Apricots) (Nectarines) (Freestone Peaches) (Proc. apricots and Proc. Peaches)	Lugs (24 lbs.) Lugs (25 lbs.) Lugs (22 lbs.) Tons ^{1/}
Sugar Beets	Tons ^{1/}
Sugarcane	Pounds
Sugarcane (Hawaiian)	Pounds
Sunflower Seed (Oil)	Pounds ^{***}
Sunflower Seed (Non-oil)	Pounds ^{***}
Sweet Corn (Processing)	Tons ^{1/}
Sweet Corn (Fresh)	Containers (42 lbs.) /Dollar - ^{2/}
Sweet Potatoes (Pilot)	Hundredweight
Tobacco ^{***}	Pounds
Tomatoes (Processing)	Tons ^{1/}
Tomatoes (Fresh)	Cartons (25 lbs.) /Dollar - ^{2/}
Tomatoes (Fresh Guarantee)	Cartons (25 lbs.)
Walnuts	Pounds
(Cultivated) Wild Rice	Pounds (25 lbs. per bu. for MN & 29 lbs per bu. for CA.)
Wheat	Bushels (60 lbs.)

^{1/} Ton = 2,000 pounds.

^{2/} Loss measurement is first based on weight/capacity measurement, as shown, and then is converted to dollars.

EXHIBIT 10

CLAIM CHECKLIST FORM STANDARDS

Insured's name	Claim number	Policy number
		Crop(s)-Unit(s)
YES	NO	
<input type="checkbox"/>	<input type="checkbox"/>	1 Insured Present _____
<input type="checkbox"/>	<input type="checkbox"/>	2 Insurable Entity verified _____
<input type="checkbox"/>	<input type="checkbox"/>	3 Timely Notice _____
<input type="checkbox"/>	<input type="checkbox"/>	4 Share Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	5 Companion Contract Verified (if applicable) _____
<input type="checkbox"/>	<input type="checkbox"/>	6 Legal Description Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	7 Practice(s) Insurability Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	8 Insurable Type/Variety Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	9 Planting Dates Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	10 Unit/Unit Division Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	11 Risk Area Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	12 Insurable Cause Of Loss _____
<input type="checkbox"/>	<input type="checkbox"/>	13 Similar Damage _____
<input type="checkbox"/>	<input type="checkbox"/>	14 Reasonable APH _____
<input type="checkbox"/>	<input type="checkbox"/>	15 Insurable Acreage _____
<input type="checkbox"/>	<input type="checkbox"/>	16 Sharing Interests _____
<input type="checkbox"/>	<input type="checkbox"/>	17 Options/Endorsements _____
<input type="checkbox"/>	<input type="checkbox"/>	18 Review Previous Reports _____
<input type="checkbox"/>	<input type="checkbox"/>	19 Previous Appraisals _____
<input type="checkbox"/>	<input type="checkbox"/>	20 Quality Adjustment Eligibility Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	21 Acreage Determined/Method _____
<input type="checkbox"/>	<input type="checkbox"/>	22 Acreage Replanted _____
<input type="checkbox"/>	<input type="checkbox"/>	23 Replanting Payment _____
<input type="checkbox"/>	<input type="checkbox"/>	24 Certification Form _____
<input type="checkbox"/>	<input type="checkbox"/>	25 Sold Production Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	26 Farm-stored Production Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	27 Commingled Production _____
<input type="checkbox"/>	<input type="checkbox"/>	28 Fed Production Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	29 Other Names/Entities for Production Verified _____
<input type="checkbox"/>	<input type="checkbox"/>	30 All Production Accounted For _____
<input type="checkbox"/>	<input type="checkbox"/>	31 Unusual/Controversial Circumstances _____
<input type="checkbox"/>	<input type="checkbox"/>	32 Reviewed Completed Claim with Insured or Insured=s Representative _____
<input type="checkbox"/>	<input type="checkbox"/>	33 Obtained Signatures _____
<input type="checkbox"/>	<input type="checkbox"/>	34 Second Crop Acreage _____
<input type="checkbox"/>	<input type="checkbox"/>	35 Signatures _____
<input type="checkbox"/>	<input type="checkbox"/>	36 Other _____
<input type="checkbox"/>	<input type="checkbox"/>	37 Other _____

This form example does not illustrate signature and date entries. Refer to instructions in paragraph B above.

**Kentucky Property
and Casualty
Insurance License
Exam Manual
Kaplan - 2006**

ELEMENTS OF INSURABILITY

Pure Risk, Speculative Risk

Although theoretically almost anyone could purchase insurance to cover almost any risk, there are certain rules that establish a practical basis regarding who can be insured and for what.

For instance, insurance cannot be used to handle **speculative risks**. Speculative risks are risks in which there exists both the possibility of gain and the possibility of loss. A poker game is an example of a speculative risk. Insurance can only be used to manage **pure risks**, which involve only the possibility of loss. A person can buy insurance to protect against loss if a fur coat is stolen (pure risk) but not to protect against loss if the price of stock goes down (speculative risk).

Exercise

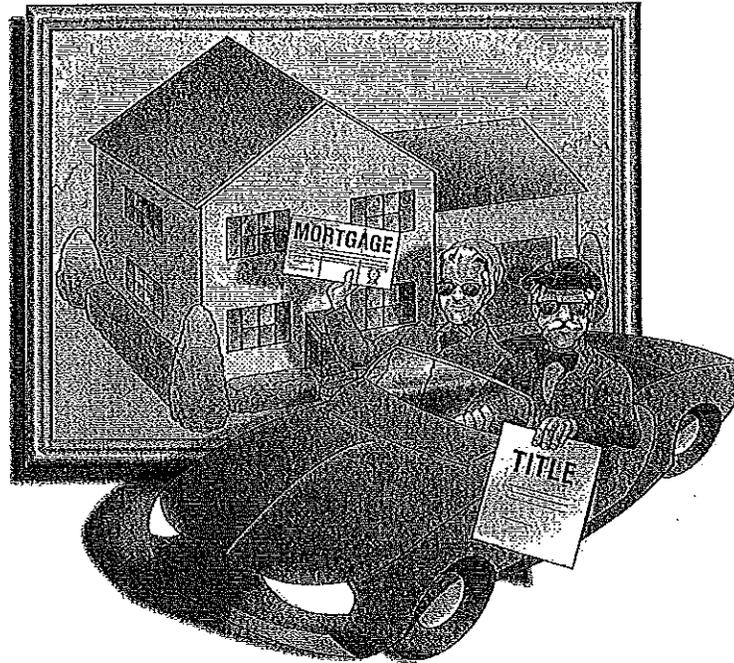
For each of the examples listed below, indicate whether it is a pure risk (P) or a speculative risk (S).

- ___ A. Harry feels lucky, so he buys a lottery ticket at the neighborhood convenience store.
- ___ B. Joan hopes her fur coat is safe at the storage warehouse.
- ___ C. The lightning rods aren't up on Frank's new house yet, and a severe thunderstorm has been predicted.
- ___ D. Donna purchases several shares of stock in a computer company.

Answers: S A.; P B.; P C.; S D.

Insurable Interest

A basic rule concerning *who* can be insured states that before you can benefit from insurance, you must have a chance of financial loss or a financial interest in the property. This is called an **insurable interest**. You have an insurable interest in your own home, but not your neighbor's home.



Other Elements of Insurability

There are additional rules that govern what risks are considered suitable subjects for insurance. Risks that do not meet these criteria are probably better handled using an alternate method of risk management.

- The risk of loss must be definite as to time and place, and difficult to counterfeit or falsify. Death is probably the best example of a definite loss.
- The risk must be unexpected. In fact, as we mentioned earlier, if the results are expected, it does not qualify as a risk. The risk of a train wreck could be insured, while the risk that your suitcase will eventually wear out is not really a risk at all and, therefore, is not insurable.
- The risk must be large enough to create a financial hardship for the individual involved. A financially insignificant risk, such as the chance that you might lose a pair of inexpensive sunglasses, is not insurable.
- The loss must be calculable. In addition to requiring adequately "large" risks, only risks for which the cost of loss is calculable may be insured. Risks that involve loss that can't be assigned a financial value are uninsurable.
- The cost of the insurance must be "affordable" to the insured. If the risk is so severe that it requires the insurance company to charge prohibitively high premiums to accumulate enough money to pay losses, it is not an insurable risk. Even if the person purchasing the insurance could afford to pay it, the cost should be only a fraction of the value of the item itself.
- There must be a large number of persons with a similar potential loss available for the insurance so that overall, losses become predictable. The law of large numbers applies here. To accumulate adequate funds to

**Kentucky
Administrative
Regulations
Title 806**

806 KAR 9:030. Adjusters, apprentice adjusters; licenses, restrictions.

RELATES TO: KRS 304.9-070, 304.9-430(2)(g), 304.9-432(2)(d)

STATUTORY AUTHORITY: KRS 304.2-110(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) provides that the Executive Director of the Office of Insurance may promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010. This administrative regulation restricts the persons whom an adjuster may represent thus preventing any conflicts of interest, and clarifies the circumstances under which the restriction for holding only one (1) apprentice adjuster license applies.

Section 1. (1) An adjuster's license issued to an applicant pursuant to the provisions of the Insurance Code shall not authorize representing the interest of both insurer and the insured or claimant. A licensee shall not represent the interest of both insurer and the insured or claimant.

(2) At the time of application, an applicant shall elect to act solely on behalf of:

(a) Insurers; or

(b) Persons claiming benefits under insurance or annuity contracts.

(3) A licensee shall be deemed to act in a fiduciary capacity to his principal.

(4) The executive director shall not issue a license until the prospective licensee posts a bond in the amount of \$1000 and in accordance with 806 KAR 9:210.

Section 2. A license shall, by label, distinguish clearly between the following categories, as elected by the licensee pursuant to Section 1(2) of this administrative regulation.

(1) A licensee who acts solely on behalf of insurers shall be known as an "independent adjuster".

(2) A licensee who acts solely on behalf of persons claiming benefits under insurance or annuity contracts shall be known as a "public adjuster."

Section 3. An individual may hold only one (1) apprentice adjuster license until the individual is issued an adjuster license in accordance with KRS 304.9-430. Once an individual has held an adjuster license in accordance with KRS 304.9-430, the individual may again be eligible to hold one (1) apprentice adjuster license.

Section 4. Application for License. (1) An individual applying for an adjuster license or an apprentice adjuster license shall submit a completed Form 8301.

(2) A business entity applying for an adjuster license shall submit completed Form 8301-BE.

Section 5. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) Form 8301, "Individual Insurance Producer License Application (7-12-2002 edition)"; and

(b) Form 8301-BE, "Business Entity License Application (7-15-2002 edition)".

(3) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Office of Insurance, 215 West Main Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (I-9.03; 1 Ky.R. 860; eff. 5-14-75; Am. 9 Ky.R. 610; eff. 12-1-82; 1318; eff. 7-6-83; 29 Ky.R. 1358; 1794; eff. 1-16-2003; TAm eff. 8-9-2007.)

**Kentucky Revised
Statutes
Chapter 304 -
Insurance Code**

304.9-020 Definitions for subtitle.

As used in this subtitle:

- (1) "Agent" means an individual or business entity appointed by an insurer to sell or to solicit applications for insurance or annuity contracts or to negotiate insurance or annuity contracts on its behalf;
- (2) "Appointment" means a notification filed with the insurance office that an insurer has established an agency relationship with a producer;
- (3) "Appointment renewal" means continuation of an insurer's existing appointment based on payment of the required fee without submission of an appointment form;
- (4) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, employer group, professional employer organization, or other legal entity;
- (5) "Crop insurance" means insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease, or other yield-reducing conditions or perils provided by the private insurance market or that is subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance;
- (6) "Home state" means the District of Columbia and any state or territory of the United States in which a licensee maintains his or her principal place of residence or principal place of business and is licensed by that state;
- (7) "Insurance producer" means an individual or business entity required to be licensed under the laws of Kentucky to sell, solicit, or negotiate insurance or annuity contracts. Insurance producer includes agent, managing general agent, surplus lines broker, reinsurance intermediary broker and manager, rental vehicle agent and managing employee, specialty credit producer and managing employee, and consultant;
- (8) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the executive director determines should be designated a form of limited line credit insurance;
- (9) "Limited line credit insurance agent" means an individual or business entity who sells, solicits, or negotiates one (1) or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy;
- (10) "Limited lines insurance" means the lines of insurance defined in subsections (5), (8), (14), and (16) of this section and any other line of insurance that the executive director identifies in accordance with KRS 304.9-230(1)(e) or recognizes for the purpose of complying with KRS 304.9-140(5);
- (11) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract;

- (12) "Sell" means to exchange a contract of insurance by any means, for money or other valuable consideration, on behalf of an insurer;
- (13) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular insurer;
- (14) "Surety" means insurance or bond that covers obligation to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust. Surety also includes surety insurance as defined in KRS 304.5-060;
- (15) "Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of an insurance producer's authority to transact insurance;
- (16) "Travel insurance" means insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects if limited to a specific trip and sold in connection with transportation provided by a common carrier;
- (17) "Uniform business entity application" means the current version of the National Association of Insurance Commissioners uniform business entity application for resident and nonresident business entities; and
- (18) "Uniform individual application" means the current version of the National Association of Insurance Commissioners uniform individual application for resident and nonresident individuals.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 143, sec. 2, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 273, sec. 4, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 393, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 341, sec. 43, effective July 15, 1998. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 2, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

304.9-070 "Adjuster" defined.

An adjuster is any person, who for fee or compensation as an employee of an insurer or an independent contractor investigates or settles claims arising under insurance contracts, on behalf solely of either the insurer or the insured. The definition of adjuster shall not be deemed to include, and license as an adjuster shall not be required of:

- (1) Attorneys-at-law admitted to practice in this state, when acting in their professional capacity as attorneys;
- (2) A licensed agent of the insurer to whom claim authority has been granted by the insurer if the agent receives no compensation for performing adjusting services;
- (3) Salaried traveling representatives of a mutual or reciprocal insurer;
- (4) Persons employed only for the purpose of obtaining facts surrounding a loss or furnishing technical assistance to a licensed adjuster, including but not limited to photographers, estimators, private investigators, engineers, and handwriting experts;
or
- (5) Persons performing adjusting services under their limited insurance agent's licenses for crop insurance pursuant to KRS 304.9-230.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 143, sec. 5, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 273, sec. 10, effective July 15, 2002. -- Amended 1984 Ky. Acts ch. 262, sec. 1, effective April 1, 1985. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 7, effective June 18, 1970.

304.9-200 Contents of license -- Change of address -- Refundability of fees.

- (1) The license issued under this subtitle or to a surplus lines broker, life settlement broker, or life settlement provider shall contain the licensee's name, city and state of principal place of business address, personal identification number, and the date of issuance, the lines of authority, and any other information the executive director deems necessary.
- (2) The licensee shall inform the executive director in writing in a format acceptable to the executive director of a change of address or change of legal name within thirty (30) days of the change.
- (3) After completion of application for a license, completion of any preclicensing education required under this chapter, payment of applicable fees, and the taking and passing of any examination required under this chapter, the executive director shall promptly consider the application. If the executive director finds that the applicant has fully met the requirements for licensure, the executive director shall promptly issue the license to the applicant; otherwise, the executive director shall refuse to issue the license and promptly notify the applicant of the refusal, stating the grounds thereof.
- (4) If a license is refused, the executive director shall promptly refund any appointment fee tendered with the license application. All other fees for application for license or examination shall be deemed earned when paid and shall not be refundable.
- (5) In order to assist in the performance of the executive director's duties, the executive director may contract with nongovernmental entities, including the National Association of Insurance Commissioners or its affiliate or subsidiary, to perform ministerial functions, including the collection of fees or data related to licensing.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 32, sec. 16, effective July 15, 2008. -- Amended 2002 Ky. Acts ch. 273, sec. 21, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 393, sec. 17, effective July 14, 2000. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 20, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

**304.9-260 Continuation and expiration of license -- Receipt of renewal fees --
Continuing education documentation.**

- (1) Each license issued under this subtitle, surplus lines broker license, life settlement broker license, and life settlement provider license shall continue in force until expired, suspended, revoked, or otherwise terminated. License renewal fees shall be received on or before the applicable due date for the license as stated in KRS 304.4-010. Beginning January 1, 2003, request for renewal shall be on a form or in a format prescribed by the executive director and made as follows:
 - (a) At least thirty (30) days before the renewal request and fees are due from the licensee, the office shall make available to each respective licensee a list of his or her licenses to be renewed during that calendar year. With the licensee's written consent, an insurer or the licensee's employer may request that the office send the renewal list to the insurer or to the employer. The office may distribute the renewal list to the requesting insurer or employer instead of to the licensee;
 - (b) Beginning January 31, 2006, in conjunction with license renewal, an individual holding a resident license for agent, rental vehicle managing employee, and life settlement broker shall show proof of compliance with continuing education pursuant to KRS 304.9-295. An individual licensee whose birth date is in an even-numbered year shall submit the renewal request, continuing education course completion documentation pursuant to KRS 304.9-295, and fees to the executive director by the last day of the licensee's birth month in the next even-numbered year after the date the license is issued, and each subsequent even-numbered year thereafter;
 - (c) Beginning January 31, 2006, in conjunction with license renewal, an individual holding a resident license for agent, rental vehicle managing employee, and life settlement broker shall show proof of compliance with continuing education pursuant to KRS 304.9-295. An individual licensee whose birth date is in an odd-numbered year shall submit the renewal request, continuing education course completion documentation pursuant to KRS 304.9-295, and fees to the executive director by the last day of the licensee's birth month in the next odd-numbered year after the date the license is issued, and each subsequent odd-numbered year thereafter;
 - (d) A business entity that is issued a license in an even-numbered year shall submit the renewal request and fees to the executive director by March 31 of the next even-numbered year, and each subsequent even-numbered year thereafter; and
 - (e) A business entity that is issued a license in an odd-numbered year shall submit the renewal request and fees to the executive director by March 31 of the next odd-numbered year, and each subsequent odd-numbered year thereafter.
- (2) (a) Any license referred to in subsection (1) of this section for which the request for renewal, any required continuing education course completion documentation, if applicable, and fee are not received by the executive

director shall be deemed to have expired at midnight on the last day of the birth month for individuals and on March 31 for business entities;

- (b) Any renewal request and fees received by the executive director within thirty (30) days after the expiration date may be accepted with no penalty or interruption in license;
 - (c) Any renewal request and fees received by the executive director after thirty (30) days from the date of expiration, but within sixty (60) days after the date of expiration, may be accepted with no interruption in license if accompanied by a penalty as provided in Subtitle 99 of this chapter; and
 - (d) Completion of the required continuing education course, if applicable, shall be on or before the expiration date, which is deemed as the last day of the birth month of the licensee during the applicable odd or even year on a biennial basis. Proof of compliance shall be received by the executive director within sixty (60) days after the expiration date.
- (3) A licensee who is unable to comply with license renewal procedures due to military service, long-term medical disability, or some other extenuating circumstance may make a written request for a waiver of those procedures. The licensee may also make a written request for a waiver of any examination requirement, fine, or other sanction imposed for failure to comply with these renewal procedures.
 - (4) As a condition to or in connection with the continuation of any insurance producer license, the executive director may require the licensee to file with him or her information relative to use made of the license during the next preceding calendar year and especially as to whether the license has been used principally for the writing of controlled business, as defined in KRS 304.9-100.
 - (5) As a condition to or in connection with the continuation of any license, the executive director shall require continuous demonstration of continuing education course completion to sustain the license, and any license shall terminate and be surrendered to the executive director if and when the demonstration becomes impaired.
 - (6) This section does not apply to temporary licenses issued under KRS 304.9-300, and licensees not licensed for one (1) full year prior to the end of the applicable biennial renewal year.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 32, sec. 17, effective July 15, 2008. -- Amended 2005 Ky. Acts ch. 143, sec. 11, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 273, sec. 25, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 393, sec. 20, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 485, sec. 1, effective July 15, 1998. -- Amended 1982 Ky. Acts ch. 320, sec. 13, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 161, sec. 4, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 26, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

304.9-430 Adjuster's license -- Qualifications -- Examination -- Catastrophe adjustments.

- (1) No individual or business entity shall in this state act as or hold himself or herself out to be an adjuster unless then licensed by the Kentucky Office of Insurance as an adjuster. Application for license shall be made to the executive director according to forms as prescribed and furnished by him or her. The executive director shall issue the license as to applicants qualified upon payment of the license application fee stated in KRS 304.4-010.
- (2) To be licensed as an adjuster the applicant shall:
 - (a) Be an individual twenty-one (21) years or more of age;
 - (b) Be a resident of Kentucky, or resident of another state which will permit residents of Kentucky to act as adjusters in the other state;
 - (c) Be an employee of an insurer, a full-time salaried employee of a licensed adjuster or a graduate of a recognized law school, or have experience or special education or training as to the handling of loss claims under insurance contracts of sufficient duration and extent to make him or her reasonably competent to fulfill the responsibilities of an adjuster;
 - (d) Be trustworthy and of good reputation;
 - (e) Have and maintain an office accessible to the public, and keep therein the usual and customary records pertaining to transactions under the license. This provision shall not be deemed to prohibit maintenance of the office in the office of an insurer, of the employer, or in the home of the licensee;
 - (f) Have successfully passed a written examination prescribed by the executive director, except if the applicant has successfully passed a written examination in a state which permits residents of Kentucky to act as adjusters in the other state; and
 - (g) Be financially responsible to exercise the license.
- (3) A business entity, whether or not organized under the laws of this state, may be licensed as an adjuster if each individual who is to exercise the license powers is designated with the executive director as to the license in accordance with KRS 304.9-133.
- (4) The executive director may require additional information or submissions from applicants and may obtain any documents or information reasonably necessary to verify the information contained in an application.
- (5) Notwithstanding the provisions of this section, no adjuster's license or qualifications shall be required as to any adjuster who is sent into this state on behalf of an insurer for the purpose of investigating or making adjustment of a particular loss under an insurance policy, or for the adjustment of a series of losses resulting from a catastrophe common to all losses.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 273, sec. 34, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 393, sec. 32, effective July 14, 2000. -- Amended 1984 Ky. Acts

ch. 262, sec. 3, effective April 1, 1985. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 43, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

~~(7)~~~~(5)~~ "Crop insurance" means insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease, or other yield-reducing conditions or perils provided by the private insurance market or that is subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance;

~~(8)~~~~(6)~~ "Home state" means the District of Columbia and any state or territory of the United States in which a licensee maintains his or her principal place of residence or principal place of business and is licensed by that state;

~~(9)~~ "Independent adjuster" means a person who:

(a) Is an independent contractor, an employee of an independent contractor, or for tax purposes is treated as an independent contractor under Subtitle C of the Internal Revenue Code, 26 U.S.C. secs. 3101 et seq.;

(b) Is compensated by an insurer or self-insurer; and

(c) Investigates, negotiates, or settles property, casualty, or workers' compensation claims for insurers or self-insurers;

~~(10)~~~~(7)~~ "Insurance producer" means an individual or business entity required to be licensed under the laws of Kentucky to sell, solicit, or negotiate insurance or annuity contracts. Insurance producer includes agent, managing general agent, surplus lines broker, reinsurance intermediary broker and manager, rental vehicle agent and rental vehicle agent managing employee, ~~specialty credit producer and managing employee,~~ and consultant;

~~(11)~~~~(8)~~ "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the executive director determines should be designated a form of limited line credit insurance;

**304.9-440 Probation, suspension, revocation, and refusal of license -- Grounds --
Penalty.**

- (1) The executive director may place on probation, suspend, or may impose conditions upon the continuance of a license for not more than twenty-four (24) months, revoke, or refuse to issue or renew any license issued under this subtitle or any surplus lines broker, life settlement broker, or life settlement provider license, or may levy a civil penalty in accordance with KRS 304.99-020, or any combination of actions for any one (1) or more of the following causes:
 - (a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application;
 - (b) Violating any insurance laws, or violating any administrative regulations, subpoena, or order of the executive director or of another state's insurance executive director;
 - (c) Obtaining or attempting to obtain a license through misrepresentation or fraud;
 - (d) Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance or the business of life settlements;
 - (e) Intentionally misrepresenting the terms of an actual or proposed insurance contract, life settlement contract, or application for insurance;
 - (f) Having been convicted of or having pled guilty or nolo contendere to any felony;
 - (g) Having admitted or been found to have committed any unfair insurance trade practice, insurance fraud, or fraudulent life settlement act;
 - (h) Using fraudulent, coercive, or dishonest practices; or demonstrating incompetence, untrustworthiness, or financial irresponsibility; or being a source of injury or loss to the public in the conduct of business in this state or elsewhere;
 - (i) Having an insurance license, life settlement license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory;
 - (j) Surrendering or otherwise terminating any license issued by this state or by any other jurisdiction, under threat of disciplinary action, denial, or refusal of the issuance of or renewal of any other license issued by this state or by any other jurisdiction; or revocation or suspension of any other license held by the licensee issued by this state or by any other jurisdiction;
 - (k) Forging another's name to an application for insurance, to any other document related to an insurance transaction, or to any document related to the business of life settlements;
 - (l) Cheating, including improperly using notes or any other reference material to complete an examination for license;

- (m) Knowingly accepting insurance or life settlement business from an individual or business entity who is not licensed, but who is required to be licensed under this subtitle;
 - (n) Failing to comply with an administrative or court order imposing a child support obligation;
 - (o) Failing to pay state income tax or to comply with any administrative or court order directing payment of state income tax;
 - (p) Having been convicted of a misdemeanor for which restitution is ordered in excess of three hundred dollars (\$300), or of any misdemeanor involving dishonesty, breach of trust, or moral turpitude;
 - (q) Failing to no longer meet the requirements for initial licensure;
 - (r) If a life settlement provider, demonstrating a pattern of unreasonable payments to owners or failing to honor contractual obligations set out in a life settlement contract;
 - (s) Entering into any life settlement contract or using any form that has not been approved pursuant to Subtitle 15 of this chapter;
 - (t) If a licensee, having assigned, transferred, or pledged a policy subject to a life settlement contract to a person other than a life settlement provider licensed in this state, an accredited investor or qualified institutional buyer as defined, respectively, in Regulation D, Rule 501 or Rule 144a of the Federal Securities Act of 1933, as amended, a financing entity, a special purpose entity, or a related provider trust; or
 - (u) Any other cause for which issuance of the license could have been refused, had it then existed and been known to the executive director.
- (2) The license of a business entity may be suspended, revoked, or refused for any cause relating to an individual designated in or registered under the license if the executive director finds that an individual licensee's violation was known or should have been known by one (1) or more of the partners, officers, or managers acting on behalf of the business entity and the violation was not reported to the Office of Insurance nor corrective action taken.
- (3) The applicant or licensee may make written request for a hearing in accordance with KRS 304.2-310.
- (4) The executive director shall retain the authority to enforce the provisions and penalties of this chapter against any individual or business entity who is under investigation for or charged with a violation of this chapter, even if the individual's or business entity's license has been surrendered or has lapsed by operation of law.
- (5) The executive director may suspend, revoke, or refuse to renew the license of a licensed insurance agent operating as a life settlement broker, pursuant to KRS 304.15-700, if the executive director finds that such insurance agent has violated the provisions of KRS 304.15-700 to 304.15-725.
- (6) If the executive director denies a license application or suspends, revokes, or refuses to renew the license of a life settlement provider or life settlement broker, or suspends, revokes, or refuses to renew the license of a licensed life insurance agent

operating as a life settlement broker pursuant to KRS 304.15-700, the executive director shall comply with the provisions of this section and KRS Chapter 13B.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 32, sec. 19, effective July 15, 2008. -- Amended 2005 Ky. Acts ch. 58, sec. 5, effective June 20, 2005; and ch. 143, sec. 17, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 273, sec. 36, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 393, sec. 34, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 213, sec. 4, effective July 15, 1998. -- Amended 1982 Ky. Acts ch. 123, sec. 6, effective July 15, 1982. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 44, effective June 18, 1970.

Legislative Research Commission Note (7/15/2008). 2008 Ky. Acts ch. 32 intended to change all existing references in the KRS from "viatical settlements" to "life settlements" and from "viator" to "owner." References to "viatical settlements" and to "viator" in this section were overlooked during the bill drafting process. The Reviser of Statutes has made these changes upon the authority of KRS 7.136(1)(h).

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.

304.12-230 Unfair claims settlement practices.

It is an unfair claims settlement practice for any person to commit or perform any of the following acts or omissions:

- (1) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;
- (2) Failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;
- (3) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;
- (4) Refusing to pay claims without conducting a reasonable investigation based upon all available information;
- (5) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;
- (6) Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;
- (7) Compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by such insureds;
- (8) Attempting to settle a claim for less than the amount to which a reasonable man would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application;
- (9) Attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of the insured;
- (10) Making claims payments to insureds or beneficiaries not accompanied by statement setting forth the coverage under which the payments are being made;
- (11) Making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;
- (12) Delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information;
- (13) Failing to promptly settle claims, where liability has become reasonably clear, under one (1) portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage;
- (14) Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement;
- (15) Failing to comply with the decision of an independent review entity to provide coverage for a covered person as a result of an external review in accordance with KRS 304.17A-621, 304.17A-623, and 304.17A-625;

- (16) Knowingly and willfully failing to comply with the provisions of KRS 304.17A-714 when collecting claim overpayments from providers; or
- (17) Knowingly and willfully failing to comply with the provisions of KRS 304.17A-708 on resolution of payment errors and retroactive denial of claims.

Effective: July 15, 2008

History: Amended 2008 Ky. Acts ch. 169, sec. 7, effective July 15, 2008. -- Amended 2000 Ky. Acts ch. 262, sec. 18, effective July 14, 2000. -- Amended 1988 Ky. Acts ch. 225, sec. 19, effective July 15, 1988. -- Created 1984 Ky. Acts ch. 171, sec. 2, effective July 13, 1984.