

## Section 3 Enterprise Units

### 731 Availability

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- (1) An EU consists of all insurable acreage of the same insured crop in the county in which the insured has a share on the date coverage begins for the crop year:
  - (a) when an insured elects a single EU for all of the crop acreage in the county (not by irrigated practice and non-irrigated practice) the unit structure code provided in the actuarial documents for this election is EU; or
  - (b) when allowed by the actuarial documents, an insured elects and qualifies for separate EUs by irrigated practice and non-irrigated practice [see Part 7 Section 5 for examples], the unit structure code provided in the actuarial documents for this election is EP.
- (2) EUs are only available on additional coverage policies for crops:
  - (a) for which revenue protection is available regardless of whether yield protection or revenue protection is elected;
  - (b) for which revenue protection is not available, if authorized by the SP; and
  - (c) if shown as an authorized unit structure in the actuarial documents.

### 732 EU Election

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EU must be elected, on or before the earliest SCD, on an Application or Policy Change Form.

- (1) For counties with a fall or winter SCD and a spring SCD specified in the actuarial documents, the unit election may be changed on or before the spring SCD if there is no insured fall planted acreage of the insured crop.
- (2) The EU Election is continuous and remains in effect from year to year unless cancelled in writing by the insured by the earliest cancellation date for the next crop year.

If the insured has an EU in effect and does not qualify for the current crop year the election will continue to apply in subsequent crop years. [See Para. 4 below.]

- (3) An EU may not be further divided except as specified in this procedure. However, the unit structure may be changed based on information determined to be correct when adjusting a loss or at any other time.

To qualify for an EU, all of the following must apply.

(1) The EU must contain all of the insurable acreage:

- (a) of the same insured crop in the county as one EU; or
- (b) of irrigated acreage as one EU and of non-irrigated acreage as one EU for the same insured crop in the county, if allowed by the actuarial documents. When elected by the insured, two separate EUs will be established, one EU for all insurable irrigated acreage of the crop and a second EU for all insurable non-irrigated acreage of the crop, as long as both units separately meet the EU requirements below in (2). If the insured fails to qualify for an EU on either of the irrigated or non-irrigated acreage, the insured loses the option to select separate enterprise units by practice.

(2) The acreage in an EU must be located in:

- (a) two or more sections, if OUs are available by sections;
- (b) two or more section equivalents, if OUs are available by section equivalents;
- (c) two or more FSA FNs, if OUs are available by FSA FNs;
- (d) any combination of two or more sections, section equivalents, or FSA FNs, if more than one of these is the basis for OUs;
- (e) two or more units as established by WUA or UDO; or
- (f) one section, section equivalent, or FSA FN that contains at least 660 planted acres, based on the type of parcel that is utilized to establish OUs.

Items (a)-(e) above that are used to qualify for the EU must have planted acreage that constitutes at least the lesser of 20 acres or 20 percent (20 acres/20 percent) of the insured crop acreage in the EU. If there is planted acreage in more than two sections, section equivalents, FSA FNs or units established by written agreement, these can be aggregated to form at least two parcels to meet this requirement.

**Example:** If sections are the basis for OUs and the insured has 80 planted acres in section 15, 10 planted acres in section 34, and 10 planted acres in section 35, sections 34 and 35 may be aggregated to meet the 20 acres/20 percent requirement.

**Example:** The insured elects separate EUs for irrigated and non-irrigated practices. Sections are the basis for OUs and the insured has planted acreage of the crop as follows: 80 irrigated and 7 non-irrigated acres in section 15, 10 irrigated and 10 non-irrigated acres in section 34, 10 irrigated acres in section 35, and 40 non-irrigated acres in section 36. To qualify for the irrigated EU, the insured has 80 irrigated acres in section 15 and can aggregate the 10 irrigated acres in section 34 and 10 irrigated acres in section 35 to meet the 20 acres/20 percent requirement. To qualify for the non-irrigated EU, the insured has 40 non-irrigated acres in section 36 and can aggregate the 7 non-irrigated acres in section 15 and 10 non-irrigated acres in section 34 to meet the 20 acres/20 percent requirement.

**Calculation for qualifying for irrigated EU:**

Total acres = 100 (80+10+10)  
20 percent of total acres = 20 (100 x .20)

Section 15 with 80 acres is greater than 20 acres and greater than 20 percent.

Section 34 with 10 acres and section 35 with 10 acres aggregated together (10 + 10 = 20) meets the 20 acres/20 percent requirement.

The requirement of two or more sections with 20 acres/20 percent is met.

**Calculation for qualifying for non-irrigated EU:**

Total acres = 57 (7+10+40)  
20 percent of total acres = 11.4 (57 x .20)

Section 15 with 7 acres and section 34 with 10 acres aggregated together (7+10=17) meets the 20 percent requirement.

Section 36 with 40 acres is greater than 20 acres and also greater than 20 percent.

The requirement of two or more sections with 20 acres/20 percent is met.

**Example:** The insured elects separate EUs for irrigated and non-irrigated practices. Sections are the basis for OUs and the insured has planted acreage of the crop as follows: 80 irrigated and 4 non-irrigated acres in section 15, 10 irrigated and 6 non-irrigated acres in section 34, 10 irrigated acres in section 35, and 50 non-irrigated acres in section 36. The insured does not qualify for separate EUs by irrigated and non-irrigated practices because the non-irrigated acreage does not meet the 20 acres/20 percent requirement for two or more sections and unit structure will be assigned according to Para. 737(2).

**Calculation for qualifying for irrigated EU:**

Total acres = 100 (80+10+10)  
20 percent of total acres = 20 (100 x .20)

Section 15 with 80 acres is greater than 20 acres and greater than 20 percent.

Section 34 with 10 acres and section 35 with 10 acres aggregated together (10 + 10 = 20) meets the 20 acres/20 percent requirement.

The requirement of two or more sections with 20 acres/20 percent is met.

**Calculation for qualifying for non-irrigated EU:**

Total acres = 60 (4+6+50)  
20 percent of total acres = 12 (60 x .20)

Section 36 with 50 acres is greater than 20 acres and also greater than 20 percent.

Section 15 with 4 acres and section 34 with 6 acres aggregated together (4+6=10) does not meet 20 acres/20 percent requirement.

The requirement of two or more sections with 20 acres/20 percent is not met for each proposed EU. Insured does not qualify for separate EUs by irrigated and non-irrigated practices. However, the insured would qualify for a single EU because the requirement of two or more sections with 20 acres/20 percent for a single EU by crop/county has been met.

- (3) The crop must be planted in a manner that results in a clear and discernible break in the planting pattern at the boundaries of the irrigated and non-irrigated acreage to qualify for EUs by irrigated and non-irrigated practice.

“Planted” means the original planting, including any reseeding or replanting. Cultivating, disking, mowing, etc., after planting or harvesting does not qualify for separate EUs by irrigated and non-irrigated practices.

**Exception:** For center pivot irrigation systems only, planting end rows either before or after planting the crop or cultivating, disking, mowing, etc., after the crop was planted between the IRR acreage and the NI corners of a center pivot system may be used to establish breaks between IRR and NI planting patterns for separate EUs by irrigated and non-irrigated practices.

## 733 EU Qualifications (Continued)

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Such breaks will be acceptable only if they are completed on or before the ARD for the crop and are clearly discernible if a subsequent inspection is required during the crop year (appraisal, claim for indemnity, APH review, etc.).

Producers using precision farming technology, identifying the boundaries (between the IRR and NI acreage of the center pivot) and GPS yield monitors that document the production separately, are considered to meet the discernible break requirements between the IRR and NI acreage.

## 734 Reporting Requirements

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EU unit structure must be reported on the acreage report.

### A. Separate Record Requirements

Each BU must be designated separately on the acreage report. Separate production reports must be provided for APH purposes for each crop by P/T/TMA in the EU.

Separate records of acreage and production for BUs/OUTs must be maintained to change unit structure from EUs to BUs or OUTs in any subsequent crop year.

- (1) For BUs, to be eligible to use records to establish the production guarantee for the BU, production reports must be provided for each BU by P/T/TMA. If production reports are not provided for each BU, none of the production reports are acceptable for APH purposes.
- (2) For OUTs, to qualify for OUTs and to be eligible to use the records to establish the production guarantee for all OUTs, production reports must be provided for each OUT by P/T/TMA. If production reports are not provided for each OUT, none of the production reports are acceptable for APH purposes.

### B. Maintaining APH databases below the EU level

The following are instructions for maintaining an APH database below the EU level.

- (1) APH databases below the EU level must be maintained by the AIP when separate P/T/TMAs are contained on the actuarial documents.
- (2) APH databases below the EU level (at BU or OUT level) must be established and maintained by the AIP when:
  - (a) the insured provides separate production reports for acreage that would qualify for separate OUTs by crop/P/T/TMA. APH databases below the OUT for crop/P/T/TMA level may only be maintained by the AIP if the criteria in [Para.1205] are met.

## **734 Reporting Requirements (continued)**

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### **B. Maintaining APH databases below the EU level (continued)**

- (b) once APH databases below the EU level are established, they must be maintained and the AIP must submit the APH databases to RMA electronically. The approved APH yield reported on the acreage report must match the corresponding APH database within the EU (e.g., same section).
- (3) If the insured does not provide a production report on the basis of APH databases below the EU level or if production is commingled between the APH databases below the EU level, the AIP shall prorate the production and acreage to APH databases with planted acres when APH databases below the EU level exist.
- (4) Any liability, premium and indemnity payments will be based on the EU structure, regardless of any APH databases that may be established below the EU level.

### **C. EU Acreage Report Requirement**

Each section or other basis used to qualify for an EU must be separately designated by BU on the acreage report.

### **D. Qualification Determination**

Qualification for the EU will be determined at acreage reporting time when the insured reports all insurable acreage of the insured crop in the county for all BUs and/or OUs comprising the EU.

### **E. Prorating Production**

If an insured has only provided production reports for total acres and total production on an EU basis and APH databases have not been maintained at the BU level, production will be prorated for each BU for planted acres in accordance with [Para. 787C] to determine the approved APH yield when BUs are assigned up until payment of a claim.

## **735 Discounts**

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Only planted acres are used when determining the appropriate EU discount factor contained in the actuarial documents. Any applicable EU discount factor applies to planted and PP acres, if applicable, in the EU when determining premium.

## **736 Added Land and New Crop P/T**

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For land added to an EU or APH databases established for a new crop/P/T, use a simple average of the approved APH yields for the applicable underlying units of the EU as the SA T-Yield when the added land (or existing land in the case of new crop/P/T) is comparable in productivity; otherwise, use the variable T-Yield for any APH databases established for the added land. [See Part 14 Section 9].

## 737 Assigned Unit Structure

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- (1) If the insured does not qualify for an EU by crop/county, a unit structure will be assigned. If this determination is made:
  - (a) on or before the ARD, the unit division will be based upon BUs or OUs, whichever is reported on the acreage report and for which the insured qualifies, if the production reporting requirements are met by the PRD.
  - (b) after the ARD, a BU structure will apply.
- (2) If the insured does not qualify for separate EUs by irrigated and non-irrigated practices (when elected) and this determination is made [see Exh. 7E]:
  - (a) on or before the ARD, the insured may elect the unit structure of:
    - (i) one EU on a crop/county basis, provided the requirements in Para. 733 are met; or
    - (ii) BUs or OUs, whichever is reported on the acreage report and for which the insured qualifies, if the production reporting requirements are met by the PRD; or
  - (b) after the ARD, the unit structure will be one EU by crop/county provided the requirements in Para. 733 are met. If the requirements for an EU is not met, a BU structure will apply.

## 738 Assigned Yields

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Assigned yields and related procedures will apply if production reporting provisions are not complied with for an EU. [See CIH Para. 1006 and 1203B for assigned yield and related procedures]. However, assigned yields do not apply if the insured provided an acceptable production report on an EU basis and BUs are subsequently assigned.

## 739 Cups

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Cups do not apply if APH databases are combined or divided when switching from BUs or OUs to an EU.





## Section 5 Unit Numbering

### 761 General Information

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The unit number is assigned by the AIP and identifies the unit. The unit number consists of an eight-position number and a two-position alpha-character field to designate unit structure. [See Exh. 5 for unit numbering examples.]

### 762 The Structure Code

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The unit structure code is a two-position alpha character field to designate the unit structure for which the insured elects and qualifies.

**Exception:** When an insured elects and qualifies for OUs, unit numbers may be coded with the OU (including UD or UA if OU established by UDO or WUA) or BU structure code.

A unit number is coded with the BU structure code if an insured elects and qualifies for OUs, and a BU is not further divided into OUs or only one OU (including UD or UA if OU established by UDO or WUA) within a BU, that contains multiple OUs, is planted.

The Unit Structure Code will not be required on the production report or APH database. However, the Unit Structure Code must be reported on the acreage report.

Applicable Unit Structure Codes include:

- (1) BU – Basic Unit;
- (2) OU – Optional Unit;
- (3) EU – Enterprise Unit;
- (4) EP – Enterprise Unit by Irrigated and Non-Irrigated Practices;
- (5) WU – Whole-farm Unit;
- (6) UD – OU established by UDO; and
- (7) UA – OU established by a WUA

### 763 Unit Number

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The unit number is an eight-position number divided into two separate fields. The unit structure code will identify the unit structure, not the unit number. For example, an insured elects an EU and reports acreage and production on an OU or BU basis, an AIP must assign unit numbers on the basis the APH database is established and the unit structure code (EU) will designate the unit structure.

The first four digits are the BU number and may be any number between 0001-9999. However, BUs for an insured should start with 0001, if possible. The last four digits are the OU number and may be any number between 0000-9999.

**Example:** An insured elects OUs and has two OUs within one BU. The unit numbers are:

- (1) 0001-0001OU; and
- (2) 0001-0002OU

## 763 Unit Number (continued)

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**Example:** Same scenario as the previous example, but in the subsequent year, the insured elects BUs, no other changes. The unit number does not change, only the unit structure code (OU changed to BU) changes:

- (1) 0001-0001**BU**; and
- (2) 0001-0002**BU**

**Example:** An insured has three BUs and elects OUs: the first BU has two planted OUs, the second BU contains multiple OUs but only one OU is planted in the current crop year, and the third BU is not further divided into OUs. The unit numbers are:

- (1) 0001-0001**OU**;
- (2) 0001-0002**OU**;
- (3) 0002-0001**BU**; and
- (4) 0003-0000**BU**

The following examples demonstrate an insured with different share arrangements, who elects an EU, is able to report production by OUs, BUs, or EU.

**Example:** An insured with different share arrangements and an OU APH database structure elects an EU for the current crop year. The unit numbers are:

- (1) 0001-0001**EU**, owns (100%) share, section 3;
- (2) 0001-0002**EU**, cash rents (100% share) from landowner A, section 5;
- (3) 0001-0003**EU**, owns (100% share) section 19;
- (4) 0002-0001**EU**, 60% share with landowner B, section 2;
- (5) 0002-0002**EU**, 60% share with landowner B, section 3;
- (6) 0002-0003**EU**, 60% share with landowner B, section 7;
- (7) 0003-0001**EU**, 60% share with landowner C, section 2;
- (8) 0003-0002**EU**, 60% share with landowner C, section 5; and
- (9) 0003-0003**EU**, 60% share with landowner C, section 33

**Example:** An insured with different share arrangements and a BU APH database structure elects an EU for the current crop year. The unit numbers are:

- (1) 0001-0000**EU**, 100% share: owns/cash rent landowner A;
- (2) 0002-0000**EU**, 60% share with landowner B; and
- (3) 0003-0000**EU**, 60% share with landowner C

**Example:** An insured without underlying BU or OU APH databases and an EU structure. The unit number is:

000**1**-0000**EU**, all insurable acreage of the crop in the county.

## 763 Unit Number (continued)

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The following examples demonstrate an insured who has different share arrangements, elects EP unit structure (i.e., separate EUs by irrigated and non-irrigated practices) and is able to report production by OUs, BUs, or EU. The examples assume the insured has irrigated and non-irrigated land in each section and irrigated and non-irrigated practice/types are the same for all the land.

**Example:** An insured with different share arrangements and an OU APH database structure elects EP unit structure for the current crop year.

The unit numbers for the irrigated EU are:

- (1) 0001-0001EP, owns (100%) share, section 3;
- (2) 0001-0002EP, cash rents (100% share) from landowner A, section 5;
- (3) 0001-0003EP, owns (100% share) section 19;
- (4) 0002-0001EP, 60% share with landowner B, section 2;
- (5) 0002-0002EP, 60% share with landowner B, section 3;
- (6) 0002-0003EP, 60% share with landowner B, section 7;
- (7) 0003-0001EP, 60% share with landowner C, section 2;
- (8) 0003-0002EP, 60% share with landowner C, section 5; and
- (9) 0003-0003EP, 60% share with landowner C, section 33.

The unit numbers for the non-irrigated EU are:

- (1) 0001-0001EP, owns (100%) share, section 3;
- (2) 0001-0002EP, cash rents (100% share) from landowner A, section 5;
- (3) 0001-0003EP, owns (100% share) section 19;
- (4) 0002-0001EP, 60% share with landowner B, section 2;
- (5) 0002-0002EP, 60% share with landowner B, section 3;
- (6) 0002-0003EP, 60% share with landowner B, section 7;
- (7) 0003-0001EP, 60% share with landowner C, section 2;
- (8) 0003-0002EP, 60% share with landowner C, section 5; and
- (9) 0003-0003EP, 60% share with landowner C, section 33.

**Example:** An insured with different share arrangements and a BU APH database structure elects EP unit structure for the current crop year.

The unit numbers for the irrigated EU are:

- (1) 0001-0000EP, 100% share: owns/cash rent landowner A;
- (2) 0002-0000EP, 60% share with landowner B; and
- (3) 0003-0000EP, 60% share with landowner C.

The unit numbers for the non-irrigated EU are:

- (1) 0001-0000EP, 100% share: owns/cash rent landowner A;
- (2) 0002-0000EP, 60% share with landowner B; and
- (3) 0003-0000EP, 60% share with landowner C.

## 763 Unit Number (continued)

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**Example:** An insured without underlying BU or OU APH databases elects EP unit structure.

The unit number for the irrigated EU is:

0001-0000EP, all insurable irrigated acreage of the crop in the county.

The unit number for the non-irrigated EU is:

0001-0000EP, all insurable non-irrigated acreage of the crop in the county.

## 764 Unit Numbering Constancy

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The unit number for a particular unit should remain the same from year to year to the extent possible, even when a policy transfers to a different AIP.

Unit numbers do not change when a different unit structure is elected (i.e., an insured with OUs elects EUs); the two-character unit structure code indicates unit election qualification. AIPs may change unit numbers due to unit combination/division.

### A. Numbering When Units are Combined

When units are combined, unit numbering should be handled as follows:

- (1) When BUs are combined, the unit number for the resulting BU should be the lowest unit number of the BUs which were combined. The first set of four characters of the combined unit designate the BU (0001).
- (2) When OUs are combined, the unit number of the resulting OU should be the lowest unit number of the OUs which were combined. The second set of four characters designate the OUs.

**Example:** Original units are 0001-0001OU, 0001-0002OU, and 0001-0003OU. If 0001-0001OU and 0001-0002OU are combined due to commingled production, the revised acreage report and unit numbers would be 0001-0001OU and 0001-0003OU.

### B. Numbering When Units are Divided

- (1) When BU(s) are divided, the unit numbers for the resulting BUs will be the original unit number and the lowest next available BU number.
- (2) When BU(s) are divided into OUs, the unit numbers for the resulting OUs will be the lowest available OU numbers for that BU.
- (3) When OUs are divided, the unit numbers of the resulting OU will be the original unit number and the lowest next available OU number.

#### **764 Unit Numbering Constancy (Continued)**

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**Example:** Original unit is 0001-0001OU. If 0001-0001OU is divided, the resulting unit numbers will be 0001-0001 and 0001-0002OU (if 0001-0002 is not already in use).

#### **765 Unit Number Consistency**

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When possible, unit numbers should correspond for each crop as much as possible (i.e., wheat unit 0001-0001 should match with the location of the corn unit 0001-0001).

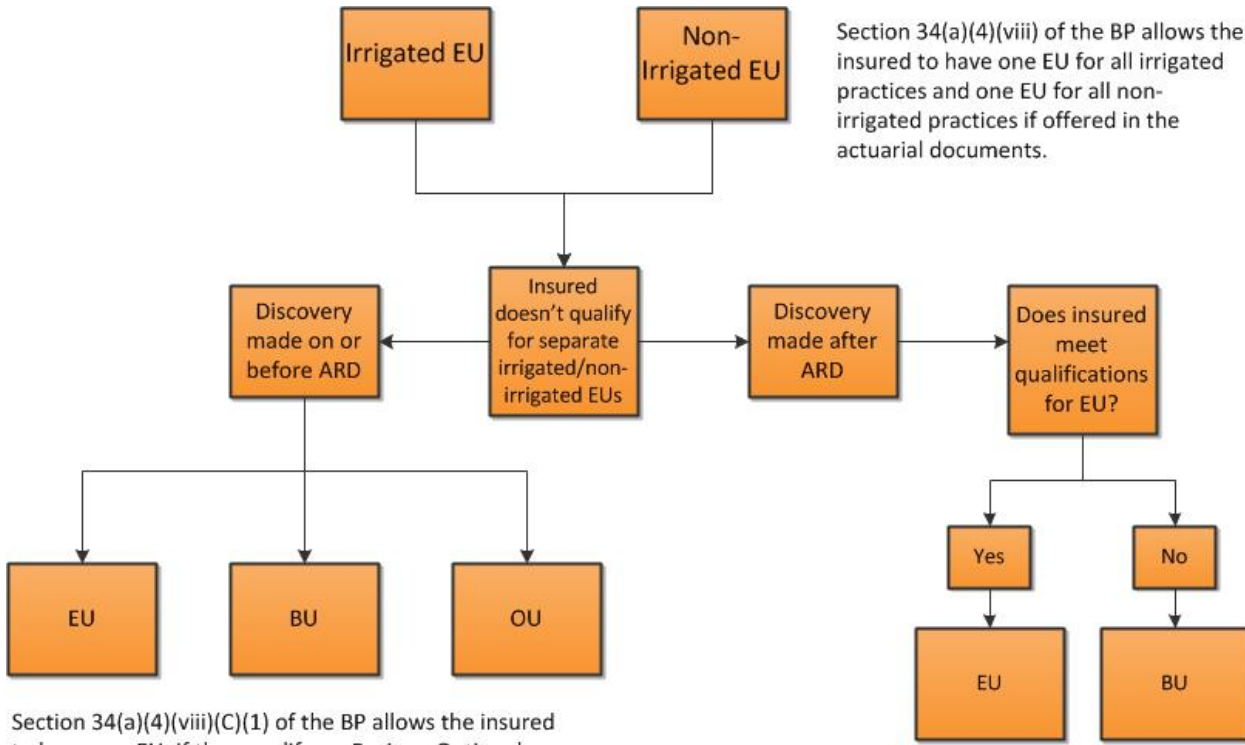
#### **766 Master Yield Summary APH Database**

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Unit number is 0000-0000 with no unit structure code. Yield indicator is “M”. [See Part 14 Section 7 for more information concerning Master Yields.]



**E. Flowchart for Determining Unit Structure when Insured Does Not Qualify for Enterprise Units by Irrigated and Non-Irrigated Practices**



Section 34(a)(4)(viii) of the BP allows the insured to have one EU for all irrigated practices and one EU for all non-irrigated practices if offered in the actuarial documents.

Section 34(a)(4)(viii)(C)(1) of the BP allows the insured to have one EU, if they qualify, or Basic or Optional Units depending on which the insured has reported on the acreage report and qualifies for.

Section 34(a)(4)(viii)(C)(2) of the BP allows the insured to have one EU, if they qualify, or BU will be assigned.