

DEPARTMENT OF AGRICULTURE**Federal Crop Insurance Corporation****7 CFR Part 407**

[Docket No. FCIC-11-0002]

RIN 0563-AC25

Area Risk Protection Insurance Regulations and Area Risk Protection Insurance Crop Provisions**AGENCY:** Federal Crop Insurance Corporation, USDA.**ACTION:** Proposed rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) proposes to replace the Group Risk Plan (GRP) provisions in CFR part 407, which includes the: GRP Basic Provisions, GRP Barley Crop Provisions, GRP Corn Crop Provisions, GRP Cotton Crop Provisions, GRP Forage Crop Provisions, GRP Peanut Crop Provisions, GRP Sorghum Crop Provisions, GRP Soybean Crop Provisions, and GRP Wheat Crop Provisions, with a new Area Risk Protection Insurance (ARPI) Basic Provisions and ARPI Crop Provisions for each of these crops except Barley and Peanuts. The new ARPI provisions will also replace the Group Risk Income Protection (GRIP) Basic Provisions, the GRIP Crop Provisions, and the GRIP-Harvest Revenue Option (GRIP-HRO). ARPI will offer producers a choice of Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, or Area Yield Protection, all within one Basic Provision and the applicable Crop Provisions. This will reduce the amount of information producers must read to determine the best risk management tool for their operation and will improve the provisions to better meet the needs of insured's. The changes will apply for the 2013 and succeeding crop years.

DATES: Written comments and opinions on this proposed rule will be accepted until close of business September 20, 2011 and will be considered when the rule is to be made final. Comments on the information collection requirements must be received on or before September 20, 2011.

ADDRESSES: FCIC prefers that comments be submitted electronically through the Federal eRulemaking Portal. You may submit comments, identified by Docket ID No. FCIC-11-0002, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *By Mail to:* Director, Product Administration and Standards Division,

Risk Management Agency, United States Department of Agriculture, P.O. Box 419205, Kansas City, MO 64133-6205.

All comments received, including those received by mail, will be posted without change to <http://www.regulations.gov>, including any personal information provided, and can be accessed by the public. All comments must include the agency name and docket number or Regulatory Information Number (RIN) for this rule. For detailed instructions on submitting comments and additional information, see <http://www.regulations.gov>. If you are submitting comments electronically through the Federal eRulemaking Portal and want to attach a document, we ask that it be in a text-based format. If you want to attach a document that is a scanned Adobe PDF file, it must be scanned as text and not as an image, thus allowing FCIC to search and copy certain portions of your submission. For questions regarding attaching a document that is a scanned Adobe PDF file, please contact the RMA Web Content Team at (816) 823-4694 or by e-mail at rmaweb.content@rma.usda.gov.

Privacy Act: Anyone is able to search the electronic form of all comments received for any dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review the complete User Notice and Privacy Notice for Regulations.gov at <http://www.regulations.gov#!/privacyNotice>.

FOR FURTHER INFORMATION CONTACT: Director, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, Beacon Facility, Stop 0812, Room 421, P.O. Box 419205, Kansas City, MO 64141-6205, telephone (816) 926-7730.

SUPPLEMENTARY INFORMATION:**Executive Orders 12866 and 13563**

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been designated a "significant regulatory action" although not economically significant, under section

3(f) of Executive Order 12866.

Accordingly, the rule has been reviewed by the Office of Management and Budget.

Benefit-Cost Analysis

A Benefit-Cost Analysis has been completed and a summary is shown below; the full analysis may be viewed on <http://www.regulations.gov> (see **ADDRESSES** above for instructions for accessing <http://www.regulations.gov>). In summary, the analysis finds that changes in the rule will have an expected savings of \$705,722 to the government in administration of the Federal Crop Insurance program; a cost of slightly over \$488,255 to producers; and a cost of slightly over \$1 million to insurance providers.

Combining area yield protection (protection for production losses only) and area revenue protection (protection against loss of revenue caused by low prices, low yields or a combination of both) within one Basic Provision and the applicable Crop Provisions will minimize the quantity of documents needed to describe the contract between the insured and the insurance provider. An insured benefits because he or she will not receive several copies of largely duplicative material as part of the insurance contracts for crops insured under different plans of insurance. Insurance providers benefit because there is no need to maintain inventories of similar materials. Handling, storing and mailing costs are reduced to the extent that duplication of Basic or Crop Provisions is eliminated. Benefits accrue due to avoided costs (resources employed for duplicative effort), which are intangible in nature. These proposed changes will increase the efficiency of the insurance provider by eliminating the need to maintain and track separate forms, and by eliminating the potential for providing an incorrect set of documents to an insured by inadvertent error.

The GRIP plan of insurance currently uses a market-price discovery method to determine prices. This rule proposes to use this same method for determining prices for both area revenue protection and area yield protection. The benefits of this action primarily accrue to FCIC, which will no longer be required to make two estimates of the respective market price for these crops. Insurance providers benefit because they no longer will be required to process two releases of the expected market price for a crop year. Insureds also benefit because the price at which they may insure the crops included under GRP yield protection should more closely approximate the market value of any

loss in yield that is subject to an indemnity, and insured's will not have to analyze potential differences in price in deciding between area revenue or area yield protection. There are essentially no direct costs for this change since the market-price price discovery mechanism already exists and is in use for GRIP plan of insurance. All required data is available and similar calculations are currently being made.

Peanuts and barley currently are insured under the GRP plan of insurance, but have had no actuarial offers since 2009 and 1997, respectively. Thus, no Crop Provisions will be included for these crops.

These changes will simplify administration of the crop insurance program, reduce the quantity of documents and electronic materials prepared and distributed, better define the terms of coverage, provide greater clarity, and reduce the potential for waste, fraud, and abuse.

Many of the benefits and costs associated with the proposed rule cannot be quantified. The qualitative assessment indicates that the benefits outweigh the costs of the regulation.

Paperwork Reduction Act of 1995

In accordance with section 3507(j) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501), the information collection and record keeping requirements included in this rule have been submitted for approval to OMB. Please submit written comments to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Washington DC 20503. Electronic comments can be submitted to <http://www.regulations.gov>. A comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication of this rule.

Comments are being solicited from the public concerning this proposed information collection and record keeping requirements. This outside input will help:

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

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

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

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

Title: Area Risk Protection Insurance.

Abstract: To administer the Area Risk Protection Insurance (ARPI) Basic Provisions and affected Crop Provisions to determine insurance coverage, premiums, subsidies, payments and indemnities.

Purpose: FCIC proposes to replace the GRP Insurance Regulations, Basic Provisions, GRP Barley Crop Provisions, GRP Corn Crop Provisions, GRP Cotton Crop Provisions, GRP Forage Crop Provisions, GRP Peanut Crop Provisions, GRP Sorghum Crop Provisions, GRP Soybean Crop Provisions, and GRP Wheat Crop Provisions with a new ARPI Basic Provisions and ARPI Crop Provisions. The new provisions will also replace the GRIP Basic Provisions and GRIP Crop Provisions and the GRIP—Harvest Revenue Option (GRIP—HRO). The intended effect of this action is to offer producers a choice of area revenue protection, area revenue protection with the harvest price exclusion, or area yield protection all within one Basic Provision and applicable Crop Provisions. This will reduce the amount of information producers must read to determine the best risk management tool for their operation and will improve the provisions to better meet the needs of insured producers. The burden hours for GRP and GRIP were previously contained in Information Collection Burden Package 0563–0053. FCIC is removing the GRP and GRIP burden hours from 0563–0053 accordingly. FCIC is creating this new package to include the information collection requirements necessary for administering the ARPI policy.

Burden Statement: Producers are required to report specific data when they apply for crop insurance and to report acreage, yields, and notices of loss. Approved Insurance Providers (AIP) accept applications, issue policies, establish and provide insurance coverage, compute liability, premium, subsidies, and losses, indemnify producers, and report specific data to FCIC, as required. Insurance agents market crop insurance and provide crop insurance services to the producer. This data is used to administer the Federal crop insurance program in accordance with the Federal Crop Insurance Act, as amended.

Estimate of Burden: The public reporting burden for this collection of information is estimated to average 0.5 of an hour per response. Respondents: Producers and insurance providers reinsured by FCIC.

Estimated Annual Number of Respondents: 34,572.

Estimated Annual Number of Responses per Respondent: 9.9.

Estimated Annual Number of Responses: 341,509.

Estimated Total Annual Burden Hours on Respondents: 176,579.

E-Government Act Compliance

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

Unfunded Mandates Reform Act of 1995

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

Executive Order 13132

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

Executive Order 13175

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

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small

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

Federal Assistance Program

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

Executive Order 12372

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

Executive Order 12988

This proposed rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or to require the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 or 7 CFR part 400, subpart J for the informal administrative review process of good farming practices as applicable, must be exhausted before any action against FCIC may be brought.

Environmental Evaluation

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

Environmental Impact Statement is needed.

Background

1. Proposed Policy

FCIC proposes to discontinue the GRIP plan of insurance and to replace the GRP crop provisions in CFR part 407 with the Area Risk Protection Insurance (ARPI) Basic Provisions and Crop Provisions for the following crops: (1) Corn, (2) Cotton, (3) Forage, (4) Grain Sorghum, (5) Soybean, and (6) Wheat. The new ARPI product will provide the same types of coverage currently provided in both GRIP and GRP. ARPI will consist of one Basic Provision and one set of Crop Provisions. ARPI will contain three insurance plans: Area Yield Protection, Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion.

Area Yield Protection will provide the same coverage currently provided in the GRP provisions. Area Revenue Protection will provide the same coverage previously provided prior to 2011 under the GRIP provisions with the Harvest Revenue Option type or in 2011 as GRIP Revenue Protection. Area Revenue Protection with the Harvest Price Exclusion will provide the same coverage provided prior to 2011 under the GRIP provisions for the type No Type Specified or in 2011 as GRIP Revenue with the Harvest Price Exclusion.

2. Pricing

ARPI will use a document called the Commodity Exchange Price Provisions (CEPP-ARPI) to show the method used to price each crop. The CEPP-ARPI will be used for all three insurance plans including Area Yield Protection and prices will generally be based on the commodity markets. FCIC proposes that the CEPP-ARPI will be available for public inspection on RMA's Web site at <http://www.rma.usda.gov/>, or a successor Web site, by the contract change date. The CEPP-ARPI will not be published in the Code of Federal Regulations. However, FCIC would like comments on the CEPP-ARPI and, therefore, has included its text below.

COMMODITY EXCHANGE PRICE PROVISIONS—AREA RISK PROTECTION INSURANCE (CEPP-ARPI) 2013 AND SUCCEEDING CROP YEARS

Section I: General Information

The CEPP-ARPI applies only to crops where choices of protection include both area revenue protection and area yield protection.

1. General Definitions

Additional daily settlement price—A price used in the establishment of the average

daily settlement price when at least 8 daily settlement prices for the contract specified in the applicable insured crop's projected price or harvest price definition are not available. The prices are generally obtained from the contract immediately prior to the contract specified in the applicable insured crop's projected price or harvest price definition, or another contract as determined by RMA. The price must represent the same crop year as the insured crop. Additional daily settlement prices will be those closest to the dates where daily settlement prices for the contract specified in the applicable insured crop's projected price or harvest price definition, as applicable, do not qualify or are missing. If enough additional daily settlement prices are not available to meet the minimum of 8 prices for the applicable crop year, the applicable projected price and harvest price will be established in accordance with section I.2(c), 2(e)(1), or 2(f).

Average daily settlement price—The sum of all daily settlement prices divided by the total number of full active trading days included in the sum. The average must include a minimum of 8 prices established on full active trading days. If 8 qualifying prices are not available for the applicable contract month specified for the insured crop in section II of the CEPP-ARPI, additional daily settlement prices will be used to establish the average daily settlement price until 8 qualifying prices are available. If enough additional daily settlement prices are not available to meet the minimum of 8 prices for the applicable crop year, the applicable projected price and harvest price will be established in accordance with section I.2(c), 2(e)(1), or 2(f).

CBOT—Chicago Board of Trade.

CEPP-ARPI—The Commodity Exchange Price Provisions applicable to the Area Risk Protection Insurance plan.

Daily settlement price—A price established in accordance with the CEPP-ARPI which is available for the crop at the end of a full active trading day.

Full active trading day—For all exchanges, any day on which a minimum of 25 open interest contracts for the relevant futures contract are available.

Harvest Price—See the definition in section II.

ICE—Inter Continental Exchange.

KCBT—Kansas City Board of Trade.

MGE—Minneapolis Grain Exchange.

NASS—The National Agricultural Statistics Service, an agency within USDA.

Projected Price—See the definition in section II.

USDA—United States Department of Agriculture.

2. Price Determinations

(a) In accordance with section 1 of the Area Risk Protection Insurance Basic Provisions, these Commodity Exchange Price Provisions (CEPP-ARPI) specify how and when the projected price and harvest price will be determined by crop.

(1) These provisions are a part of the policy for all crops for which area revenue

protection is available, regardless of whether the producer elects area revenue protection or area yield protection for such crops.

(2) This document includes the information necessary to derive the projected price and the harvest price for the insured crop, as applicable.

(b) The CEPP-ARPI will be used to determine:

(1) The projected price and harvest price for insured crops for which area revenue protection is selected; or

(2) The projected price for insured crops for which area yield protection is selected.

(c) RMA reserves the right to omit any daily settlement price or additional daily settlement price if market conditions are different than those used to rate or price area revenue protection.

(d) RMA reserves the right to set the projected price for area yield protection.

(e) If the projected price cannot be calculated by the procedures outlined in these CEPP-ARPI:

(1) No area revenue protection will be available;

(2) If area revenue protection is not available, notice will be provided on RMA's Web site at <http://www.rma.usda.gov/> by the date specified in the applicable projected price definition;

(3) Area yield protection will continue to be available; and

(4) The projected price for area yield protection will be determined by RMA and released by the date specified in the applicable projected price definition in the CEPP-ARPI.

(f) If the harvest price cannot be calculated by the procedures outlined in this CEPP-ARPI, the harvest price will be determined by RMA.

(g) The harvest price will not be greater than the projected price multiplied by 2.00.

(h) Projected prices, harvest prices and associated factors and adjustments for all crops can be found at <http://www.rma.usda.gov/tools/pricediscovery.html>.

www.rma.usda.gov/tools/pricediscovery.html.

Section II: Price Definitions by Crop

Corn (0041)

Grain Type

Projected price—The harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in the table below, rounded to the nearest whole cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year's average daily settlement price for the harvest price discovery period for the harvest year's futures contract, as shown in the table below, rounded to the nearest whole cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Corn—March 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date *	Beginning date	Ending date
Illinois	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Indiana	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Iowa	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Michigan	CBOT	Corn	December	Feb 1	Feb 28	Nov 1	Nov 30.
Minnesota	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Missouri	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Nebraska	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Ohio	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
South Dakota	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.
Wisconsin	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31.

* February 28 Ending Date is extended to February 29 in leap years.

Cotton (0021)

Projected price—The harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in the tables

below, rounded to the nearest whole cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year's average daily settlement price for the harvest price

discovery period for the harvest year's futures contract, as shown in the tables below, rounded to the nearest whole cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Cotton—February 28 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date	Beginning date	Ending date
Arkansas	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.
Georgia	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.
Louisiana	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.
Mississippi	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.
North Carolina	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.
Texas	ICE	Cotton	December	Jan 15	Feb 14	Oct 1	Oct 31.

Cotton—March 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date *	Beginning date	Ending date
Missouri	ICE	Cotton	December	Feb 1	Feb 28	Oct 1	Oct 31.
Tennessee	ICE	Cotton	December	Feb 1	Feb 28	Oct 1	Oct 31.
Texas	ICE	Cotton	December	Feb 1	Feb 28	Oct 1	Oct 31.

* February 28 Ending Date is extended to February 29 in leap years.

Forage (0033)

Projected price—The harvest year's price as set by RMA.

Grain Sorghum (0051)

Projected price—The harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in the tables below, rounded to the nearest whole cent, multiplied by the price percentage relationship between grain sorghum and

corn, as determined by RMA, and rounded to the nearest whole cent. The price percentage relationship will be available in the Price Discovery Reporting application located at <http://www.rma.usda.gov>. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year's average daily settlement price for the harvest price discovery period for the harvest year's futures contract, as shown in the tables

below, rounded to the nearest whole cent, multiplied by the price percentage relationship between grain sorghum and corn, as determined by RMA, and rounded to the nearest whole cent. The price percentage relationship will be available in the Price Discovery Reporting application located at <http://www.rma.usda.gov>. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Grain Sorghum—February 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date	Beginning date	Ending date
Texas	CBOT	Corn	December	Jan 1	Jan 31	Sep 1	Sep 30

Grain Sorghum—March 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date*	Beginning date	Ending date
Kansas	CBOT	Corn	December	Feb 1	Feb 28	Oct 1	Oct 31
Texas	CBOT	Corn	December	Feb 1	Feb 28	Sep 1	Sep 30

* February 28 Ending Date is extended to February 29 in leap years.

Soybeans (0081)

Projected price—The harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in the table below,

rounded to the nearest whole cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year's average daily settlement price for the harvest price

discovery period for the harvest year's futures contract, as shown in the table below, rounded to the nearest whole cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Soybeans—March 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity	Contract month	Beginning date	Ending date*	Beginning date	Ending date
Illinois	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Indiana	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Iowa	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Michigan	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Minnesota	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Missouri	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Nebraska	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Ohio	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
South Dakota	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31
Wisconsin	CBOT	Soybeans ..	November	Feb 1	Feb 28	Oct 1	Oct 31

* February 28 Ending Date is extended to February 29 in leap years.

Wheat (0011)

Wheat (September 30 Sales Closing Date)

Projected price—The pre-harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in

the table below, rounded to the nearest whole cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year's average daily settlement price for the harvest price

discovery period for the harvest year's futures contract, as shown in the table below, rounded to the nearest whole cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Wheat—September 30 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity #	Contract month	Beginning date	Ending date*	Beginning date	Ending date
Arkansas	CBOT	Wheat	July	Aug 15	Sep 14	Jun 1	Jun 30
Colorado	KCBT	HRW Wheat.	September	Aug 15	Sep 14	Jul 1	Jul 31
Illinois	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Indiana	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Kansas	KCBT	HRW Wheat.	July	Aug 15	Sep 14	Jun 1	Jun 30

Wheat—September 30 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity #	Contract month	Beginning date	Ending date*	Beginning date	Ending date
Kentucky	CBOT	Wheat	July	Aug 15	Sep 14	Jun 1	Jun 30
Maryland	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Michigan	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Mississippi	CBOT	Wheat	July	Aug 15	Sep 14	Jun 1	Jun 30
Missouri	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Montana	KCBT	HRW Wheat.	September	Aug 15	Sep 14	Aug 1	Aug 31
Nebraska	KCBT	HRW Wheat.	September	Aug 15	Sep 14	Jul 1	Jul 31
North Carolina	CBOT	Wheat	July	Aug 15	Sep 14	Jun 1	Jun 30
Ohio	CBOT	Wheat	September	Aug 15	Sep 14	Jul 1	Jul 31
Oklahoma	KCBT	HRW Wheat.	July	Aug 15	Sep 14	Jun 1	Jun 30
South Dakota	KCBT	HRW Wheat.	September	Aug 15	Sep 14	Jul 1	Jul 31
Tennessee	CBOT	Wheat	July	Aug 15	Sep 14	Jun 1	Jun 30
Texas	KCBT	HRW Wheat.	July	Aug 15	Sep 14	Jun 1	Jun 30

Hard Red Winter (HRW)

Wheat (0011)

Wheat (March 15 Sales Closing Date)

Projected price—The harvest year’s average daily settlement price for the projected price discovery period for the harvest year’s futures contract, as shown in the table below,

rounded to the nearest whole cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

Harvest price—The harvest year’s average daily settlement price for the harvest price

discovery period for the harvest year’s futures contract, as shown in the table below, rounded to the nearest whole cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

Wheat—March 15 sales closing date				Projected price discovery period		Harvest price discovery period	
State	Commodity exchange	Contract commodity #	Contract month	Beginning date	Ending date*	Beginning date	Ending date
Minnesota	MGE	HRS Wheat	September	Feb 1	Feb 28	Aug 1	Aug 31
Montana	MGE	HRS Wheat	September	Feb 1	Feb 28	Aug 1	Aug 31
North Dakota	MGE	HRS Wheat	September	Feb 1	Feb 28	Aug 1	Aug 31
South Dakota	MGE	HRS Wheat	September	Feb 1	Feb 28	Aug 1	Aug 31

Hard Red Spring (HRS).

* February 28 Ending Date is extended to February 29 in leap years.

3. Barley and Peanuts

While the GRP policy covered both barley and peanuts, no coverage had been provided for barley since 1997 and peanut coverage was discontinued in December 2009 due to little business and changes in the peanut industry. FCIC proposes that neither of these crops will be covered under ARPI.

4. Insuring Other Crops—No Written Agreements

FCIC proposes keeping the ARPI policy simple, saving time for producers, insurance providers, and RMA, and improving reporting by crop, by not including written agreements in the proposed policy. Since this product uses an area based yield, rates and prices, if additional crops such as hybrid seed corn and hybrid sorghum seed are determined to be insurable under the ARPI Crop Provisions, they will simply be coded as insurable crops and will be insured using the corn or

grain sorghum prices, rates, and yields. The Crop Provisions have been changed to reflect this and the actuarial documents would show hybrid seed corn and hybrid sorghum seed as crops. The proposed policy retains flexibility to determine the insured crops on a yearly basis but it is not FCIC’s intention to include popcorn or sweet corn as insurable under ARPI. Insuring crops that are not basic ARPI crops by coding them with their actual crop code will more accurately label the insured data that is necessary for producers to obtain benefits under some other USDA programs. Because these crops are insured with the base crop’s yields, rates and prices, it is unnecessary to burden the producer’s, insurance provider’s, and RMA’s time to create written agreements.

5. Calculations

In the GRP and GRIP policies the maximum protection per acre was

calculated by multiplying the expected county yield by the price and by a 150 percent multiplier. The multiplier served two purposes: (1) Allowing producers with above average yields to purchase a higher level of liability; and (2) Accounting for the decreased variability of county-average yields as compared to individual yields.

FCIC proposes to keep the multiplier in ARPI but it is now called the “protection factor” and serves only the first purpose—allowing producers with above average yields to purchase a higher level of liability. Additionally, the maximum factor is reduced from 150 percent down to a maximum of 120 percent. With respect to the decreased variability of county-average yields as compared to individual yields, RMA is proposing to include a new “total loss factor.” This factor allows the entire loss to be paid when the county has a loss equal to the factor. For example, if the total loss factor is .82, and there is a

county loss of 82 percent, a complete indemnity would be paid to the producer. Therefore, this factor will be applied when the final county yield is established instead of when the amount of insurance is established. The combination of reducing the protection factor to 120 and adding a total loss factor allows for ARPI coverage to not appear over-stated but also recognizes, at certain thresholds, a total loss is likely to have occurred and ultimately results in overall coverage with respect to premium and indemnities to be similar to that previously provided by GRP and GRIP.

Under ARPI, the actuarial documents will provide the expected county yield and a projected price. However, the producer will be able to choose a protection factor, from the actuarial documents. Initially the protection factor is anticipated to be set between 0.8–1.2. These three numbers are multiplied together to arrive at a dollar amount of insurance per acre. These proposed changes allow the producer to evaluate the actual county averages and to adjust these numbers for their individual farm.

6. Production Record

FCIC has received considerable input from producers and others regarding the establishment and maintenance of area based county crop insurance programs. Sometimes, there are insufficient data to support area based programs, especially in relying on sufficient and credible data to establish the expected county yield. In addition, if insufficient data are reported to NASS then the final county yields can be questioned or not made publically available. Many producers have advised that they believe FCIC may possess the most credible data available, given significant levels of program participation, and that FCIC should rely more heavily upon its own data, especially in providing producer information as applicable to other USDA programs like the Supplemental Agricultural Disaster Assistance program. Further, ARPI is available for crops covered by other plans of insurance where the reporting of production data is mandatory and participation in such programs is generally higher than in ARPI.

In response, FCIC proposes that expected county yields and final county yields may, at the election of FCIC, be based on crop insurance data, NASS data, other USDA data or other data sources by crop on a nationwide basis. However, FCIC also proposes that if the data source used nationally is not available or credible for specific counties for any given crop year, crop

insurance data, NASS data, other USDA data or other data sources may be used for those specific counties. Expected county yields will be released on a crop, type and practice basis, as shown on the Special Provisions. If an expected county yield is not published in the Special Provisions for a particular crop, type and practice, coverage will not be available under this policy.

Further, FCIC proposes to require producers to submit an annual production report by a date specified in the Special Provisions. This will allow FCIC to collect additional information to ensure that the data used to calculate the expected yield for the county is the most accurate, credible data available. Many producers already maintain this data. Given the importance of this collection of information to the maintenance and integrity of the program, FCIC proposes that failure to submit this report will result in the insured's yield for the crop year being set equal to the expected county yield for purposes of computing the final county yield and no indemnity will be paid to the insured for any area-based loss, either yield or price.

List of Subjects in 7 CFR Part 407

Crop insurance, Reporting and recordkeeping requirements.

Proposed Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation proposes to revise 7 CFR part 407, Group Risk Plan of Insurance Regulations effective for the 2013 and succeeding crop years, to read as follows:

PART 407—AREA RISK PROTECTION INSURANCE REGULATIONS

Sec.

- 407.1 Applicability.
- 407.2 Availability of Federal crop insurance.
- 407.3 Premium rates, amounts of protection, and coverage levels.
- 407.4 OMB control numbers.
- 407.5 Creditors.
- 407.6 [Reserved]
- 407.7 The contract.
- 407.8 The application and policy.
- 407.9 Area risk protection insurance policy.
- 407.10 [Reserved]
- 407.11 Area risk protection insurance for corn.
- 407.12 Area risk protection insurance for cotton.
- 407.13 Area risk protection insurance for forage.
- 407.14 [Reserved]
- 407.15 Area risk protection insurance for grain sorghum.
- 407.16 Area risk protection insurance for soybean.

407.17 Area risk protection insurance for wheat.

1. The authority citation for 7 CFR part 407 continues to read as follows:

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

2. Revise §§ 407.1 through 407.17 as follows:

§ 407.1 Applicability.

The provisions of this part are applicable only to those crops for which a Crop Provision is contained in this part and the crop years specified.

§ 407.2 Availability of Federal crop insurance.

(a) Insurance shall be offered under the provisions of this part on the insured crop in counties within the limits prescribed by and in accordance with the provisions of the Federal Crop Insurance Act (7 U.S.C. 1501–1524) (Act). The crops and counties shall be designated by the Manager of the Federal Crop Insurance Corporation (FCIC) from those approved by the Board of Directors of FCIC.

(b) The insurance will be offered through insurance providers reinsured by FCIC under the same terms and conditions as the contract contained in this part. These contracts will be clearly identified as being reinsured by FCIC. Additionally, the contract contained in this part may be offered directly to producers through agents of the United States Department of Agriculture. Those contracts will be specifically identified as being offered by FCIC.

(c) No person may have in force more than one insurance policy issued or reinsured by FCIC on the same crop for the same crop year, in the same county, unless specifically approved in writing by FCIC.

(d) Except as specified in paragraph (c) of this section, if a person has more than one contract authorized under the Act that provides coverage for the same loss on the same crop for the same crop year in the same county, all such contracts shall be voided for that crop year and the person will be liable for the premium on all contracts, unless the person can show to the satisfaction of the FCIC that the multiple contracts of insurance were without the fault of the person.

(1) If the multiple contracts of insurance are shown to be without the fault of the person and:

(i) One contract is an additional coverage policy and the other contract is a Catastrophic Risk Protection policy, the additional coverage policy will apply if both policies are with the same insurance provider, or if not, both insurance providers agree, and the Catastrophic Risk Protection policy will

be canceled (If the insurance providers do not agree, the policy with the earliest date of application will be in force and the other contract will be canceled); or

(ii) Both contracts are additional coverage policies or both are Catastrophic Risk Protection policies, the contract with the earliest signature date on the application will be valid and the other contract on that crop in the county for that crop year will be canceled, unless both policies are with the same insurance provider and the insurance provider agrees otherwise or both policies are with different insurance providers and both insurance providers agree otherwise.

(2) No liability for indemnity or premium will attach to the contracts voided as specified in paragraphs (d)(1)(i) and (ii) of this section.

(e) The person must repay all amounts received in violation of this section with interest at the rate contained in the contract (see § 407.9, section 22).

(f) A person whose contract with FCIC or with an insurance provider reinsured by FCIC under the Act has been terminated, voided, or canceled because of violation of the terms of the contract is not eligible to obtain crop insurance under the Act with FCIC or with an insurance provider reinsured by FCIC unless the person can show that the termination was improper and should not result in subsequent ineligibility.

(g) All applicants for insurance under the Act must advise the insurance provider, in writing at the time of application, of any previous applications for insurance or contracts of insurance under the Act within the last 5 years and the present status of any such applications or insurance.

§ 407.3 Premium rates, amounts of protection, and coverage levels.

(a) The Manager of FCIC shall establish premium rates, amounts of protection, and coverage levels for the insured crop that will be included in the actuarial documents on file in the agent's office. Premium rates, amounts of protection, and coverage levels may be changed from year to year in accordance with the terms of the policy.

(b) At the time the application for insurance is made, the person must elect an amount of protection and a coverage level from among those contained in the actuarial documents for the crop year.

§ 407.4 OMB control numbers.

The information collection activity associated with this rule has been submitted to OMB for their review and approval.

§ 407.5 Creditors.

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

§ 407.6 [Reserved]

§ 407.7 The contract.

(a) The insurance contract shall become effective upon the acceptance by FCIC or the approved provider of a complete, duly executed application for insurance on a form prescribed or approved by FCIC.

(b) The contract shall consist of the accepted application, Area Risk Protection Insurance Basic Provisions, Crop Provisions, Special Provisions, Actuarial Documents, and any amendments, endorsements, or options thereto.

(c) Changes made in the contract shall not affect its continuity from year to year.

(d) No indemnity shall be paid unless the person complies with all terms and conditions of the contract.

(e) The forms required under this part and by the contract are available at the office of the insurance provider, or such other location as specified by FCIC, if applicable.

§ 407.8 The application and policy.

(a) Application for insurance, on a form prescribed or approved by FCIC, must be made by any person who wishes to participate in the program in order to cover such person's share in the insured crop as landlord, owner-operator, tenant, or other crop ownership interest.

(1) No other person's interest in the crop may be insured under the application.

(2) To obtain coverage, the application must be submitted to the insurance provider on or before the applicable sales closing date on file in the insurance provider's local office.

(b) FCIC or the insurance provider may reject, no longer accept applications, or cancel existing insurance contracts upon the FCIC's determination that the insurance risk is excessive. Such determination must be made not later than 15 days before the cancellation date for the crop and may be made on a farm, area, county, state, or crop basis.

§ 407.9 Area risk protection insurance policy.

This insurance is available for the 2013 and succeeding years.
[FCIC policies]

Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance Policy

[Reinsured policies]

(Appropriate title for insurance provider)

(This is a continuous policy. Refer to Section 2.)

[FCIC policies]

Area Risk Protection Insurance (ARPI) provides protection against widespread loss of revenue or yield in a county. Individual farm revenues and yields are not considered under ARPI and it is possible that your individual farm may experience reduced revenue or reduced yield and not receive an indemnity under ARPI.

This is an insurance policy issued by the Federal Crop Insurance Corporation (FCIC), a United States government agency, under the provisions of the Federal Crop Insurance Act (Act) (7 U.S.C. 1501–1524.). 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 modified in any way by us, your insurance agent or any employee of USDA. Procedures (handbooks, underwriting rules, manuals, memoranda, and bulletins), issued by us and published on the Risk Management Agency's (RMA) Web site at <http://www.rma.usda.gov/> or a successor Web site, will be used in the administration of this policy, including the adjustment of any loss or claim submitted hereunder. Throughout this policy, "you" and "your" refer to the named insured shown on the accepted application and "we," "us," and "our" refer to FCIC. Unless the context indicates otherwise, the use of the plural form of a word includes the singular and the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the payment of 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 us, the order of priority is: (1) The Act; (2) the regulations; and (3) the procedures as issued by us, with (1) controlling (2), *etc.* If there is a conflict between the policy provisions published at 7 CFR part 407 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 407 control. The order of priority among the policy provisions is: (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) the Special Provisions; (3) any other Actuarial Documents except the Special Provisions, (4) the applicable Commodity Exchange Price Provisions; (5) the Crop Provisions; and (6) these Basic Provisions, with (1) controlling (2), *etc.*

[Reinsured policies]

Area Risk Protection Insurance (ARPI) provides protection against widespread loss of revenue or yield in a county. Individual farm revenues and yields are not considered under ARPI and it is possible that your individual farm may experience reduced revenue or reduced yield and not receive an indemnity under ARPI.

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. 1501–1524.). 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. We will use the procedures (handbooks, underwriting rules, manuals, memoranda, and bulletins), as issued by FCIC and published on the Risk Management Agency (RMA's) Web site at <http://www.rma.usda.gov/> or a successor Web site, 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, FCIC will become your insurer, make all decisions in accordance with the provisions of this policy, including any loss payments, and 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, the use of the plural form of a word includes the singular and the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the payment of 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: (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 407 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 407 control. The order of priority among the policy provisions is: (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) the Special Provisions; (3) any other Actuarial Documents except the Special Provisions, (4) the applicable Commodity Exchange Price Provisions; (5) the Crop Provisions; and (6) these Basic Provisions, with (1) controlling (2), *etc.*

Terms and Conditions

Basic Provisions

1. Definitions

Abandon. Failure to continue to care for the crop, or providing care so insignificant as to provide no benefit to the crop.

Acreage report. A report required by section 8 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 by which you are required to submit your acreage report.

Act. Federal Crop Insurance Act (7 U.S.C. 1501–1524).

Actuarial documents. The information for the crop year, including Special Provisions, which is available for public inspection in your agent's office and published on RMA's Web site, <http://www.rma.usda.gov/>, and which shows available plans of insurance, coverage levels, information needed to determine amounts of insurance, prices, 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 of these provisions, the Catastrophic Risk Protection Endorsement, or the actuarial documents, as applicable.

Agricultural experts. Persons who are employed by the Cooperative Extension System 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. If the person has a personal or financial interest in you or the crop, they will not qualify as an agricultural expert. For example, contracting with the person for consulting would be considered to have a financial interest and a person who is a neighbor would be considered to have a personal interest.

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.

Area. The general geographical region in which the insured acreage is located, designated generally as a county but may be a smaller or larger geographical area as specified in the actuarial documents.

Area Revenue Protection. A plan of insurance that provides protection against loss of revenue due to a county level production loss, a price decline, or a combination of both. This plan also includes upside harvest price protection, which increases your policy protection at the end of the insurance period if the harvest price is greater than the projected price and if there is a production loss.

Area Revenue Protection with the Harvest Price Exclusion. A plan of insurance that provides protection against loss of revenue due to a county level production loss, price decline, or a combination of both. This plan does not provide upside harvest price protection.

Area Risk Protection Insurance (ARPI). Insurance coverage based on an area, not an individual, yield or revenue amount. There are three plans of insurance available under ARPI: Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection.

Area Yield Protection. A plan of insurance that provides protection against loss of yield

due to a county level production loss. This plan does not provide revenue protection or upside harvest price protection.

Assignment of indemnity. A transfer of policy rights, made on our form, and effective when approved in writing by us. It is the arrangement whereby you assign your right to an indemnity payment for the crop year but such assignment can only be made to creditors or other persons to whom you have a financial debt or other pecuniary obligation.

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 (CAT). Coverage equivalent to 65 percent of yield coverage and 45 percent of price coverage, unless otherwise specified in the Special Provisions, and is the minimum level of coverage offered by FCIC, as specified in the actuarial documents for the crop, type, and practice. Catastrophic risk protection is not available with Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion.

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.

Code of Federal Regulations (CFR). The codification of general 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 Web site.

Commodity. Any crop or other agricultural commodity produced, regardless of whether or not it is insurable.

Commodity Exchange Price Provisions (CEPP-ARPI). A part of the policy that is used for crops for which ARPI is available, unless otherwise specified. This document includes the information necessary to derive the projected and harvest price for the insured crop, as applicable.

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

Contract change date. The calendar date, as specified in the Crop Provisions, by which changes to the policy, if any, will be made available in accordance with section 3 of these Basic Provisions.

Contract. (See “policy”).

Conventional farming practice. A system or process that is necessary to produce an agricultural commodity, excluding organic farming practices.

Cooperative Extension System. A nationwide network consisting of a state office located at each state’s land-grant university, and local or regional offices. These offices are staffed by one or more agricultural experts who work in cooperation with the National Institute of Food and Agriculture, and who provide information to agricultural producers and others.

County. Any county, parish, political subdivision of a state, or other area specified on the actuarial documents shown on your accepted application.

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”).

Credible. Data of sufficient quality and quantity to be representative of the county.

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 and designated by the calendar year in which the crop is normally harvested.

Days. Calendar days.

Delinquent debt. Has the same meaning as the term defined in 7 CFR part 400, subpart U.

Disinterested third party. A person: (1) 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 (2) Who will not benefit, directly or indirectly from the sale of the insured crop.

Dollar amount of insurance per acre. The guarantee, calculated by multiplying the expected county yield by the projected price and by the protection factor. Your dollar amount of insurance per acre is shown on your Summary of Protection. Following release of the harvest price, your dollar amount of insurance may increase if Area Revenue Protection was purchased and the harvest price is greater than the projected price.

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

Expected county revenue. The expected county yield multiplied by the projected price.

Expected county yield. The yield contained in the actuarial documents on which your coverage for the crop year is based.

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

Final county revenue. The revenue determined by multiplying the final county yield by the harvest price with the result used to determine whether an indemnity will be due for Area Revenue Protection and Area

Revenue Protection with the Harvest Price Exclusion, and released by RMA at a time specified in the Crop Provisions.

Final county yield. The yield for each insured crop, type, and practice, used to determine whether an indemnity will be due for Area Yield Protection, and released by RMA at a time specified in the Crop Provisions.

Final planting date. The date contained in the Special Provisions for the insured crop by which the crop must be planted in order to be insured. For ARPI, this date is generally consistent with the last day of the late planting period under other reinsured policies for the same crop.

Final policy protection. For Area Revenue Protection only, the amount calculated in accordance with section 12(e).

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

Generally recognized. When agricultural experts or organic agricultural experts, 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.

Good farming practices. The production methods utilized to produce the insured crop, type, and practice as shown in the Special Provisions and allow it to make normal progress toward maturity, 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 organic agricultural experts 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.”

Harvest price. A price determined in accordance with the CEPP–ARPI and used to determine the final county revenue.

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 interest. When the person has a financial risk of loss in the insured crop as an owner, operator, or tenant at the time insurance attaches.

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

Insurance Provider (insurance provider). A private insurance company that has been

approved by FCIC to provide insurance coverage to producers participating in programs authorized by the Act. We are an insurance provider.

Insured. The named person as shown on the application accepted by us. This term does not extend to any other person having an insurable interest in the crop (e.g., 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.

Liability. (See “Policy protection”).

Limited resource farmer. Has the same meaning as the term defined by USDA at <http://www.lrftool.sc.egov.usda.gov/LRP-D.htm>.

NASS. National Agricultural Statistics Service, an agency within USDA, or its successor, that publishes the official United States Government yield estimates.

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.

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

Organic agricultural experts. Persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the Cooperative Extension System, 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 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, or a successor regulation.

Organic plan. A written plan, in accordance with the National Organic Program published in 7 CFR part 205, or a successor regulation, 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, or a successor regulation.

Payment Factor. A factor used to determine the amount of indemnity to be paid in accordance with section 12(g).

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 in accordance with good farming practices for the area.

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, the CEPP-ARPI, other applicable endorsements or options, the actuarial documents for the insured agricultural commodity, the CAT 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.

Policy protection. The liability amount calculated in accordance with section 6(f).

Practice. The production methodologies, qualifying as good farming practices, that are used to produce the crop. Specific practices that are insured may be listed in the actuarial documents.

Prairie Pothole National Priority Area. Consists of specific counties within the States of Iowa, Minnesota, Montana, North Dakota, South Dakota, or any other county as specified on the RMA's 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.

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.

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, or a successor regulation.

Projected price. A price for each crop, type, and practice as shown in the Special Provisions, as applicable, determined in accordance with the CEPP-ARPI, Special Provisions or the Crop Provisions, as applicable.

Protection factor (PF) The percentage you choose, from those offered in the actuarial documents, for each crop, type and practice as shown in the Special Provisions, and is used to calculate the dollar amount of insurance per acre and policy protection.

Replanted crop. The same agricultural commodity replanted on the same acreage as the first insured crop for harvest in the same crop year. ARPI does not have a replant provision so it is only used for first and second crop determinations.

RMA. Risk Management Agency, an agency within USDA.

RMA's Web site. A Web site hosted by RMA and located at <http://www.rma.usda.gov/> or a successor Web site.

Sales closing date. The date contained in the Special Provisions by which an application must be filed and 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.

Share. Your percentage of the insured crop that is at financial risk. Premium will be determined on your share as of the acreage reporting date. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the acreage reporting date or on the date of harvest, whichever is less.

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.

Subsidy. The portion of the total premium that FCIC will pay in accordance with the Act.

Subsidy factor. The percentage of the total premium paid by FCIC as a subsidy.

Substantial beneficial interest. An interest held by any person of at least 10 percent in you (e.g., 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). The spouse of any individual applicant or individual insured will be presumed 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 the applicable state dissolution of marriage laws. 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.

Summary of protection. Our statement to you specifying the insured crop, dollar amount of insurance per acre, policy protection, premium and other information obtained from your accepted application, acreage report, and the actuarial documents.

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.

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.

Total loss factor. A factor found in the actuarial documents and used to calculate the payment factor. This factor represents the level of the county loss at which the total indemnity amount is payable. For example, if the factor is .82, then the policy will pay out the total indemnity amount once the county level loss reaches 82 percent or greater. The total indemnity will never be more than 100 percent of the final policy protection.

Total Premium. The amount of premium before subsidy, calculated in accordance with section 7(e)(1).

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

Trigger revenue. The revenue amount calculated in accordance with section 12(b).

Trigger yield. The yield amount calculated in accordance with section 12(c).

Type. The categories of the insured crop having common traits and characteristics. Types that are insured may be listed in the actuarial documents.

Upside harvest price protection. Coverage provided automatically under the Area Revenue Protection plan of insurance. This coverage increases your final policy protection when the harvest price is greater than the projected price. This coverage is not available under either the Area Revenue Protection with the Harvest Price Exclusion or the Area Yield Protection plans of insurance.

USDA. United States Department of Agriculture.

Verifiable records. Has the same meaning as the term defined in 7 CFR part 400, subpart G.

Void. When the policy is considered not to have existed for a crop year.

Volatility factor. A measure of variation of price over time found in the actuarial documents.

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. In accordance with section 3, FCIC may change the coverage provided from year to year.

(b) All the information in this subsection must be included in your application for insurance or your application will not be accepted and no coverage will be provided. The following information must be included in your application:

(1) Your election of either Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, or Area Yield Protection;

(2) The crop with all type and practice combinations insured as shown on the Special Provisions;

(3) Your elected coverage level;

(4) Your elected percentage of the projected price (Only 100 percent is allowed for Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion);

(5) Your elected protection factor;

(6) Identification numbers for the insured as follows:

(i) You must include your social security number (SSN) if you are an individual (if you are an individual applicant operating as a business, including joint ventures, limited liability companies, and trusts, you may provide an employer identification number (EIN) but must also provide your SSN); or

(ii) You must include your EIN if you are a person other than an individual;

(7) Identification numbers for all persons who have a substantial beneficial interest in you:

(i) The SSN for individuals; or

(ii) The EIN for persons other than individuals and the SSNs for all individuals that comprise the person with the EIN if such individuals also have a substantial beneficial interest in you; and

(8) Any other material information required on the application to insure the crop.

(c) With respect to SSNs or EINs required on your application:

(1) If a person with a substantial beneficial interest in you is not eligible for insurance and that person's SSN or EIN was correctly reported on your application, the insurance coverage for all crops included on your application will be reduced proportionately, by the percentage interest in you, of the ineligible persons with a substantial beneficial interest in you (If your spouse is ineligible, then you are ineligible);

(2) Your application will not be accepted and no insurance will be provided for the year of application if the application does not contain the SSN or EIN for you or any person with a substantial beneficial interest in you (If your application contains an incorrect SSN or EIN for you or any person with a substantial beneficial interest in you, your application will be considered not to have been accepted, no insurance will be provided for the year of application and for any

subsequent crop years, as applicable, and such policies will be void unless:

(i) Such number is corrected or provided by you, as applicable; or

(ii) You provide evidence that demonstrates to our satisfaction that the omitted or incorrect SSN or EIN was an inadvertent error.); and

(3) Your policy will be void for all applicable crop years if it is determined by us at any time that an incorrect or omitted SSN or EIN, provided on the application, would have allowed you, or a person with a substantial beneficial interest in you, to:

(i) Obtain disproportionate benefits under the crop insurance program; or

(ii) Avoid an obligation or requirement under any state or Federal law.

(d) When any of your policies are void under sections 2(c)(2) or 2(c)(3):

(1) You must repay any indemnity that may have been paid for all applicable crops and crop years;

(2) Even though the policies are void, you will still be required to pay an amount equal to 20 percent of the premium that you would otherwise be required to pay; and

(3) If you previously paid premium or administrative fees, any amount in excess of the amount required in section 2(d)(2) will be returned to you.

(e) Notwithstanding any of the provisions in this section, you may be subject to civil, criminal or administrative sanctions if you certify to an incorrect SSN or EIN or any other information under this policy.

(f) If any of your information, or that of persons with a substantial beneficial interest in you, changes:

(1) After the sales closing date but before the acreage reporting date for the crop year, you must revise the information by the acreage report date; or

(2) After the acreage reporting date, you must revise the information prior to the payment of any claim; and

(3) You fail to timely provide the required revisions, the provisions in section 2(c)(1) and 2(c)(3) will apply.

(g) If you are, or a person with a substantial beneficial interest in you, is not eligible to obtain a SSN or EIN, whichever is required, you must request an assigned number for the purposes of this policy from us:

(1) A number will be provided only if you can demonstrate you are, or a person with a substantial beneficial interest in you is, eligible to receive Federal benefits;

(2) If a number cannot be provided for you in accordance with section 2(g)(1), your application will not be accepted; or

(3) If a number cannot be provided for any person with a substantial beneficial interest in you in accordance with section 2(g)(1), the amount of coverage for all crops on the application will be reduced proportionately by the percentage interest of such person in you.

(h) After acceptance of the application, you may not cancel this policy for the initial crop year unless you choose to insure the entire crop under another Federally reinsured plan of insurance with the same insurance provider on or before the sales closing date. After the first year, the policy will continue in force for each succeeding crop year unless

canceled, voided or terminated as provided in this section.

(i) 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.

(j) Any amount due to us for any policy authorized under the Act will be offset from any indemnity 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 owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date RMA publishes the final county yield for the applicable crop year.

(k) 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(k)(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(k)(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 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 written 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(k)(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(k)(2), you will not receive any indemnity, and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity 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(j), unless your policy was terminated in accordance with sections 2(k)(2)(i)(A), (B), or (D).

(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 (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity will be owed);

(B) For a policy with other amounts due, the termination date immediately following the date you have a delinquent debt (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity will be owed);

(C) For all other policies that are issued by us under the authority of the Act, the termination date that coincides with the termination date for the policy with the delinquent debt, or if there is no coincidental termination date, the termination date immediately following the date you become ineligible; or

(D) For dismissal of a bankruptcy petition before discharge, the termination date the policy was or would have been terminated under sections 2(k)(2)(i)(A), (B) or (C).

(ii) For all policies terminated under sections 2(k)(2)(i)(A), (B), or (D), any indemnities 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 crop year.

(3) To regain eligibility, you must:

(i) Repay the delinquent debt in full; or

(ii) 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(k)(2)(i);

(4) If you are determined to be ineligible under section 2(k), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.

(l) In cases where there has been a death, disappearance, judicially declared incompetence, or dissolution of marriage of any insured person:

(1) If any married insured dies, disappears, or is judicially declared incompetent, the named insured on the policy will automatically convert to the name of the spouse if:

(i) The spouse was included on the policy as having a substantial beneficial interest in the named insured; and

(ii) The spouse has a share of the crop.

(2) The provisions in section 2(l)(3) will only be applicable if:

(i) Any partner, member, shareholder, *etc.*, of an insured entity dies, disappears, or is judicially declared incompetent, and such event automatically dissolves the entity; or

(ii) An individual whose estate is left to a beneficiary other than a spouse or left to the spouse and the criteria in section 2(l)(1) are not met, dies, disappears, or is judicially declared incompetent.

(3) If the death, disappearance, or judicially declared incompetence occurred:

(i) More than 30 days before the cancellation date, the policy is automatically

canceled as of the cancellation date and a new application must be submitted; or

(ii) Thirty days or less before the cancellation date, or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:

(A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and

(B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment provided such person or persons comply with all policy provisions and timely pays the premium.

(4) If any insured entity is dissolved for reasons other than death, disappearance, or judicially declared incompetence:

(i) Before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or

(ii) On or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period.

(A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and

(B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment provided such person or persons comply with all policy provisions and timely pays the premium.

(5) If section 2(k)(2) or (4) applies, a remaining member of the insured person or the beneficiary is required to report to us the death, disappearance, judicial incompetence, or other event that causes dissolution of the entity not later than the next cancellation date, except if section 2(k)(3)(ii) applies, notice must be provided by the cancellation date for the next crop year.

(m) We may cancel your policy if no premium is earned for 3 consecutive years.

(n) The cancellation and termination dates are contained in the Crop Provisions.

(o) 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 insurance provider, including the date such insurance was obtained and the amount of the administrative fee.

(p) 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 8(f), and any other consequences, including administrative, criminal or civil sanctions, if any information has been misreported.

(q) 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.

(1) Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.

(2) Since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment, or you otherwise become eligible, after the sales closing date, you cannot apply for insurance until the next crop year. For example, for the 2010 crop year, if crop A, with a termination date of October 31, 2010, and crop B, with a termination date of March 15, 2011, 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, 2010, and crop A's policy is terminated as of that date. Crop B's policy does not terminate until March 15, 2011, and an indemnity for the 2010 crop year may still be owed. 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.

3. Contract Changes

(a) We may change the terms and conditions of this policy from year to year.

(b) Any changes in policy provisions, actuarial documents, the CEPP-ARPI, expected county yields, premium rates, and program dates can be viewed on RMA's Web site 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 obvious errors (*e.g.*, the expected county revenue for a county was announced at \$2,500 per acre instead of \$250 per acre).

(c) After the contract change date, all changes specified in section 3(b) will also be available upon request from your crop insurance agent.

(d) You will be provided, in writing, a copy of the changes to the Basic Provisions, Crop Provisions, CEPP-ARPI, and Special Provisions not later than 30 days prior to the cancellation date for the insured crop. If available from us, you may elect to receive these documents and changes electronically.

(e) Acceptance of the changes made to the Basic Provisions, Crop Provisions, CEPP-ARPI, Special Provisions, and actuarial documents will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.

4. 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;
 (2) That is a type not generally recognized for the area;

(3) For which the information necessary for insurance (projected price, expected county yield, premium rate, *etc.*) is not included in the actuarial documents;

(4) That is a volunteer crop;

(5) 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);

(6) That is planted for experimental purposes;

(7) That is not specified in the actuarial documents; or

(8) 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 specific crop, type, or practice is not insurable, it does not mean all other crops, types, or practices are insurable. To be insurable, the use of such crop, type, practice, must be a good farming practice, have been widely used in the county, and meet all the conditions in the Basic Provisions, the Crop Provisions, Special Provisions, and the actuarial documents.

5. Insurable Acreage

(a) Except as provided in section 5(c), the insurable acreage is all of the acreage of the insured crop for which a premium rate is provided by the actuarial documents, in which you have a share, and which is planted in the county listed on your accepted application. The dollar amount of insurance per acre, amount of premium, and indemnity will be calculated separately for each crop, type, and practice shown on the Special Provisions.

(1) The acreage must have been planted and harvested (Grazing is not considered harvested for the purposes of this section) or insured (Excluding pasture, rangeland, and forage, vegetation and rainfall insurance or any other specific policy listed in the Special Provisions) in at least one of the three previous crop years unless:

(i) Such acreage was not planted;

(A) In at least two of the three previous crop years to comply with any other USDA program;

(B) Due to the crop rotation, the acreage would not have been planted in the previous three years (*e.g.*, a crop rotation of corn, soybeans, and alfalfa; and the alfalfa remained for four years before the acreage was planted to corn again); or

(C) Because a perennial crop was on the acreage in at least two of the previous three crop years;

(ii) Such acreage constitutes five percent or less of the insured planted acreage of the

crop, type and practice as shown on the Special Provisions in the county;

(iii) Such acreage was not planted or harvested because it was pasture or rangeland and the crop to be insured is also pasture or rangeland; or

(iv) The Crop Provisions or Special Provisions specifically allows insurance for such acreage.

(b) Only the acreage planted to the insured crop on or before the final planting date, as shown in the Special Provisions, and reported by the acreage reporting date and physically located in the county shown on your accepted application will be insured.

(c) We will not insure any acreage:

(1) Where the crop was destroyed or put to another use during the crop year for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA;

(2) Where we determine you have failed to follow good farming practices for the insured crop (We will remove the acreage for which good farming practices were not carried out from the acreage report, no premium will be due, and no indemnity paid);

(3) 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);

(4) 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 13 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 for all first insured crop acreage that may be subject to an indemnity reduction if the first insured crop is insured under this policy, or on a first insured crop unit basis if the first insured crop is not insured under this policy, *e.g.*, if the first insured crop under this policy consists of 40 acres, or the first insured crop unit insured under another policy contains 40 planted acres, 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 ARPI, you must provide written notice to us of your election not to insure acreage of a second crop by the acreage reporting date for the second crop if it is insured under ARPI, or before planting the second crop if it is insured under any other policy;

(ii) If the first insured crop is not insured under ARPI, at the time the first insured crop acreage is released by us or another insurance provider who insures the first insured crop (if no acreage in the first insured crop unit is released, this election must be made by the earlier of acreage reporting date for the second crop or when you sign the claim for the first insured crop);

(iii) If you fail to provide a notice as specified in section 5(c)(5)(i) or 5(c)(5)(ii), the second crop acreage will be insured in accordance with applicable policy provisions and you must repay any overpaid indemnity for the first insured crop;

(iv) 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
 (v) You must report the crop acreage that will not be insured on the applicable acreage report; and

(5) Of a crop planted following a second crop or following an insured crop that is prevented from being planted after a first insured crop.

(d) If the Governor of a State designated within the Prairie Pothole National Priority Area elects to make section 508(o) of the Act effective for the State, any native sod acreage greater than five acres located in a county contained within the Prairie Pothole National Priority Area that has been tilled after May 22, 2008, is not insurable for the first five crop years of planting following the date the native sod acreage is tilled.

(1) If the Governor makes this election after you have received an indemnity or other payment for native sod acreage, you will be required to repay the amount received and any premium for such acreage will be refunded to you.

(2) If we determine you have tilled less than five acres of native sod a year for more than one crop year, we will add all the native sod acreage tilled after May 22, 2008, and all such acreage will be ineligible for insurance for the first five crop years of planting following the date the cumulative native sod acreage tilled exceeds five acres.

6. Coverage, Coverage Levels, Protection Factor, and Policy Protection

(a) For all acreage of the insured crop in the county, you must select the same plan of insurance (*e.g.*, all Area Revenue Protection, all Area Revenue Protection with the Harvest Price Exclusion, or all Area Yield Protection), if such plans are available on the actuarial documents.

(b) You must choose a protection factor:

(1) From a range of percentages shown on the actuarial documents;

(2) As a whole percentage from amounts specified; and

(3) For each crop, type, and practice as shown on the Special Provisions (you may choose a different protection factor for each crop, type, and practice).

(c) You may select any coverage level shown on the actuarial documents for each crop, type, and practice as shown on the Special Provisions.

(1) For Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion:

(i) CAT level of coverage is not available; and

(ii) With respect to additional coverage, you may select any coverage level specified in the actuarial documents for each crop, type, and practice as shown on the Special Provisions. For example: You may choose a 75 percent coverage level for one crop, type, and practice (Such as corn irrigated practice) and a 90 percent coverage level for another crop, type, and practice (Corn non-irrigated practice).

(2) For Area Yield Protection:

(i) CAT level of coverage is available, and you may select the CAT level of coverage for

any crop, type, and practice as shown on the Special Provisions;

(ii) With respect to additional coverage, you may select any coverage level (Specified in the actuarial documents for each crop, type, and practice. For example: You may choose a 75 percent coverage level for one crop, type, and practice (corn irrigated practice) and a 90 percent coverage level for another crop, type, and practice (corn non-irrigated practice); and

(iii) You may have CAT coverage on one type, and practice shown on the actuarial document for the crop, and additional coverage on another type and practice for the same crop as long as they are different types or practices. You may also have different additional coverage levels by type, and practice as shown on the Special Provisions.

(d) You may change the plan of insurance, protection factor, or coverage level, for the following crop year by giving written notice to us not later than the sales closing date for the insured crop.

(e) Since this is a continuous policy and the expected county yield and projected price may change each year, if you do not select a new insurance plan, protection factor, and coverage level on or before the sales closing date, we will assign the same plan of insurance, protection factor, and coverage level as the previous year.

(f) Policy protection for ARPI plans of insurance is calculated as follows:

(1) Multiply dollar amount of insurance per acre for each crop, type, and practice as shown on the Special Provisions by the number of acres insured for such crop, type and practice; and

(2) Multiply the result of paragraph (1) by your share.

(g) If the projected price cannot be calculated for the current crop year under the provisions contained in the CEPP-ARPI and you previously chose Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion:

(1) Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion will not be provided and you will automatically be covered under the Area Yield Protection plan of insurance for the current crop year unless you cancel your coverage by the cancellation date or change your plan of insurance by the sales closing date;

(2) Notice of availability will be provided on RMA's Web site by the date specified in the applicable projected price definition contained in the CEPP-ARPI;

(3) The projected price will be determined by RMA and will be released by the date specified in the applicable projected price definition contained in the CEPP-ARPI; and

(4) Your coverage will automatically revert back to Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion, whichever is applicable, for the next crop year that revenue protection is available unless you cancel your coverage by the cancellation date or change your coverage by the sales closing date.

7. Administrative Fees and Annual Premium

(a) The administrative fee:

(1) For CAT coverage will be an amount specified in the CAT Endorsement or the actuarial documents, as applicable;

(2) For additional levels of coverage is \$30, or an amount specified in the actuarial documents, as applicable;

(3) Is payable to us on the premium billing date for the crop;

(4) Must be paid no later than the time premium is due or the amount will be considered a delinquent debt;

(5) In accordance with section 6(c)(2)(iii), will be charged for both CAT and additional coverage if a producer elects both levels for the crop in the county;

(6) For additional coverage, will only be charged once even if you choose two or more different additional levels of coverage for the different types and practices for the crop;

(7) Will not be more than one additional and one CAT administrative fee no matter how many different coverage levels you choose for different type and practice combinations as shown on the Special Provisions you insure for the crop in the county;

(8) 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;

(9) 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, civil and administrative sanctions; and

(10) If not paid when due, may make you ineligible for crop insurance and certain other USDA benefits.

(b) The premium is based on the policy protection calculated in section 6(f).

(c) The information needed to determine the premium rate and any premium adjustment percentages that may apply are contained in the actuarial documents.

(d) To calculate the premium and subsidy amounts for ARPI plans of insurance:

(1) Multiply your policy protection from section 6(f) by the applicable premium rate and any premium adjustment percentages that may apply;

(2) Multiply the result of paragraph (1) by the applicable subsidy factor (This is the amount of premium FCIC will pay);

(3) Subtract the result of paragraph (2) from the result of paragraph (1) to calculate the amount of premium you will pay.

(e) The amount of premium calculated in accordance with section 7(d)(3) is earned and payable at the time the insured crop is properly planted by the final planting date and reported on the acreage reporting date. You will be billed for such premium and applicable administrative fees not earlier than the premium billing date specified in the Special Provisions.

(f) If the amount of premium calculated in accordance with section 7(d)(3) and

administrative fees you are required to pay for any acreage exceeds the amount of policy protection 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).

(g) Premium or administrative fees owed by you will be offset from an indemnity due you in accordance with section 2(j).

8. Report of Acreage and Report of Production

(a) An annual acreage report must be submitted to us on our form for each insured crop (Separate lines for each type and practice) in the county on or before the acreage reporting date contained in the Special Provisions.

(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) The amount of 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 land identifier for the crop acreage (e.g., legal description, FSA farm serial number or common land unit number if provided to you by FSA, *etc.*) as required on our form.

(d) We will not insure any acreage of the insured crop planted after the final planting date.

(e) Regarding the ability to revise an acreage report you have submitted to us:

(1) You cannot revise any information pertaining to the planted acreage after the acreage reporting date without our consent;

(2) Consent may only be provided when no cause of loss has occurred and we have made a determination that the crop in the county will likely produce at least 90 percent of the expected county yield; and

(3) The provisions in section 8(e)(1) and (2) also pertain to land acquired after the acreage reporting date, and we may choose to insure or not insure the acreage, provided the crop meets the requirements in section 5 and section 8. This does not apply to any acreage for which insurance attached under a different person's policy.

(f) 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 8.

(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) Except as provided in section 8(g)(2), if you submit information on any report that is different than what is determined to be correct and the information reported on the acreage report results in:

(i) A lower liability than the actual, correct liability determined, the production guarantee or amount of insurance on the unit will be reduced to an amount consistent with

the information reported on the acreage report; or

(i) A higher liability than the actual, correct liability determined, the information contained in the acreage report will be revised to be consistent with the correct information.

(2) If your share is misreported and the share is:

(i) Under-reported at the time of the acreage report, any claim will be determined using the share you reported; or

(ii) Over-reported at the time of the acreage report, any claim will be determined using the share we determine to be correct.

(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 that was paid in a prior crop year, such claim will be adjusted and you will be required to repay any overpaid amounts.

(i) You may request an acreage measurement from FSA or a business that provides such measurement service prior to the acreage reporting date, submit documentation of such request and an acreage report with estimated acreage by the acreage reporting date, and if the acreage measurement shows the estimated acreage was incorrect, we will revise your acreage report to reflect the correct acreage:

(1) If an acreage measurement is only requested for a portion of the insured crop, type, and practice as shown on the Special Provisions, you must separately designate the acreage for which an acreage measurement has been requested;

(2) Premium will still be due in accordance with sections 2(j) and 7 (If the acreage is not measured as specified in section 8(i) and the acreage measurement is not provided to us at least 15 days prior to the premium billing date, your premium will be based on the estimated acreage and will be revised, if necessary, when the acreage measurement is provided);

(3) If an acreage measurement is not provided to us by the time the final county revenue or final county yield, as applicable, is calculated, we may:

(i) Elect to measure the acreage, and finalize your claim in accordance with applicable policy provisions;

(ii) Defer finalization of the claim until the measurement is completed with the understanding that if you fail to provide the measurement prior to the termination date, your claim will not be paid; or

(iii) Finalize the claim in accordance with applicable policy provisions after you provide the acreage measurement to us; or

(4) If the acreage measurement is not provided by the termination date, you will be precluded from providing any estimated acreage for all subsequent crop years;

(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 sections 8(f) and 8(i), the information on the initial acreage report will not be considered misreported for the purposes of section 8(g).

(j) If you do not submit an acreage report by the acreage reporting date, or if you fail to report all acreage, we may elect to determine the insurable acreage, by crop, type, practice as shown on the Special Provisions, and share, or to deny liability on such acreage. If we deny liability for the unreported acreage, no premium will be due on such acreage and no indemnity will be paid.

(k) An annual production report must be submitted to us on our form for each insured crop (Separate lines for each type and practice as shown on the Special Provisions) in the county on the date specified in the Special Provisions.

(l) If you do not submit a production report to us by the date specified in the Special Provisions, the yield used to determine the final county yield for your policy will be equal to the expected county yield. In addition, you will not be eligible for any indemnity paid for any loss, either yield or price, under this policy.

(m) Errors in reporting acreage and yield may be corrected by us at the time we become aware of such errors. However, the provisions regarding incorrect information in this section will apply.

9. Share Insured

(a) Insurance will attach:

(1) Only if the person completing the application has a share in the insured crop; and

(2) Only to that person's share, except that insurance may attach to another person's share of the insured crop if the other person has a share of the crop and:

(i) The application clearly states the insurance is requested for a person other than an individual (e.g., a partnership or a joint venture); or

(ii) The application clearly states you as a landlord will insure your tenant's share, or you as a tenant will insure your landlord's share. If you as a landlord will insure your tenant's share, or you as a tenant will insure your landlord's share, you must provide evidence of the other party's approval (lease, power of attorney, etc.) and such evidence will be retained by us:

(A) You also must clearly set forth the percentage shares of each person on the acreage report; and

(B) For each landlord or tenant, you must report the landlord's or tenant's social security number, employer identification number, or other identification number we assigned for the purposes of this policy, as applicable.

(b) With respect to your share:

(1) We will consider included in your share under your policy, any acreage or interest reported by or for:

(i) Your spouse, unless such spouse can prove he/she has a separate farming operation, which includes, but is not limited

to, separate land (transfers of acreage from one spouse to another is not considered separate land), separate capital, separate inputs, separate accounting, and separate maintenance of proceeds; or

(ii) Your child who resides in your household or any other member of your household, unless such child or other member of the household can demonstrate such person has a separate share in the crop (Children who do not reside in your household are not included in your share); and

(2) If it is determined that the spouse, child or other member of the household has a separate policy but does not have a separate farming operation or share of the crop, as applicable:

(i) The policy for the spouse or child or other member of the household will be void and the policy remaining in effect will be determined in accordance with section 18(a)(1) and (2);

(ii) The acreage or share reported under the policy that is voided will be included under the remaining policy; and

(iii) No premium will be due and no indemnity will be paid for the voided policy.

(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.

10. Insurance Period

Unless specified otherwise in the Crop Provisions, coverage begins at the later of:

(a) 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); or

(b) The date the insured crop is planted.

11. Causes of Loss

(a) ARPI provides protection against widespread loss of revenue or yield in a county caused by natural occurrences.

(b) Failure to follow good farming practices or planting or producing a crop using a practice that has not been widely recognized as used to establish the expected county yield is not an insurable cause of loss under ARPI.

12. Triggers, Final Policy Protection, Payment Factor, and Indemnity Calculations

(a) Individual farm revenues and yields are not considered when calculating losses under ARPI. It is possible that your individual farm may experience reduced revenue or reduced yield and you do not receive an indemnity under ARPI.

(b) To calculate the trigger revenue;

(1) For Area Revenue Protection, multiply the expected county yield by the greater of the projected or harvest price and by the coverage level.

(2) For Area Revenue Protection with the Harvest Price Exclusion, multiply the expected county yield by the projected price and by the coverage level.

(c) To calculate the Trigger Yield for Area Yield Protection, multiply the expected county yield by the coverage level.

(d) If the harvest price cannot be calculated for the current crop year under the provisions contained in the CEPP-ARPI:

(1) Revenue protection will continue to be available; and

(2) The harvest price will be determined and announced by FCIC.

(e) The final policy protection for:

(1) Area Revenue Protection is calculated by:

(i) Multiplying the expected county yield by the greater of the harvest price or the projected price;

(ii) Multiplying the result of subparagraph (i) by your protection factor; and

(iii) Multiplying the result of subparagraph (ii) by your acres and by your share.

(2) Area Revenue Protection with the Harvest Price Exclusion and Area Yield Protection is equal to the policy protection and is calculated by:

(i) Multiplying the expected county yield by the projected price;

(ii) Multiplying the result of subparagraph (i) by your protection factor; and

(iii) Multiplying the result of subparagraph (ii) by your acres and by your share.

(f) An indemnity is due for:

(1) Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion if the final county revenue is less than the trigger revenue.

(2) Area Yield Protection if the final county yield is less than the trigger yield.

(g) The payment factor is calculated for:

(1) Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion by:

(i) Subtracting the final county revenue from the trigger revenue to determine the amount of loss;

(ii) Subtracting the total loss factor from 1.00 to calculate the amount of production not lost in the county;

(iii) Multiplying the result of subparagraph (ii) by the expected county revenue;

(iv) Subtract the result of subparagraph (iii) from the trigger revenue; and

(v) Dividing the result of subparagraph (i) by the result of subparagraph (iv) to obtain the payment factor.

(2) Area Yield Protection by:

(i) Subtracting the final county yield from the trigger yield to determine the amount of loss;

(ii) Subtracting the total loss factor from 1.00 to calculate the amount of production not lost in the county;

(iii) Multiplying the result of subparagraph (ii) by the expected county yield;

(iv) Subtract the result of subparagraph (iii) from the trigger yield; and

(v) Dividing the result of subparagraph (i) by the result of subparagraph (iv) to obtain the payment factor.

(h) Indemnities for all three ARPI plans of insurance are calculated by multiplying the final policy protection by the payment factor.

(i) Indemnities for all three ARPI plans of insurance are calculated following release of the final county yield and harvest price as specified in the Crop Provisions.

13. Indemnity and Premium Limitations

(a) With respect to acreage where you are due an indemnity for your first insured crop in the crop year, except in the case of double cropping described in section 13(c):

(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 a 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 13(a)(2)(i); and

(B) Be responsible for the remainder of the premium for the first insured crop that you did not pay under section 13(a)(2)(ii).

(b) In lieu of the priority contained in the Agreement to Insure section, which states that the Crop Provisions have priority over the Basic Provisions, the reduction in the amount of indemnity and premium specified in section 13(a) of these Basic Provisions, as applicable, will apply to any premium owed or indemnity paid in accordance with the Crop Provisions, and any applicable endorsement. This will apply:

(1) Even if another person plants the second crop on any acreage where the first insured crop was planted; or

(2) If you fail to provide any records we require to determine whether an insurable loss occurred for the second crop.

(c) You may receive a full indemnity 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 organic agricultural experts 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; and

(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.

(d) The receipt of a full indemnity 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 13(c).

(1) If the records you provided are from acreage you double cropped in at least two of the last four crop years, you may apply your history of double cropping to any acreage of the insured crop in the county (e.g., if you have double cropped 100 acres of wheat and soybeans in the county and you acquire an additional 100 acres in the county, you can apply that history of double cropped acreage to any of the 200 acres in the county as long as it does not exceed 100 acres); or

(2) If the records you provided are from acreage that another producer double cropped in at least two of the last four crop years you may only use the history of double cropping for the same physical acres from which double cropping records were provided (e.g., if a neighbor has double cropped 100 acres of wheat and soybeans in the county and you acquire your neighbor's 100 double cropped acres and an additional 100 acres in the county, you can only apply your neighbor's history of double cropped acreage to the same 100 acres that your neighbor double cropped).

(e) 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.

14. Organic Farming Practices

(a) Insurance will be provided for a crop grown using an organic farming practice for only those acres of the crop that meet the requirements for an organic crop on the acreage reporting date.

(b) If an organic type or practice is shown on the actuarial documents, the projected price, dollar amount of insurance, policy protection, premium rate, etc., for such organic crop, type and practice will be used unless otherwise specified in the actuarial documents. If an organic type or practice is not shown on the actuarial documents, the projected price, dollar amount of insurance, policy protection, premium rate, etc., for the non-organic crop, type and practice will be used.

(c) If insurance is provided for an organic farming practice as specified in section 14(a) and (b), 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.
- (d) 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 14(d)(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.

(e) Acreage that qualifies as certified organic or transitional acreage on the acreage reporting date will be identified separately on the acreage report.

15. Yields

(a) Yields used under this insurance program for a crop, will be based on:

(i) Data collected by NASS, if elected by FCIC for all counties for the crop nationwide, (regardless of whether such data is published or unpublished); or

(ii) Crop insurance data, other USDA data, or other data sources, if elected by FCIC for all counties for the crop nationwide, as specified in the actuarial documents prior to the contract change date.

(b) Notwithstanding any other provision in this section, for a specific county in any given crop year, if FCIC determines the data elected to be used by FCIC under subsection (a) is not available or credible, FCIC may elect to establish the expected county yield and final county yields based on data obtained from NASS, crop insurance, other USDA, or other data sources as determined by FCIC and such data source will be specified in the actuarial documents.

(c) Except as otherwise provided in this section, the data source, type and practice used to establish the expected county yield will be used to establish the final county yield.

(d) If the data source used to establish the expected county yield is not available or credible to allow it to be used to establish the final county yield, FCIC will determine the final county yield based on the most accurate data available from crop insurance, USDA, or other data sources as determined by FCIC.

(e) To the extent that practices used during the crop year change from those upon which the expected county yield is based, the final county yield may be adjusted to reflect the yield that would have resulted but for the change in practice. For example, if the county is traditionally 90 percent irrigated and 10 percent non-irrigated, but this year the county is now 50 percent irrigated and 50 percent non-irrigated, the final county

yield will be adjusted to an amount as if the county had 90 percent irrigated acreage.

(f) If yields are based on NASS data, the final county yield will be the most current NASS yield at the time FCIC determines the yield in accordance with the payment dates section of the applicable Crop Provisions.

(g) The final county yield determined by FCIC is considered final for the purposes of establishing whether an indemnity is due and will not be revised for any reason.

(h) If there is not credible data available from any source, as determined at the sole discretion of FCIC, to establish the final county yield in accordance with this section, no coverage for the crop year will be provided and your premium will be refunded.

16. Assignment of Indemnity

(a) You may assign your right to an indemnity for the crop year only to creditors or other persons to whom you have a financial debt or other pecuniary obligation. You may be required to provide proof of the debt or other pecuniary obligation before we will accept the assignment of indemnity.

(b) All assignments must be on our form and must be provided to us. Each assignment form may contain more than one creditor or other person to whom you have a financial debt or other pecuniary obligation.

(c) Unless you have provided us with a properly executed assignment of indemnity, we will not make any payment to a lien holder or other person to whom you have a financial debt or other pecuniary obligation even if you may have a lien or other assignment recorded elsewhere. Under no circumstances will we be liable:

(1) To any lien holder or other person to whom you have a financial debt or other pecuniary obligation where you have failed to include such lien holder or person on a properly executed assignment of indemnity provided to us; or

(2) To pay to all lien holders or other persons to whom you have a financial debt or other pecuniary obligation any amount greater than the total amount of indemnity owed under the policy.

(d) If we have received the properly executed assignment of indemnity form:

(1) Only one payment will be issued jointly in the names of all assignees and you; and

(2) Any assignee will have the right to submit all notices and forms as required by the policy.

17. 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.

(a) We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred.

(b) The transfer of coverage rights must be on our form and will not be effective until approved by us in writing.

(c) Both you and the transferee are jointly and severally liable for the payment of the premium and administrative fees.

(d) The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.

18. Other Insurance

(a) 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.

(b) 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.

(c) 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 level of coverage policy and the other is a CAT level of coverage policy:

(i) The additional level of 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 level of coverage policies or both are CAT level of coverage 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.

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. 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.

(1) Notices required to be given immediately may be by telephone or in person and confirmed in writing.

(2) Time the notice is provided will be determined by the time of our receipt of the written notice.

(3) 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.

(1) Notice sent to such address will be conclusively presumed to have been received by you.

(2) You should advise us immediately of any change of address.

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 this policy, 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, complete records pertaining to the planting, acres, share, replanting, inputs, production, harvesting and disposition of the insured crop for a period of three years after the end of the crop year or three years after the date of final payment of indemnity, whichever is later. This requirement also applies to all such records for acreage that is not insured.

(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, acres, share, 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, maintain or provide any required records, authorize access to the records maintained by third parties, or assist in obtaining all such records will result in a determination that no indemnity is due for those acres in which the records are not provided.

22. 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.

(1) 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.

(2) 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 for any catastrophic risk protection policy and we will collect any unpaid administrative fees and any interest owed thereon for additional coverage policies.

(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.

(1) 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.

(2) 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.

23. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review

(a) All expected county yields and final county yields are calculated by FCIC in accordance with section 15. However, calculations of expected county yields and final county yields are matters of general applicability. Any matter of general applicability is not subject to appeal under 7 CFR part 400, subpart J or 7 CFR part 11. Your only remedy is judicial review but if you want to seek judicial review of any FCIC determination that is a matter of general applicability, you must request a determination of non-appealability from the Director of the National Appeals Division in accordance with 7 CFR 11.6 before seeking judicial review.

(b) The time frame to request a determination of non-appealability from the Director of the National Appeals Division is not later than 30 days after the date the yields are published on the RMA Web site.

(c) With respect to good farming practices:

(1) We will make preliminary decisions regarding what constitutes a good farming practice.

(2) If you disagree with our decision of what constitutes a good farming practice, you must request a determination from FCIC of what constitutes a good farming practice.

(3) If you do not agree with any determination made by FCIC regarding what constitutes a good farming practice:

(i) 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; or

(ii) You may file suit against FCIC as follows:

(A) You are not required to request reconsideration from FCIC before filing suit;

(B) Any suit must be brought against FCIC in the United States district court for the district in which the insured acreage is located; and

(C) Suit must be filed against FCIC not later than one year after the date:

(1) Of the determination made by FCIC regarding what constitutes a good farming practice; or

(2) Reconsideration is completed, if reconsideration was requested under section 23(c)(2)(i).

(d) If you elect to bring suit against FCIC after seeking a Director's Review in accordance with section 23(a), such suit must be filed against FCIC in the United States district court for the district in which the insured acreage is located not later than one year after the date of the decision rendered by the Director. Under no circumstances can you recover any punitive, compensatory or any other damages from FCIC.

(e) With respect to any other determination under this policy:

(1) If you and we fail to agree on any determination not covered by sections 23(a) and (c), the disagreement may be resolved through mediation. To resolve any dispute through mediation, you and we must both:

(i) Agree to mediate the dispute;

(ii) Agree on a mediator; and

(iii) Be present or have a designated representative who has authority to settle the case present, at the mediation.

(2) 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), unless otherwise stated in this subsection or 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.

(3) 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 determination that is a matter of general applicability. However, before such interpretation may be challenged in the courts, you must to request a determination of non-appealability from the Director of the National Appeals Division is not later than 30 days after the date the interpretation was published on the RMA Web site.

(4) 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.

(i) The statement must also include any amounts awarded for interest.

(ii) Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator.

(iii) 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.

(5) Regardless of whether mediation is elected:

(i) 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;

(ii) If you fail to initiate arbitration in accordance with section 23(e)(5)(i) and complete the process, you will not be able to resolve the dispute through judicial review;

(iii) If arbitration has been initiated in accordance with section 23(e)(5)(i) 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

(iv) 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 on all parties.

(6) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 23(e)(5)(iii). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.

(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 27. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.

(g) Except as provided in section 23(h), 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 24.

(h) 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 for Compliance/Stop 0806, 1400 Independence Avenue, S.W., Washington, D.C. 20250-0806.

24. 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 final county yield or final county revenue release date as specified on the applicable crop provision.

(a) 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.

(b) 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.

25. 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.

26. 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.

(a) Your insurance policy will be canceled if you are determined, by the appropriate Agency, to be in violation of these provisions.

(b) 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 an amount for expenses and handling equal to 20 percent of the premium paid or to be paid by you.

27. 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.

28. 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 will still be required to pay 20 percent of the premium that you would otherwise be required to pay 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.

(e) If you willfully and intentionally provide false or inaccurate information to us or FCIC or you fail to comply with a requirement of FCIC, in accordance with 7 CFR part 400, subpart R, FCIC may impose on you:

(1) A civil fine for each violation in an amount not to exceed the greater of:

(i) The amount of the pecuniary gain obtained as a result of the false or inaccurate information provided or the noncompliance with a requirement of this title; or
(ii) \$10,000; and

(2) A disqualification for a period of up to 5 years from receiving any monetary or nonmonetary benefit provided under each of the following:

(i) Any crop insurance policy offered under the Act;

(ii) The Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7333 *et seq.*);

(iii) The Agricultural Act of 1949 (7 U.S.C. 1421 *et seq.*);

(iv) The Commodity Credit Corporation Charter Act (15 U.S.C. 714 *et seq.*);

(v) The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 *et seq.*);

(vi) Title XII of the Food Security Act of 1985 (16 U.S.C. 3801 *et seq.*);

(vii) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*); and

(viii) Any Federal law that provides assistance to a producer of an agricultural commodity affected by a crop loss or a decline in the prices of agricultural commodities.

29. 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) Any amount received for the same loss from any USDA program, in addition to the crop insurance payment, will not exceed the difference between the crop insurance payment and the amount of the loss, unless

otherwise provided by law. The amount of loss is the difference between the total value of the insured crop before the loss and the total value of the insured crop after the loss.

(c) FSA or another USDA agency, as applicable, will determine and pay the additional amount due you for any applicable USDA program, after first considering the amount of any crop insurance indemnity.

30. Examples

The following are examples of the calculation of the premium, amount of insurance and indemnity for each of the three plans of insurance under ARPI. Your information will likely be different and you should consult the actuarial documents in your county and the policy information. The following facts are for illustration purposes only and apply to each of the examples.

Farmer A farms 100 acres in county X and has a 100 percent share, or 1.000, in those acres. From the actuarial documents in county X, Farmer A elects the 75 percent coverage level and a protection factor of 1.10. The actuarial documents in county X also show that the expected county yield is 141.4 bushels per acre, the projected price is \$4.00, and the expected county revenue is \$565.60. The subsidy factor for the 75 percent coverage level is .55 for revenue coverage and .59 for yield coverage. The total loss factor for county X is 82 percent or .82. At the end of the insurance period, for county X, FCIC releases a harvest price of \$4.57 and a final county yield for county X of 75.0 bushels.

The premium rate is based on the published volatility factor and for this example is .0166 for Area Revenue Protection, .0146 for Area Revenue Protection with Harvest Price Exclusion, and .0116 for Area Yield Protection.

Area Revenue Protection Example

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor = dollar amount of insurance:
 $141.4 \text{ bushels} \times \$4.00 \times 1.1 = \$622.16 \text{ dollar amount of insurance per acre}$

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share = policy protection:
 $\$622.16 \times 100.0 \times 1.000 = \$62,216 \text{ policy protection.}$

Step 3: Calculate the Total Premium

Formula: Policy protection times premium rate = total premium:
 $\$62,216 \times .0166 = \$1,033 \text{ total premium.}$

Step 4: Calculate the Subsidy amount

Formula: Total premium times subsidy factor = subsidy:
 $\$1,033 \times .55 = \568 subsidy.

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy = producer premium:
 $\$1,033 - \$568 = \$465 \text{ producer premium.}$

Step 6: Calculate the Final Policy Protection

Formula: Expected county yield times harvest price times protection factor times acres times share = Final Policy Protection:
 $141.4 \text{ bushels} \times \$4.57 \times 1.10 \times 100.0 \times 1.000 = \$71,082 \text{ final policy protection.}$

Step 7: Calculate the Final County Revenue

Formula: Final county yield times harvest price = final county revenue:
 $75.0 \text{ bushels} \times \$4.57 = \$342.75 \text{ final county revenue.}$

Step 8: Calculate the Trigger Revenue

Formula: Expected county yield times (greater of projected price or harvest price) times coverage level = trigger revenue:
 $141.4 \text{ bushels} \times \$4.57 \times .75 = \$484.65 \text{ trigger revenue.}$

Step 9: Calculate the Payment Factor

Formula: (Trigger revenue minus final county revenue) divided by (trigger revenue minus (expected county revenue times (1 minus total loss factor))) = payment factor:
 $(\$484.65 - \$342.75) \div (\$484.65 - (\$565.60 \times (1 - .82))) = .371 \text{ payment factor.}$

Step 10: Calculate the Indemnity

Formula: Final policy protection times payment factor = indemnity:
 $\$71,082 \times .371 = \$26,371 \text{ indemnity.}$
Area Revenue Protection with Harvest Price Exclusion Example

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor = dollar amount of insurance:
 $141.4 \text{ bushels} \times \$4.00 \times 1.10 = \$622.16 \text{ dollar amount of insurance per acre.}$

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share = policy protection:
 $\$622.16 \times 100.0 \times 1.000 = \$62,216 \text{ policy protection.}$

Step 3: Calculate the Total Premium:

Formula: Policy protection times rate = total premium:
 $\$62,216 \times .0146 \text{ rate} = \$908 \text{ total premium.}$

Step 4: Calculate the Subsidy amount

Formula: Total premium times subsidy factor = subsidy:
 $\$908 \text{ times } .55 = \499 subsidy.

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy = producer premium:
 $\$908 - \$499 = \$409 \text{ producer premium.}$

Step 6: Calculate the Final Policy Protection

Use the policy protection amount calculated at the beginning of the insurance period in Step 2:
 $\$62,216 \text{ policy protection.}$

Step 7: Calculate the Final County Revenue

Formula: Final county yield times harvest price = final county revenue:
 $75.0 \text{ bushels} \times \$4.57 = \$342.75 \text{ final county revenue.}$

Step 8: Calculate the Trigger Revenue

Formula: Expected county yield times projected price times coverage level = trigger revenue:
 $141.4 \text{ bushels} \times \$4.00 \times .75 = \$424.20 \text{ trigger revenue.}$

Step 9: Calculate the Payment Factor

Formula: (Trigger revenue minus final county revenue) divided by (trigger revenue minus (expected county revenue times (1 minus total loss factor))) = payment factor:
 $(\$424.20 - \$342.75) \div (\$424.20 - (\$565.60 \times (1 - .82))) = .253.$

Step 10: Calculate the Indemnity

Formula: Final policy protection times payment factor = indemnity:
 $\$62,216 \times .253 = \$15,741 \text{ indemnity.}$
Area Yield Protection Example

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor = dollar amount of insurance:
 $141.4 \text{ bushels} \times \$4.00 \times 1.10 = \$622.16 \text{ dollar amount of insurance per acre.}$

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share = policy protection:
 $\$622.16 \times 100.0 \times 1.000 = \$62,216 \text{ policy protection.}$

Step 3: Calculate the Total Premium

Formula: policy protection times premium rate = total premium:
 $\$62,216 \times .0116 \text{ rate} = \$722 \text{ total premium.}$

Step 4: Calculate the Subsidy amount

Formula: Total premium times subsidy factor = subsidy:
 $\$722 \times .59 \text{ subsidy factor} = \426 subsidy.

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy = producer premium:
 $\$722 - \$426 = \$296 \text{ producer premium.}$

Step 6: Calculate the Final Policy Protection

Use the policy protection amount calculated at the beginning of the insurance period in Step 2:
 $\$62,216 \text{ policy protection.}$

Step 7: Calculate the Trigger Yield

Formula: Expected county yield times coverage level = trigger yield:
 $141.4 \text{ bushels times } .75 = 106.1 \text{ bushels.}$

Step 8: Calculate the Payment Factor

Formula: (Trigger yield minus final county yield) divided by (trigger yield minus (expected county yield times (1 minus total loss factor))) = payment factor:
 $(106.1 \text{ bushels} - 75.0 \text{ bushels}) \div (106.1 \text{ bushels} - (141.4 \text{ bushels} \times (1 - .82))) = .386.$

Step 9: Calculate the Indemnity

Formula: Final policy protection times payment factor = indemnity:
 $\$62,216 \text{ times } .386 = \$24,015 \text{ Indemnity.}$

§ 407.10 [Reserved]

§ 407.11 Area risk protection insurance for corn.

The corn crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Corn Crop Insurance Provisions

1. Definitions

Harvest. Combining or picking corn for grain or cutting for hay, silage, fodder, or earlage.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, corn seed that is broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all field corn that is:

(1) Yellow dent or white corn, including mixed yellow and white, waxy or high-lysine corn, high-oil corn blends containing mixtures of at least 90 percent high yielding yellow dent female plants with high-oil male pollinator plants, or commercial varieties of high-protein hybrids.

(2) Grown on insurable acreage in the county listed on the accepted application;

(3) Properly planted by the final planting date and reported on or before the acreage reporting date;

(4) Planted with the intent to be harvested; and

(5) Not planted into an established grass or legume or interplanted with another crop.

(b) Corn other than that specified in section 2(a)(1) (including but not limited to high-amylose, high-oil or high-protein (except as authorized in section 2(a)(1)), flint, flour, Indian, or blue corn, or a variety genetically adapted to provide forage for wildlife or any other open pollinated corn) may be insurable under this policy:

(1) If specified in the Special Provisions;
 (2) The insurability requirements in 2(a) apply to this other corn and additional requirements for insurability may be stated for this other corn in the Special Provisions; and

(3) This other corn will be insured using the yields, rates, and prices for field corn unless otherwise specified in the actuarial documents.

3. Available Plans of Insurance

Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection are available for corn.

4. Payment Dates

(a) Final county revenues and final county yields will be determined prior to April 16 following the crop year.

(b) If an indemnity is due, we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

5. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and 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 Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.12 Area risk protection insurance for cotton.

The cotton crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

United States Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Cotton Crop Insurance Provisions

1. Definitions

Harvest. Removal of the seed cotton from the stalk.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, cotton seed broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all upland cotton:

(1) Grown on insurable acreage in the county listed on the accepted application;

(2) Properly planted by the final planting date and reported on or before the acreage reporting date;

(3) Planted with the intent to be harvested.

(b) That is not (unless allowed by the Special Provisions):

(1) Colored cotton lint;

(2) Planted into an established grass or legume; or

(3) Interplanted with another spring planted crop;

(c) Cotton other than upland cotton may be insurable under this policy:

(1) If specified in the Special Provisions;

(2) The insurability requirements in 2(a) apply to other cotton and additional

requirements for insurability may be stated for other cotton in the Special Provisions;

(3) Other cotton will be insured using the yields, rates, and prices for cotton unless otherwise specified in the actuarial documents

3. Available Plans of Insurance

Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection are available for cotton.

4. Payment Dates

(a) Final county revenues and final county yields will be determined prior to July 16 following the crop year.

(b) If an indemnity is due, we will issue any payment to you prior to August 15 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

5. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31	November 30.

State and county	Cancellation and termination dates	Contract change date
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and 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 Matagorda Counties, Texas.	February 28	November 30.
All other Texas counties and all other States	March 15	November 30.

§ 407.13 Area risk protection insurance for forage.

The forage crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Forage Crop Insurance Provisions

1. Definitions

Harvest. Removal of the forage from the field, and rotational grazing.

Planted acreage. In addition to the provisions in the Area Risk Protection Insurance Basic Provisions, land on which seed is initially spread onto the soil surface by any method and subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth will be considered planted, unless otherwise provided by the Special Provisions.

Rotational grazing. The defoliation of the insured forage by livestock, within a pasturing system whereby the forage field is subdivided into smaller parcels and livestock are moved from one area to another, allowing a period of grazing followed by a period for forage regrowth.

2. Insured Crop

The insured crop will be the forage types shown on the actuarial documents:

- (a) Grown on insurable acreage in the county listed on the accepted application;
- (b) Properly planted by the final planting date and reported on or before the acreage reporting date;
- (c) Intended for harvest; and
- (d) Not grown with another crop.

3. Available Plans of Insurance

Only Area Yield Protection is available for forage.

4. Insurable Acreage

In addition to section 5 of the Area Risk Protection Insurance Basic Provisions, acreage seeded to forage after July 1 of the previous crop year will not be insurable.

5. Payment Dates

- (a) Final county yields will be determined prior to May 1 following the crop year.
- (b) If an indemnity is due, we will issue any payment to you prior to May 31 following the crop year and following the determination of the final county yield.

6. Program Dates

November 30 is the cancellation and termination date for all states. The contract change date is August 31 for all states.

7. Annual Premium

In lieu of section 7(f) of the Area Risk Protection Insurance Basic Provisions, the annual premium is earned and payable on the acreage reporting date. You will be billed for premium due on the date shown in the Special Provisions. The premium will be determined based on the rate shown on the actuarial documents.

§ 407.14 [Reserved]

§ 407.15 Area risk protection insurance for grain sorghum.

The grain sorghum crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

United States Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Grain Sorghum Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the sorghum for grain or cutting for hay, silage, or fodder.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, sorghum seed broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all sorghum excluding hybrid sorghum seed:

- (1) Grown on insurable acreage in the county listed on the accepted application;
- (2) Properly planted by the final planting date and reported on or before the acreage reporting date;
- (3) Planted with the intent to be harvested; and
- (4) Not planted into an established grass or legume or interplanted with another crop.

(b) Other sorghum may be insurable under this policy:

- (1) If specified in the Special Provisions;
- (2) The insurability requirements in 2(a) apply to these other sorghum and additional requirements for insurability may be stated for these crops in the Special Provisions; and
- (3) This other sorghum will be insured using the yields, rates, and prices for sorghum unless otherwise specified in the actuarial documents.

3. Available Plans of Insurance

Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection are available for sorghum.

4. Payment Dates

- (a) Final county revenues and final county yields will be determined prior to April 16 following the crop year.
- (b) If an indemnity is due, we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

5. Program Dates

State and County	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina.	February 28	November 30.

State and County	Cancellation and termination dates	Contract change date
All other Texas counties and all other states	March 15	November 30.

§ 407.16 Area risk protection insurance for soybean.

The soybean crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

United States Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Soybean Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the soybeans.

Planted acreage. In addition to the definition contained in the Area Risk

Protection Insurance Basic Provisions, land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted.

2. Insured Crop

The insured crop will be all soybeans:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Planted with the intent to be harvested; and

(d) Not planted into an established grass or legume or interplanted with another crop.

3. Available Plans of Insurance

Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection are available for soybeans.

4. Payment Dates

(a) Final county revenues and final county yields will be determined prior to April 16 following the crop year.

(b) If an indemnity is due, we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

5. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas counties lying south thereof.	January 31	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; 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, and 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	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.17 Area risk protection insurance for wheat.

The wheat crop insurance provisions for Area Risk Protection Insurance for the 2013 and succeeding crop years are as follows:

United States Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Wheat Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the wheat for grain.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, land

on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth will also be considered planted.

2. Insured Crop

The insured crop will be all wheat:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Planted with the intent to be harvested; (d) Not planted into an established grass or legume;

(e) Not interplanted with another crop; and

(f) Not planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

3. Available Plans of Insurance

Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection are available for wheat.

4. Payment Dates

(a) Final county revenues and final county yields will be determined prior to April 1 following the crop year.

(b) If an indemnity is due, we will issue any payment to you prior to May 1 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

5. Program Dates

State and county	Cancellation and termination dates	Contract change date
All Colorado counties except Alamosa, Conejos, Costilla, Rio Grande, and Saguache; all Montana counties except Daniels and Sheridan Counties; all South Dakota counties except Corson, Walworth, Edmonds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties and all South Dakota counties east thereof; all Wyoming counties except Big Horn, Fremont, Hot Springs, Park, and Washakie Counties; and all other states except Alaska, Arizona, California, Maine, Minnesota, Nevada, New Hampshire, North Dakota, Utah, and Vermont.	September 30 ...	June 30.
Arizona; California; Nevada; and Utah	October 31	June 30.

State and county	Cancellation and termination dates	Contract change date
Alaska; Alamosa, Conejos, Costilla, Rio Grande, and Saguache Counties, Colorado; Maine; Minnesota; Daniels and Sheridan Counties, Montana; New Hampshire; North Dakota; Corson, Walworth, Edmunds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties, South Dakota, and all South Dakota counties east thereof; Vermont; and Big Horn, Fremont, Hot Springs, Park, and Washakie Counties, Wyoming.	March 15	November 30.

Signed in Washington, DC, on July 7, 2011.

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

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