

01-MVPrice
(12/12/00)

UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
MVPrice™ Endorsement

This MVPrice™ Endorsement is reinsured by the Federal Crop Insurance Corporation (FCIC) under the authority of section 508(h) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1508(h)). The provisions of the Endorsement may not be waived or varied in any way by the crop insurance agent or any other agent or employee of FCIC or us. In the event we cannot pay Your loss, Your claim will be settled in accordance with the provisions of this policy and paid by FCIC. No state guarantee fund will be liable to pay the loss.

Agreement to Insure: In return for the payment of the premium, and subject to all of the provisions of this endorsement, we agree with You to provide the insurance stated in this Endorsement.

The MVPrice™ Endorsement is available for the 2001 crop year only for rice and only in those counties identified in the actuarial documents. This Endorsement will remain in effect for the 2001 crop year. This Endorsement will terminate at the end of the insurance period for the 2001 crop year.

This MVPrice™ Endorsement is a supplemental endorsement to Multiple Peril Crop Insurance (MPCI) Rice Crop Provisions (2001-NCIS-716) and Common Crop Insurance Policy Basic Provisions (MPCI Rice Policy). The following provisions are applicable for the purposes of this MVPrice™ Endorsement only:

1. You must purchase a MPCI Rice Policy to be eligible to purchase this MVPrice™ Endorsement. You shall not be eligible for this MVPrice™ Endorsement if You have purchased a Crop Revenue Coverage rice policy, or a Catastrophic Risk Protection Endorsement.
2. The coverage offered under this endorsement is in addition to any coverage offered under Your MPCI Rice Policy and nothing herein affects the manner in which an indemnity is paid under the MPCI Rice Policy or any other terms and conditions of the MPCI Rice Policy, except as stated herein.
3. If at any time Your MPCI Rice Policy is canceled or terminated, this MVPrice™ Endorsement is automatically terminated as of the same date and no indemnity will be due.
4. For and in consideration of the additional premium You have paid for this MVPrice™ Endorsement, the Company identified in Your Schedule of Insurance for the MPCI Rice Policy hereby agrees to pay You the MVPrice™ Payment due to You, if any, calculated in accordance with this MVPrice™ Endorsement.
5. This MVPrice™ Endorsement shall not be applicable to (a) any crop other than rice, or (b) any rice unit for which You are not entitled to receive an indemnity payment under the MPCI Rice Policy. This MVPrice Endorsement shall not make an indemnity payment in conjunction with any prevented planting or replanting payment under the MPCI Rice Policy.
6. To be eligible for coverage under this MVPrice™ Endorsement, You must make application and select a MVPrice™ Price Change by the sales closing date.

7. The units under this MVP^{Price}[™] Endorsement shall be the same as the units under Your MPC^I Rice Policy. If You receive an indemnity payment for a unit under Your MPC^I Rice Policy, You will be entitled to receive an MVP^{Price}[™] payment for that unit only if the Rice Harvest Price is higher than the Rice Base Price.
8. The following definitions shall apply for all purposes under this MVP^{Price}[™] Endorsement.

(A) Rice Base Price -

Rice - Units Located in Counties with a February 28 Policy Cancellation Date

Rice Base Price - The January harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Base Price will be released as an actuarial document addendum by February 10 of the harvest year.

(B) Rice Harvest Price -

Rice - Units Located in Counties with a February 28 Policy Cancellation Date

Rice Harvest Price (CBOT) - The October harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Harvest Price will be released as an actuarial document addendum by November 10 of the harvest year.

9. Your MVP^{Price}[™] payment for any unit under this Endorsement will be calculated as follows:
 - (A) A Rice Price Change Factor shall be calculated by dividing the Rice Harvest Price by the Rice Base Price and subtracting 1 from this result.
 - (B) The Rice Price Change Factor shall be multiplied by the MPC^I Price Election. This result must be less than or equal to the lesser of:
 - (i) The MVP^{Price}[™] Rice Price Change You select on the application, or;
 - (ii) \$0.02
 - (C) Multiply the insured acreage in each unit by its respective production guarantee by type, if applicable;
 - (D) Multiply each result in section 9(C) by the result from section 9(B).
 - (E) Total the results of section 9(D).
 - (F) Multiply the total production to be counted by type for each unit, if applicable, (See section 12(c) through 12 (e) of the MPC^I Rice Crop Provisions) by the result of 9(B).
 - (G) Total the results of section 9(F).
 - (H) Subtract the result of section 9(G) from the result of section 9(E).
 - (I) Multiply the result of section 9(H) by Your share.

For example: You have a 100% share in a 100 acre unit of rice with an APH of 6,000 lbs. per acre, have selected a coverage level of 75% on Your MPCl application, and you have selected an MVPrice™ Price Change of \$0.02 on Your MVPrice™ application. Your production guarantee for this unit is 4,500 lbs per acre. The MPCl price election for rice is \$0.055 per lb., the Rice Base Price is \$0.06 per lb., and the Rice Harvest Price is \$0.075 per lb. Production per acre is 3,000 lbs. so total production to count is 300,000 lbs.

(A) $(\$0.075 \div \$0.06) - 1 = 0.25$

(B) $\$0.055 \times 0.25 = \0.014 MVPrice™ coverage per lb.

(C) $4,500 \text{ lbs. per acre} \times 100 \text{ acres} = 450,000 \text{ lbs total production guarantee for the unit.}$

(D) $450,000 \text{ lbs.} \times \$0.014 = \$6,300$ maximum value of MVPrice™ coverage for the unit.

(E) $\$6,300$ maximum value of MVPrice™ coverage for the single unit.

(F) $300,000 \text{ lbs} \times \$0.014 = \$4,200$ value of production to count.

(G) $\$4,200$ value of production to count on the single unit.

(H) $\$6,300 - \$4,200 = \$2,100$ MVPrice™ Payment before share adjustment

(I) $\$2,100 \times 100\% = \$2,100$ share adjusted MVPrice™ Payment.

10. Total premium under this MVPrice™ Endorsement will be calculated for each unit by multiplying the Acreage in the unit times the Approved Yield, times the Coverage Level Percentage, times the Base Premium Rate, times the MVPrice™ Price Change, times the MVPrice™ Rate Factor, and times Your share at the time coverage begins. The Subsidy will be calculated by multiplying the total premium by the subsidy factor. The Producer Paid Premium will be calculated by subtracting the subsidy from the Total MVPrice™ Premium. You will be billed for the Producer Paid Premium for MVPrice™ at the same time that You are billed for premium under Your MPCl Rice Policy, although premium will be considered earned and payable at the time insurance attached under the MPCl Rice Policy.