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Federal Crop
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STACKED INCOME PROTECTION PLAN OF INSURANCE (STAX) STANDARDS HANDBOOK

2015 and Succeeding Crop Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

TITLE: STACKED INCOME PROTECTION PLAN OF INSURANCE (STAX) STANDARDS HANDBOOK	NUMBER: 18170-1
EFFECTIVE DATE: 2015 and Succeeding Crop Years	ISSUE DATE: June 30, 2015
SUBJECT: Slipsheets to Stacked Income Protection Plan of Insurance (STAX) Standards Handbook released on August 12, 2014.	OPI: Product Administration and Standards Division APPROVED: /s/ Tim B. Witt Deputy Administrator for Product Management

REASON FOR AMENDMENT

The FCIC 18170 Stacked Income Protection Plan of Insurance (STAX) Standards Handbook is being amended to clarify procedure and correct formatting contained in the 2015 issuance.

1. Para. 25: Updated reference regarding skip row adjustments.
2. Para. 44: Added “Reported Acres” field to Required Elements table.
3. Para. 52: Formatting correction of rolled text.
4. Para. 56: Formatting correction of rolled text.
5. Exhibit 2: Removed blank page.
6. Exhibit 3: Formatting changes to Form Standards table.
7. Exhibit 4: Fixed page numbers.

STACKED INCOME PROTECTION PLAN OF INSURANCE STANDARDS HANDBOOK

CONTROL CHART

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14 SCO Endorsement and STAX Policy (continued)

- (2) The insured may identify on STAX Application whether SCO or STAX coverage applies to any acreage added to the operation that requires a new CCIP APH database, after SCD and before the ARD. If no designation is made, the acreage is covered under SCO.

15 Units

Units are not available under STAX.

- (1) An insured may report acreage and production using the same unit structure and numbers previously established under an APH-based plans of insurance to maintain continuity of production reports.
- (2) When an insured has elected SCO on a companion CCIP policy and elected a STAX policy, any report required by STAX must include both the applicable unit number and acreage identifier required by the CCIP policy.

16 First Crop/Second Crop Limitations

See CIH Paragraph 202 for the applicable first crop/second crop limitation procedures.

17-20 (Reserved)

PART 2 APPLICABILITY OF CIH PROCEDURES

All procedures and instructions contained in the CIH apply to STAX with the exception of the items identified in the following parts and paragraphs.

21 Part 2 Application for Insurance

The following paragraphs in Part 2 do not apply to STAX.

- (1) Para. 208 Administrative Fees
- (2) Para. 233D Mutual Consent Cancellation
- (3) Para. 234 Insurance Choices
- (4) Para. 235 Plans of Insurance
- (5) Para. 236 Levels of Coverage
- (6) Para. 237 Price

22 Part 5 Endorsements and Options

Part 5, Endorsements and Options, in its entirety, does not apply.

23 Part 6 Planting Provisions

Part 6, Planting Provisions, in its entirety, does not apply to STAX policies.

24 Part 7 Units

Part 7, Units, in its entirety, does not apply to STAX.

Exception: The insured may choose to maintain unit structure based on an APH-based plan when reporting acreage and production.

25 Part 8 Underwriting Standards for Specific Practices

Part 8, Underwriting Standards for Specific Practices, except as provided in [Part 8 Sections 3 and 4], does not apply to STAX.

26 Part 12 APH Database

Part 12, APH Database does not apply to STAX unless STAX has a companion CCIP policy with SCO and then the APH database procedures only apply to the companion CCIP policy

27 Part 14 Category B Crop Procedures

Part 14, Category B Crop Procedures, in its entirety, do not apply to STAX.

42 Filing Requirements (continued)

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

43 Inaccurate Acreage Reports

Refer to CIH Paragraph 904.

44 Required Elements

The following elements must be included in the annual Acreage Report (additional information for certain elements is contained in [Para. 46-53]).

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 identification number and type (SSN, EIN or RAN).
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 CIH 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 (e.g., 2014).
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 protection factor elected by the insured.
Coverage Level	Enter the coverage level elected by the insured.

44 Required Elements (continued)

ELEMENT	REQUIRED INFORMATION
Options or Optional Coverage	N/A, unless the insured elects both SCO and STAX coverage in the county. Enter the applicable plan code of 35 or 36 to indicate acreage insured under STAX. Enter the applicable plan code of 31, 32, or 33 to indicate acreage insured under SCO, when applicable.
Practice	Enter the insured crop practice.
Type	Enter the insured crop type.
Unit Number	N/A, unless the insured chooses to report by unit structure available under an APH-based plan.
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	Required. Enter the FSA Farm/Tract/Field, if available from FSA.
Reported Acres	Enter the number of acres being reported.
Approved APH Yield	N/A.
Date Planting Completed	Required for all planted acreage. For acreage planted on or before the STAX final planting date, enter the last date of planting and the total acres planted by that date. For acreage after the STAX final planting date, enter the date that the insured crop was planted. Acreage planted after the STAX final planting date is uninsurable.
Area Classification	N/A.
Acreage Type	Identify whether acreage is: Insured (planted); Insured - Acreage emerging from CRP the initial crop year [See Para. 25A]; Insured - New breaking acreage insured in accordance with the policy the initial crop year, or insured under SP, and the insured is able to substantiate the acreage has previously been in production [See Para 25B]; Insured – New breaking acreage insured , under SP and the insured is unable to substantiate the acreage has previously been in production [See Para. 25B)] Uninsurable [See Para. 26)]; Uninsurable due to 2 nd crop provisions [see CIH Para. 915)]; Uninsurable due to new breaking and the insured cannot substantiate the acreage has previously been in production [See Para. 25]; Unreported acreage [see CIH Para. 917]; or Zero acreage report for county [see Para. 28].
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.

PART 4 PRODUCTION REPORTING

51 Acceptable Production Report

An annual production report must be submitted, for the crop in the county by the STAX PRD specified in the actuarial documents. A separate STAX production report is not required if the insured has submitted an acceptable production report to the AIP for the insured crop under a companion policy prior to the STAX PRD. The AIP should not obtain duplicate production reports and should use the companion policy's production report (ARPI or CCIP) when acceptable. If an insured is using the production report from a companion policy, the production reporting requirements for CCIP or ARPI, CIH Part 10 or Part 18, respectively, must be met.

If an insured elects both SCO and STAX coverage for the same crop/county, then the production report is due by the STAX SCD, see Part 1, Section 13.

If there is no companion policy, the following applies:

A. Acceptability

Production reports must meet all of the following to be acceptable.

- (1) Include all acreage and production, insured and uninsurable, by P/T in the actuarial documents for the county.

Exception: If the acreage is unharvested, the insured must certify either unharvested and destroyed, unharvested and put to another use or unharvested appraised.

The insured may report production at an APH-based plan of insurance unit or lower level, in accordance with the procedures located in [CIH Part 10].

- (2) Be supported by acceptable production records. [See CIH Part 11] for production evidence requirements.
- (3) Be signed by the insured.
- (4) Be submitted by the insured to the AIP by the STAX PRD.

51 Acceptable Production Report (continued)

A. Zero Planted Acreage Report

A zero planted acreage report submitted for the current crop year will be considered an acceptable production report for the current crop year, provided the acreage report was acceptable.

B. Acceptable Production Reports Not Provided

If an insured does not submit an acceptable production report to the AIP by the PRD, the protection factor for the insured's policy in the following crop year will be limited to the lowest protection factor available. For transferred policies, the assuming AIP may obtain production report information for the prior year from RMA systems.

If the insured subsequently switches to an ARPI policy in the following year, the protection factor for the insured's policy in the following crop year will be limited to the lowest protection factor available. For transferred policies, the assuming AIP may obtain production report information for the prior year from RMA systems.

If the insured subsequently switches to an APH-based plan of insurance in the following year, the insured will be subject to assigned yields and related procedures. Since the prior year's approved APH yield will not be available, the assigned yield will be 65 percent of the applicable T-Yield. AIPs must transmit a production report to RMA indicating the insured did not provide a production report using a record type of "L".

D. Accuracy

Insureds must certify to the accuracy of the information on the production report. If the insured fails to accurately report the production, the insured will be subject to the provisions in [C above] unless the information is corrected:

- (1) on or before the PRD; or
- (2) the incorrect information was the result of AIP error or the error of someone from USDA.

E. Supporting Production Evidence Requirement

If the insured does not have acceptable supporting production records to verify the information on the production report, the insured will be subject to the provisions in [C above].

F. Misreporting

At any time it is discovered the insured has misreported any material information on the production report, the insured will be subject to the provisions in [C above].

A. Certification

Insureds must certify the harvested and unharvested crop acreage and production by P/T for the current crop year. Insureds may report production by any of the following:

- (1) the county;
- (2) the basic unit or lowest level unit structure available for the crop under an APH-based plan of insurance (e.g., maintain OU for subsequent policy transfer to APH-based plan of insurance); or
- (3) any level, such as field.

B. Insurable Production

Report as insurable production, all production from:

- (1) insurable acreage planted to the insured crop for harvest
- (2) uninsurable acreage when commingled with insurable production.

C. Uninsurable Production

Report all production from uninsurable acreage as uninsurable production, unless it is commingled with insurable production.

The production for uninsurable acreage must be identified as “uninsurable”.

D. Unharvested Production

When acreage is unharvested, the insured must report zero production using the yield descriptor of UG, the number of unharvested acres and whether acreage was:

- (1) unharvested and destroyed; or
- (2) unharvested and put to another use.

Exception: Even though appraisals for production are not required, if an appraisal is made on representative samples, the insurable production reported is the amount determined by the appraisal. If an appraisal is for only a portion of the acreage in a field that remains unharvested after the remainder of the crop within the field has been destroyed or put to another use, the production must be reported on the production report as uninsured production, unless the appraisals were taken from representative samples.

53 Required Elements of Production Report

- (1) Production must be reported by crop year for each share arrangement and P/T.
- (2) Required elements and information for a production report.

ELEMENT	REQUIRED INFORMATION:
State County Policy Number	State, county and policy number to which the report pertains.
Insured's Name Address Phone No. Agent Code	Name, address, phone number and code of the agent.
AIP	AIP's name and address.
Crop/Practice/Type/TMA/Other Characteristics/ Unit Number	Crop name, P/T. Unit number is required if the insured chooses to report on a unit basis; if not, unit number is N/A.
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. If additional space is needed, attach a supplemental sheet.
FSA Farm/Tract/Field Number	FSA Farm/Tract/Field number is optional unless insured is reporting production at the FSA Farm/Tract/Field level.
Other Persons	Enter the names of other persons with an insurable share in the crop acreage (not SBIs). If none, enter "NONE".
Record Type	Indicate the type of acceptable records maintained for the last year in the base period: Production Sold/Commercial Storage; Farm Stored Measured by Insured, Pick/Daily Sales Records, Automated Yield Monitoring System, Farm-Stored Measured by Authorized Representative, Livestock Feeding Records, Field Harvest Records, and/or Other. [See CIH Part 11 for description of types of records]. For unharvested acreage specify: unharvested and destroyed; unharvested and put to another use; or unharvested appraised. If an insured does not report production, indicate unreported.
Processor Number/Name	N/A.
Number of Trees/Vines	N/A.
Other	N/A.
Insurability	Indicate whether production being reported is from insurable or uninsurable acreage.
Area Classification	N/A.

53 Required Elements of Production Report (continued)

ELEMENT	REQUIRED INFORMATION:
Crop Year	Enter the current crop year.
Multi Crop Year Reporting Reason	N/A.
Total Production	Enter total production as adjusted for production reporting purposes. For unharvested acres, enter 0, unless there is an appraisal.
Acres	Enter planted acreage in acres for each year production is available in the total production column. Enter "0.0" if the crop was not planted for any year.
Yield Descriptor	Enter the appropriate yield type descriptor, [see CIH Exh. 13F]. For unharvested acres, enter "UG". If the insured does not provide a production report, enter "UR"
Yield	Enter the appropriate yield (total production/acres).
New Producer	N/A.
Added Land	N/A.
Insured Signature and Date	Insured must sign and date production report.

- (3) AIPs must obtain the insured's signature and the date of the signature; explain certification statements to ensure the insured understands what is being certified and the consequences of an inaccurate production report and certification.

54 Acceptable Production Evidence and Record Maintenance

The insured must maintain and provide upon request acceptable production records for each crop year to support the production report. Production records must be maintained for 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. [See CIH Part 11] for production evidence and record retention requirements.

55 Verification, Review and Correction

The production report is subject to verification and AIP review. When the crop is selected for review, supporting evidence of acreage and production will be required by P/T for all crop years' acreage and production during the record retention period.

The production report will not be subject to the AIP field review process for that crop year if:

- (1) the insured submits production evidence for all yields are being certified; and
- (2) the AIP verifier reviews the information and determines it is acceptable. If the AIP verifier determines the production records are not acceptable or the yield does not appear reasonable, the AIP must verify the production information.

56 Adjustments to Production

The adjusted production is entered in the total production column when actual yields are reported. Adjustments to production will be made on the same basis as a claim for indemnity for APH-based plans when such information is available on the acceptable supporting production records. [See CIH Para. 1011] for more information on adjusting production.

57-60 (Reserved)

Definitions (continued)

STAX production report – is a written record showing the insured’s annual production. The report contains yield information for the current year, including all planted acreage and crop production. The report must be supported by written verifiable records from a warehouseman or buyer of the insured crop by measurement of farm-stored production or by other records of production approved by the AIP in accordance with FCIC approved procedures.

STAX production reporting date – is the date contained in the actuarial documents by which the insured is required to submit the production report.

Form Standards

Insureds who wish to insure under the STAX Plan of Insurance must sign and submit the STAX Application, developed according to these standards on or before the SCD for the first crop year the insured wishes to elect STAX.

1 Applicant Information		
A	“Applicant’s Name”	Substantive
B	“Applicant’s Authorized Representative”	Substantive
C	“Street and/or Mailing Address”	Substantive
D	“City and State”	Substantive
E	“Zip Code”	Substantive
F	“Applicant’s Telephone Number”	Substantive
G	“Policy Number”	Substantive
H	“Identification Number”	Substantive
I	“Identification Number Type”	Substantive
J	“Person Type”	Substantive
K	“Spouse’s Name”	Substantive
L	“Spouse’s Identification Number”	Substantive
M	“Is applicant at least 18 years old? Yes <input type="checkbox"/> No <input type="checkbox"/> ”	Substantive
N	“Landlord/Tenant insuring other’s share”	See Para. 411 Substantive
2 Crop Information		
A	“Crop”	Substantive
B	“Effective Crop Year”	
C	“State and County”	Substantive
E	“Companion Policy Plan of Insurance, if applicable”	Substantive
F	“Coverage Range”	Substantive
G	“Practice”	Note: Substantive if coverage varies by practice/type.
H	“Type”	
I	“Area Loss Trigger”	Substantive
J	“STAX Plan of Insurance”	Substantive
K	“STAX Protection Factor”	Substantive
L	“Added County Election”	See Para. 410 Substantive/Non-Substantive
M	“Designated County” [for added county election only]	See Para. 410 Substantive/Non-Substantive
N	“SCO Coverage <input type="checkbox"/> Yes <input type="checkbox"/> No	Substantive
O	“If yes, identify by APH Database whether SCO or STAX applies. If land is added to this operation after the Sales Closing Date and reported by the Acreage Reporting Date, such acreage will be covered by <input type="checkbox"/> SCO <input type="checkbox"/> STAX.”	Substantive

Form Standards (continued)

3 Other Information			
A	<p>“List all person(s) with a substantial beneficial interest in you as defined in the applicable policy provisions (include landlords or tenants insured under the applicant). If none, state NONE.”</p> <p>Required Information: (Title and Items 1-6 are Substantive)</p> <ol style="list-style-type: none"> 1. Name 2. Address 3. Telephone number 4. Identification Number 5. Identification Number Type 6. Person Type 	<p>Note: Include a note regarding additional space if needed to complete lists, e.g., (See reverse side for additional space).</p>	Substantive
4 Terms and Conditions			
A	<p>“I may not elect coverage under this plan of insurance on the same acres I elect coverage for the Supplemental Coverage Option Endorsement (SCO) if I participate in the SCO.</p> <p>I understand that by signing this application, the coverage under this plan of insurance it will continue from year to year unless I or you cancel or change my election by written notice on or before the cancellation date or my coverage is otherwise canceled or terminated under the terms of my policy.”</p>		Substantive
5 Required Statements			
A	<p>“I grant the person(s) listed below the authority to sign any and all crop insurance documents on my behalf. I understand that by authorizing such persons to sign documents on my behalf I am legally bound by all terms and conditions of such documents and of the crop insurance contract. I also understand that granting the following person(s) the authority to sign on my behalf does not obligate that person(s) to the terms and conditions of my crop insurance contract. I further understand that this authorization may be revoked by me at any time upon written notice, signed and delivered to my Approved Insurance Provider.”</p>	<p>Note: Allow space for the applicant to list all person(s) designated to sign crop insurance documents on the applicant’s behalf.</p>	Non-Substantive
B	Conditions of Acceptance Statements	Exhibit 1; See 3C above	Substantive
C	Certification Statement	Exhibit 2	Substantive
D	Privacy Act Statement	Exhibit 3	Substantive
E	Nondiscrimination Policy Statement	Exhibit 4	Substantive
6 Required Signature			
A	“Applicant’s/Insured’s Printed Name, Signature and Date”		Substantive
B	“Agent’s Printed Name, Signature, Code Number and Date”		Substantive

STAX Calculations Examples

In this exhibit is the calculations for the policy protection, area loss trigger, payment factor, and indemnity calculations for STAX.

Indemnities are calculated following release of the final area yield and harvest price as specified in the actuarial documents. If an indemnity is due, payment to the insured will be made no later than 30 days after release of the final area revenue.

Producer A farms 100 acres in county X. The actuarial documents in county X show that the expected area yield is 525 pounds per acre, the projected price is \$0.72, and the expected area revenue is \$378.00. From the actuarial documents in county X, Producer A elects a 90 percent area loss trigger and a 20 percent coverage range. Producer A selects a protection factor of 110 percent. Producer A has a 100 percent share.

At the end of the insurance period, for county X, FCIC releases a harvest price of \$0.77, a final area yield for county X of 399 pounds, and a final area revenue for county X of \$307.23.

A. STAX RP

- (1) If revenue protection is elected the insured's policy protection for each type and practice is calculated in the following steps:

Step 1: multiply the expected area yield by the higher of the projected price or harvest price;

Example: $(525 \text{ lbs.} * \$0.77) = \404.25

Step 2: multiply the result of step 1 by the insured's coverage range; and

Example: $(\$404.25 * 0.20) = \80.85

Step 3: multiply the result of step 2 by the protection factor.

Example: $(\$80.85 * 1.10) = \88.94

Step 4: multiply the result of step 3 by the number of acres;

Example: $(\$88.94 * 100) = \$8,894$

Step 5: multiply the result of step 4 by insured's share in such acres;

Example: $(\$8,894 * 1.0) = \$8,894$

$(525 \text{ lbs.} * \$0.77 * 0.20 * 1.10 * 100 * 1.0) = \$8,894$

STAX Calculations Examples (continued)

A. STAX RP (continued)

(2) An indemnity is due if, for revenue protection, the final area revenue is less than the expected area yield multiplied by the higher of the projected price or harvest price and by the area loss trigger.

(a) The payment factor for revenue protection is calculated by:

Step 1: multiplying the expected area yield by higher of projected price or harvest price;

Example: $(525 \text{ pounds} * \$0.77) = 404.25$

Step 2: dividing the final area revenue by the result of step 1;

Example: $(\$307.23 / \$404.25) = 0.76$

Step 3: subtracting step 2 from the area loss trigger; and

Example: $(0.90 - 0.76) = 0.14$

Step 4: dividing step 3 by the coverage range to determine the payment factor, limited to a maximum of 1.000.

Example: $(0.14 / 0.20) = .700$

$(0.90 - (\$307.23) / (525 \text{ pounds} * \$0.77)) \div 0.20 = 0.700$

(b) Indemnities are calculated by multiplying the policy protection by the payment factor.

Example: $(\$8,894 * 0.700) = \$6,226$

STAX Calculations Examples (continued)

B. STAX RP HPE

- (1) If revenue protection with the Harvest Price Exclusion is elected the insured's policy protection for each type and practice is calculated in the following steps:

Step 1: multiply the expected area yield by the projected price;

Example: $(525 \text{ lbs.} * \$0.72) = \378.00

Step 2: multiply the result of step 1 by insured's coverage range; and

Example: $(\$378.00 * 0.20) = \75.60

Step 3: multiply the result of step 2 by the protection factor.

Example: $(\$75.60 * 1.10) = \83.16

Step 4: multiply the result of step 3 by the number of acres;

Example: $(\$83.16 * 100) = \$8,316$

Step 5: multiply the result of step 4 by insured's share in such acres;

Example: $(\$8,316 * 1.0) = \$8,316$

$(525 \text{ lbs.} * \$0.72 * 0.20 * 1.10 * 100 * 1.0) = \$8,316$

- (2) An indemnity is due if, for revenue protection with the harvest price exclusion, the final area revenue is less than the expected area revenue multiplied by the area loss trigger.

- (a) The payment factor for revenue protection with the harvest price exclusion is calculated by:

Step 1: Dividing the final area revenue by the expected county revenue;

Example: $(\$307.23 / \$378.00) = 0.8128$

Step 2: Subtracting step 1 from the area loss trigger; and

Example: $(0.90 - 0.8128) = 0.0872$

STAX Calculations Examples (continued)

B. STAX RP HPE (continued)

Step 3: Dividing step 2 by the coverage range to determine the payment factor.

Example: $(0.0872 / 0.20) = 0.436$

$(0.90 - (\$307.23 / \$378.00)) / 0.20 = 0.436$

- (b) Indemnities are calculated by multiplying the policy protection by the payment factor.

Example: $(\$8,316 * 0.436) = \$3,626$