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**Federal Crop
Insurance
Corporation**



**Risk
Management
Agency**

**Product
Administration
& Standards
Division**

**FCIC 18010
(06-2013)**

**FCIC 18010-1
(08-2013)**

**FCIC 18010-2
(11-2013)**

2014 CROP INSURANCE HANDBOOK

Underwriting and Actual Production History Standards for FCIC Programs Administered under the Common Crop Insurance Policy Basic Provisions and APH Administrative Regulations for 2014 and Succeeding Crop Years.

United States Department of Agriculture
Risk Management Agency
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	APPROVED:
	/s/ Tim B. Witt Deputy Administrator for Product Management

REASON FOR ISSUANCE

This handbook is being issued to provide the official FCIC approved underwriting standards for policies administered by AIPs under the Common Crop Insurance Policy Basic Provisions, 7 CFR Part 457 including the Catastrophic Risk Protection Endorsement, 7 CFR Part 402, and the Actual Production History Regulation 7 CFR Part 400 Subpart G for the 2014 and succeeding crop years.

SUMMARY OF CHANGES

Listed below are the changes to the 2014 FCIC 18010 Crop Insurance Handbook with significant content change. Minor changes and corrections are not included in this listing.

REFERENCE	DESCRIPTION OF ADDITIONS, DELETIONS, CHANGES OR CLARIFICATIONS
Para. 518	Added procedure to address contracted crop being produced in multiple counties with the CPA elected.
Para. 822	Incorporated new SP which allows cover crops on SF acreage, provided certain criteria are met.
Part 18, Section 1	Clarified that insureds may only elect a Protection Factor of 120 percent for CAT ARPI policies. In the event the insured does not elect a Protection Factor for ARPI, the Protection Factor will default to 120 percent.

2014 FCIC-18010-2 CROP INSURANCE HANDBOOK

CONTROL CHART

	TP Page(s)	TC Page(s)	Text Pages	Date	Directive Number
Insert	TP 1-2		101-102 105-106 183-184 213-214 487-488.3	11-2013 11-2013 11-2013 11-2013 11-2013	FCIC 18010-2
Current Index	TP 1-2		101-102 105-106 183-184 213-214 487-488.3	06-2013	FCIC 18010
				06-2013 06-2013 06-2013 08-2013	FCIC 18010-1

FILING INSTRUCTIONS

These slipsheets replaces the pages listed above in FCIC-18010 Crop Insurance Handbook, dated August 20, 2013. These slipsheets are effective upon approval and until obsolete.

F. Proration of Contracted Bushels to Applicable Counties (continued)

Step	Action
1	<p>For each applicable county and each location and practice in the county, multiply the acres planted to malting type barley times the malting type barley approved APH yield.</p> <p>Substitute the county T-Yield for the malting type barley approved APH yield when barley is not insured in a county covered by the malting barley contract.</p>
2	<p>For each applicable county, sum the result of step 1 for all locations and practices.</p> <p>Example: In County A there were multiple locations and practices that totaled 19,740 bushels. In County B there were multiple locations and practices that totaled 13,160 bushels.</p>
3	<p>Sum the result of step 2 for each applicable county to determine the total weighted bushels.</p> <p>Example: The sum of the result of step 2 for County A and County B is 32,900 bushels (19,740 + 13,160).</p>
4	<p>Divide the result of step 2 for each applicable county by the result of step 3 to determine the proration factor for that county. Round the result to three decimals.</p> <p>Example: The proration factor for County A is 0.600 (19,740 ÷ 32,900). The proration factor for County B is 0.400 (13,160 ÷ 32,900).</p>
5	<p>Prorate the contracted bushels to each applicable county by multiplying the total contracted bushels times the result of step 4 for each applicable county.</p> <p>Example: The total contracted bushels are 25,000. County A is prorated 15,000 bushels (25,000 x 0.600). County B is prorated 10,000 bushels (25,000 x 0.400).</p>

The calculations used to determine the **proration** factors must be documented on a worksheet, and approved by the verifier. The worksheet becomes part of the APH file and is subject to verification during the APH review process. See [Exh. 5] for example.

518 Contract Price Addendum (CPA)

A. General Information

The CPA applies to insured crops grown under contract with a buyer, executed on or before the ARD, and in effect for the crop year. The contract must include: the insured's commitment to plant, grow and deliver an insurable crop to the buyer; the buyer's commitment to purchase the production stated in the contract at the contract price; the specific crop, type, or variety, which also must be insurable under the policy; the amount of production or a statement that the buyer will accept all production from a specified number of acres; the contract price or a method to determine the contract price.

B. Applicability

The CPA is available where the actuarial documents specify the availability of contract pricing and contract pricing is not available by the CP or SP. The CPA may be available by P/T and is identified by the "CP" option code.

If the CPA is elected, a copy of the contract must be provided to the AIP by the ARD. Failure to provide the contract by the ARD will result in the price defaulting to the applicable projected price, harvest price, or price election for the insurance plan.

The contract price is applicable to all contracted acreage. If the insured acreage exceeds the contracted acreage, then all acreage will be insured at a weighted average price of contracted and non-contracted acreage [see E(4) below],

When the SP restricts the total number of insured acres of a crop/P/T to not exceed 110 percent of the crop type's contracted acres then the entire 110 percent gets the contract price. If the crop/P/T is restricted by the SP to 110 percent of the contracted acres and the total insured acres is greater than 110 percent, then none of the insured acres for the crop/P/T can use the contract price, and all of the insured acres will use the RMA determined projected price or price election as applicable.

Each projected price or price election determined under [E(1) or E(2)] is limited to the maximum contract price. The maximum contract price is determined by multiplying the projected price or price election, as applicable, by the maximum contract price factor contained in the actuarial documents.

C. Application, Cancellation, and Transfers

The CPA must be elected on or before the SCD, and is continuous.

Cancellation of the CPA must occur on or before the cancellation date of the CP.

If the policy is transferred to a different AIP, a new CPA must be elected by the insured and submitted to AIP on or before the SCD.

E. Determining Contract Price When CPA is Elected (continued)

- (ii) The harvest price is the result from adding the premium amount to the applicable harvest price released by RMA.

Example: The harvest price released by RMA is \$8/unit of measure. Under the CPA the harvest price will be \$12/unit of measure (\$8 + \$4).

- (3) If there is more than one contract price for the crop, the projected price or price election under the CPA, as applicable, is calculated by:
 - (a) multiplying the contracted acreage, determined in [D above], for each contract by the contract price determined in [E(1) or (2)]. Each contract price is limited to the maximum contract price; and
 - (b) dividing the results of [(4)(a)] by the total acres of all the contracts.
- (4) The weighted average price of contracted and non-contracted acreage for the crop/P/T is calculated by:
 - (a) multiplying the contracted acreage, determined in [D above] by the contract price determined in [E(1), (2) or (3)]. Each contract price is limited to the maximum contract price;
 - (b) multiplying the non-contracted acreage by the price election or projected price contained in the actuarial documents, as applicable;
 - (c) adding the results from [(a) and (b)]; and
 - (d) dividing the result from [(c)] by the total insured acres of the crop (planted and PP acreage).

F. Proration of Contracted Bushels When CPA is Elected in Multiple Counties

The contracted bushels must be prorated to the appropriate counties when the contract(s) specifies total bushels from acreage planted in more than one county and the CPA is elected in multiple counties. The following table provides instructions for prorating the contracted bushels to multiple counties.

F. Proration of Contracted Bushels When CPA is Elected in Multiple Counties

Step	Action
1	For each county, multiply the acres planted to the contracted crop/P/T times the approved APH yield. For multiple APH database, multiply acres planted in each APH database by the applicable approved yield.
2	Sum the result for each county.
3	Sum each applicable county to determine the total bushels.
4	Divide the result of step 2 for each applicable county by the result of step 3 to determine the proration factor for that county. Round the result to three decimals.
5	Prorate the contracted bushels to each applicable county by multiplying the total contracted bushels times the result of step 4 (the proration factor) for each applicable county

After prorating the contracted bushels to each county, determine the contract price in accordance with E above.

B. Insurability (continued)

- (c) the AIP gives consent to put the acreage to another use and a different second crop is planted on the acreage in the current crop year, if SF is an applicable practice for the second crop; and

- (3) all other SF practice requirements are carried out.

Example: Acreage in North Dakota was not planted and all SF practice requirements were met in 2012. Therefore the acreage qualified for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled for the rest of the year after the planted crop failed and was destroyed, and all other SF practice requirements were met.

The acreage qualifies for the SF practice for the 2014 crop year.

Example: Acreage in North Dakota was not planted and all SF practice requirements were met in 2012. Therefore the acreage qualified for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled the for the entire 2013 crop year and all other SF practice requirements were met.

A crop was planted on the acreage in the spring of 2014. The crop failed, was not harvested, and was destroyed on June 1, 2014. The AIP gave consent to put the acreage to another use and the insured planted a different second crop on the acreage for the 2014 crop year.

The acreage qualifies for the SF practice for the second different crop planted for the 2014 crop year.

821 General Information and Insurability (Continued)

B. Insurability (continued)

Exception 3: Acreage that did not qualify for SF practice in the preceding crop year and on which a crop was planted in the preceding crop year shall qualify for the SF practice in the spring of the current crop year, provided:

- (1) the crop planted on the acreage in the crop year preceding the current crop year:
 - (a) was not harvested; and
 - (b) failed and/or was destroyed on or before the applicable plant termination date; and
- (2) all other SF practice requirements are carried out.

Example: Acreage in North Dakota was planted and the crop was taken to harvest in 2012. Therefore the acreage did not qualify for the SF practice for the 2013 crop year. A crop was planted on the acreage in the spring of 2013. The crop failed, was not harvested, and was destroyed on June 1, 2013. All plant growth on the entire acreage was continuously controlled the for the entire 2013 crop year and all other SF practice requirements were met. The acreage qualifies for the SF practice for the spring 2014 crop year.

Exception 4: For crops/counties with a 11/30/13 or later contract change date, planting a cover crop on SF acreage the fallow year will not affect eligibility for the SF practice, unless:

- (1) the cover crop is hayed, grazed or otherwise harvested in any manner; and
- (2) NRCS termination guidelines are not followed by the insured.

If (1) and (2) are not met, the cover crop will be considered a crop and the acreage will not be eligible for the SF practice until the acreage lies fallow for a full crop year. SF acreage with a cover crop must be identified on the acreage report [see Para. 911].

822 SF APH Database Instructions

A. Special Procedures

Special production reporting and APH database procedures are applicable in counties with separate T-Yields for SF and CC practices.

Section 2 Acreage Report Elements

911 Required Elements

The following elements must be included in the annual Acreage Report (additional information for certain elements is contained in [Para. 912-918]).

ELEMENT	REQUIRED INFORMATION
Insured's Name, Address, and Telephone Number	Enter the insured's name, address (Street, City, State, and Zip code), and telephone number.
Insured's Identification Number	Enter the insured's SSN, EIN or RAN and identification number type.
Insured's Authorized Representative	Enter the insured's authorized representative, if any.
Policy Number	Enter the insured's Policy Number.
Person Type	Enter the specific person type (e.g., partnership, trust, individual, corporation, etc.).
Spouse's Name and Identification Number	Enter the insured's Spouses Name and Identification Number, if applicable.
Landlord/Tenant	Enter the Landlord/Tenant whose share is being insured, if applicable [see Para. 452].
Insured's Share	Enter the insured's share of the crop at the time insurance coverage attaches.
Name of Other Person(s) Sharing in Crop	If applicable, enter name of other person(s) that have a share in the insured crop.
Crop Year	Enter the crop year.
Crop	Enter the name of the insured crop.
State and County Name	Enter the State and County where the crop is insured.
Plan of Insurance	Enter the plan of insurance elected by the insured.
Price Election, Projected price or Amount of Insurance	Enter the price election, projected price or amount of insurance elected by the insured.
Coverage level	Enter the coverage level elected by the insured.
Options or Optional Coverage	Enter the options or optional coverage elected by the insured.
Practice	Enter the insured crop practice for the unit.
Type	Enter the insured crop type for the unit.
Unit Number	Enter the unit number for the unit.
Legal Description	Enter the section, township and range, or other descriptions for land if rectangular survey is not applicable. This may include GPS coordinates or other land identification.
FSA Farm/Tract/Field Number	FSA Farm/Tract/Field number reporting is optional except for the following situations: <ul style="list-style-type: none"> • acreage insured under a WA, if required by the WA as determined by the RO; • units containing acreage emerging from CRP the initial year of planting and all subsequent crop years thereafter; • units containing acreage being planted the initial year of new breaking and all subsequent crop years thereafter; or • units are based on FSA FN (with tract/field number optional).
Approved APH Yield	Enter the approved APH yield that applies to the acres being reported.

911 Required Elements (Continued)

ELEMENT	REQUIRED INFORMATION
Date Planting Completed	Enter the date that the insured crop was planted on the unit [see (3) below]. Required for all planted acreage.
Area Classification	Enter the map area classification, if applicable.
Acreage Type	Identify whether acreage is: Insured (planted); Insured - Acreage emerging from CRP the initial crop year [See Para. 1463B]; Insured - New breaking acreage insured in accordance with the policy (i.e., less than 5% of insured acreage planted in the unit) the initial crop year or insured under SP and the insured is able to substantiate the acreage has previously been in production [See Para 1464A(1)(a)]; Insured – New breaking acreage insured , under SP and the insured is unable to substantiate the acreage has previously been in production [See Para. 1464A(1)(b)] Insured – New breaking acreage insured by WA and the insured is able to substantiate the acreage has previously been in production [See Para. 1464A(1)(c)]; Insured – New breaking acreage insured by WA and the insured is unable to substantiate the acreage has previously been in production [See Para. 1464A(1)(d)]; Insured – SF acreage with a cover crop [See Para. 823B(3), Exception 4]; Prevented planting; Uninsured [See Para. 916]; Uninsurable [See Para. 915]; Uninsurable due to 2 nd crop provisions [See Para. 915(8)]; Uninsurable due to new breaking [See Para. 1464A(1)(e)]; Uninsurable due to new breaking and the insured cannot substantiate the acreage has previously been in production [See Para. 1464A(1)(f)]; Unreported acreage (within the same unit) [See Para. 917]; Unreported units[See Para. 917]; Zero acreage report for unit [See Para. 918]; or Zero acreage report for county [See Para. 918].
Remarks	Document pertinent information.
Insured's Signature and Date	Insured must sign and date.
Agent Information	Enter Agent's name, address, telephone number, and agent code number.
Agent's Signature and Date	Agent must sign and date.

912 Date the Insured Crop was Planted on the Unit

For acreage planted on or before the final planting date, the last date of planting and the total acres planted. For acreage planted during the late planting period, the date of planting and the number of acres planted per day. Failure to report the number of planted acres on a daily basis, will result in all acreage planted during the late planting period being presumed to have been planted on the last day planting took place during the late planting period. [See Para. 605 and 606 for additional late planting requirements].

Part 18 AREA RISK PROTECTION INSURANCE (ARPI)
Section 1 General Program Requirements

1801 General Information

The GRP and GRIP plans of insurance have been replaced with Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection contained within one Area Risk Protection Insurance (ARPI) Basic Provisions. ARPI uses the CEPP, so ARPI crops will use the same prices as those insured under the Common Crop Insurance Provisions (CCIP) BP. These changes will apply for the 2014 and succeeding crop years.

All references within the CIH to GRP/GRIP are changed to ARPI.

For 2014, AIPs may convert all existing GRP/GRIP policies to the most similar ARPI policy without a new application, unless the insured elects to change their coverage. Below is the Plan conversion between GRP/GRIP and ARPI.

GRP/GRIP	→	ARPI
Group Risk Plan (04)	→	Area Yield Protection (04)
Group Risk Income Protection with Harvest Revenue Option (05)	→	Area Revenue Protection (05)
Group Risk Income Protection (06)	→	Area Revenue Protection with Harvest Price Exclusion (06)

Under GRP/GRIP the insured elected 60-100 percent of the dollar amount of insurance (a range covering 40 percent); under ARPI the insured elects 80-120 percent of the protection factor (a range covering 40 percent).

The carryover **additional coverage** policies will convert the applicable range selection of the dollar amount of insurance to the applicable percentage of the protection factor using that same 40 percent range, as follows:

Dollar Amount of Insurance	Protection Factor
60	80
61	81
62	82
Continues through the maximum election.....	
100	120

Carryover CAT coverage policies will convert to a protection factor of 120.

1802 Insurance Availability

Insurance is available when crop information is included in the actuarial documents. WAs are not authorized for ARPI. An insured must elect coverage for the crop by the earliest SCD for the crop.

Exception: Insurance under ARPI is not available for hybrid seed corn or hybrid sorghum seed when an insured has a Hybrid Seed Corn Policy or Hybrid Sorghum Seed Policy, respectively, in place.

1803 Administrative Fees

Each insured is required to pay an administrative fee each year insurable acreage of the crop is planted.

A. Administrative Fee Schedule

Coverage	Per Crop/County	Type of Policy	Fee Established When	Due By The
Additional	\$30 (plus premium)	New & Carryover	Insurance Attaches	Premium Billing Date
CAT	\$300	New & Carryover	Insurance Attaches	Premium Billing Date

B. Administrative Fees

When an insured elects CAT and additional coverage or multiple levels of coverage for the same crop policy:

- (a) separate administrative fees are charged for both CAT and additional level coverage when an insured elects both for the crop in the county; and
- (b) the number of administrative fees will not be more than one for additional coverage and one for CAT.

Only one administrative fee is charged no matter how many different additional coverage levels are chosen by the insured for different P/T combinations for the crop in the county.

1804 Insurance Choices

The insured chooses the insurance plan, level of coverage and protection factor at the time the Application, or the Policy Change in subsequent years, is completed.

Exception: For CAT policies, the insured may only choose a protection factor of 120 percent [See Para. 1807].

Since ARPI is a continuous policy, if an insured does not select a new plan of insurance, protection factor and/or coverage level before the SCD, the AIP must assign the same plan of insurance, protection factor and/or coverage level as the previous year.

An insured may elect different coverage levels and/or protection factors for each irrigated practice or for each P/T available in the actuarial documents by SCD. If the insured does not elect different coverage levels and/or protection factors by irrigated practice or by P/T, then the coverage level and protection factor for the crop will apply to all P/T of the crop.

1804 Insurance Choices

A. Different Coverage Level and/or Protection Factors

To obtain different coverage levels and/or protection factors by crop/irrigation practices or by crop/P/T:

- (1) each irrigation practice must be listed on the application with the elected coverage level and protection factor; or
- (2) each P/T must be listed on the application with the elected coverage level and protection factor.

Exception: A protection factor is not elected when CAT coverage level is elected for a P/T [see Para. 1807].

B. Coverage Level and/or Practice Factors when P/T Not Listed on Application

If a P/T is not listed on the application, then the coverage level and protection factor will default to the lowest coverage level and protection factor on the application for the crop.

Example:

P/T	COVERAGE LEVEL	PROTECTION FACTOR
P/T 1	70	90
P/T 2	75	80
default	70	80

1805 Plans of Insurance

ARPI provides insurance coverage based on an area, not an individual, yield or revenue. When ARPI is elected, all acreage of the insured crop in the county must be insured under the same plan of insurance. ARPI plans of insurance include:

- (1) Area Yield Protection, which provides protection against loss of yield due to a county level production loss. This plan does not provide protection against loss of revenue or upside harvest price protection;
- (2) Area Revenue Protection, which 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 the 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; or
- (3) Area Revenue Protection with Harvest Price Exclusion, which 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.

Only Area Yield Protection is available for forage and CAT level coverage.

1806 Levels of Coverage

- (1) For Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion:
 - (a) CAT coverage is not available; and
 - (b) for additional coverage, insured may select different coverage levels by P/T.

Example: The insured may choose a 75 percent coverage level for irrigated corn and a 90 percent coverage level for non-irrigated corn.

- (2) For Area Yield Protection:
 - (a) CAT coverage is available and may be selected by crop/P/T;
 - (b) for additional coverage, insureds may select different coverage levels by crop/P/T; and
 - (c) both (a) and (b) may apply for the same crop.

1807 Protection Factor

The protection factor is the percentage used to calculate the dollar amount of insurance per acre and policy protection. The insured must choose a protection factor:

- (1) from a range of 80 to 120 percent, unless otherwise specified in the SP;
- (2) as a whole percentage; and
- (3) for each irrigation practice or crop/P/T [see Para. 1804].

Exception: For CAT coverage, the insured must choose a protection factor of 120 percent.

1808 Projected Price

The projected price is a price for each crop/P/T shown in the actuarial documents by additional and CAT coverage, determined in accordance with the CEPP, SP or the CP, as applicable.

1809 Endorsements and Options

CAT is the only endorsement or option that applies to ARPI. CAT is only available for the Area Yield Protection plan and limits the coverage level and projected price.

1810 Organic

ARPI coverage is available for certified organic acreage and transitional acreage when an organic practice is in the actuarial documents.

Organic practices do not apply to acreage transitioned to certified organic acreage without an organic plan, or written documentation from a certifying agent indicating an organic plan is in effect, as specified in the policy.

[See Para. 861D] for information regarding deadlines for documentation.

[See Para. 862] for information regarding certified organic and transitional acreage requirements.

[See Para. 863] for information regarding organic record requirements.

[See Para. 864] for information regarding organic certification and accreditation issues.

1811 Production Record Requirements

[See Part 11] for acceptable production record requirements by crop.

1812-1830 (Reserved)

Section 2 Acreage Reporting Requirements

1831 General Information

The acreage report is required annually and determines the amount of insurance, premium, and insurable share at the time insurance attaches.

1832 Filing Requirements

The insured must sign and submit an annual acreage report, for each insured crop in the county, on or before the ARD in the actuarial documents.

Acreage reports must contain the following ([see Para. 1834] for a complete list of the required acreage report elements):

- (1) the amount of acreage of the crop (insurable and uninsurable) in which the insured has a share;
- (2) the last date any acreage of the insured crop was planted;
- (3) the number of acres planted (acreage initially planted after the FPD is not insurable and must be reported as uninsurable on the Acreage Report);
- (4) share at the time coverage begins;
- (5) practice;
- (6) type; and
- (7) land identifier for the crop acreage (e.g., legal description, FSA FN or CLU). Insured must report FSA FN/tract and field number, when available from FSA.

Note: An insured may report acreage using unit structure and unit number previously established under APH-based plans of insurance to maintain continuity of production reports.

If the insured fails to submit an acreage report or to report all acreage, the AIP may:

- (1) deny liability for the unreported acreage. No premium will be due on such acreage and no indemnity will be paid; or
- (2) determine the insurable acreage, by crop, P/T and share.