DOWNED RICE ENDORSEMENT

PROGRAM DESCRIPTION AND BENEFITS

DEVELOPED BY AGRILOGIC CONSULTING, LLC IN CONJUNCTION WITH COOPERATING STATE UNIVERSITY EXTENSION SERVICES

2016 and Succeeding Crop Years
Downed Rice Endorsement

Greater expense (labor, fuel, repairs)

Slower harvest

Downed Rice

Designed to cover portion of increased harvest costs
Downed Rice (DR) Endorsement

Applicability

- Must have the Rice crop policy at an additional coverage level.
- Must elect the Endorsement by the sales closing date for rice.
- Will apply to all eligible planted rice acreage.
- Only the person responsible for all (100%) harvest costs is eligible.
- Ineligible if the rice crop is insured under Catastrophic Risk Protection (CAT).
- Rice crop policy provisions apply.
- Coverage under the Endorsement will attach when the rice crop is planted. **Prevented planting is not insurable under the Endorsement.**
Downed Rice Endorsement
Availability

- Available as an optional endorsement for all eligible counties in which rice insurance is offered (excluding CAT):
  - Arkansas
  - Illinois
  - Louisiana
  - Mississippi
  - Missouri
  - Texas
  - Tennessee
Downed Rice Endorsement
Causes of Loss

Wind

Rain

Photo Source: www.noaa.gov

Photo Source: www.nasa.gov
Downed Rice Endorsement

Important Dates

- **Sales Closing Date (SCD)**
  - February 28

- **Acreage Reporting Date (ARD)**
  - July 15

- **Premium Billing Date**
  - August 15
**Downed Rice Endorsement**

**Definitions**

- **Downed rice** – Rice that falls over due to wind or rain such that the rice is flattened or leaning and requiring the rice to be harvested in such a way that it leaves a stubble height of eight inches or less unless a different height is allowed in the Special Provisions*.

- **Downed rice deductible** – The amount of downed rice acreage that must be harvested before any payment will be made under this Endorsement. The deductible is initially equal to 10 percent of the insured acreage in the unit. The downed rice deductible will decrease as the percentage of the insured acreage in the unit which qualifies as harvested downed rice increases. If the number of harvested downed rice acres is 50 percent or more of the insured acreage in the unit, the downed rice deductible will equal zero.

*no height exceptions currently apply*
Downed Rice Endorsement
Definitions

**Flattened** – Downed rice which is lying flat on the ground.

*Artificially flattened for a loss adjustment demonstration*
**Downed Rice Endorsement Definitions**

**Leaning** – Rice that falls over due to wind or rain to the extent that the rice stalks are bent at an angle less than 45 degrees unless otherwise allowed in the Special Provisions*. 

*no height exceptions currently apply*
Downed Rice Endorsement
Definitions

**Harvested Downed Rice** – Downed rice, including adjacent areas of standing rice, that is harvested in such a way that it leaves a stubble height of eight inches or less unless a different height is allowed in the Special Provisions*. The acreage of harvested downed rice may include all acreage in the field, or any part of the field, if normal harvesting practices would require the rice to be harvested as downed rice.

*no height exceptions currently apply*
Downed Rice Endorsement Definitions

- **Eligible acreage** – All insured planted acreage that is located in a county where the actuarial documents provide downed rice coverage.

- **Harvest expense amount (per acre)** – The additional expense per acre to harvest downed rice as contained in the actuarial documents.

- **Payable downed rice acres** – Number of acres that qualify for a downed rice payment. Payable downed rice acres are equal to the acres of harvested downed rice minus the downed rice deductible.
Downed Rice Endorsement
Underwriting

• Units
  – Basic and optional units – same as Rice policy except no enterprise or whole farm units.
  • Basic units are based on:
    – 1) 100% share; and
    – 2) separate shares (landlord/tenant).
  • Optional units by separate Farm Serial Number, sections, or section equivalents (area specific).

• Cancellation and Termination
  – This Endorsement may be cancelled in accordance with the Rice policy.
  – The Endorsement is automatically cancelled or terminated when the underlying Rice policy is cancelled or terminated.
Downed Rice Endorsement
Underwriting

• **Report of Acreage**
  – The insured is not required to file a separate acreage report for the Endorsement.
  – The insured must submit a map(s) identifying the location of the insured planted acreage.
  – The insured must report a 100 percent share for the Endorsement.

• **Annual Premium**
  – Endorsement premium = harvest expense amount (per acre) × premium rate.
  – No separate administrative fee is applicable.

• **Written Agreements**
  – Written agreements applicable to the insured rice crop apply to coverage under the Endorsement.
  – No written agreements may be issued specifically to modify the terms of the Endorsement.
Key Items:

1) Insured DR acreage must be reported by the acreage reporting date for the underlying Rice policy.
2) DR acreage is reported separately on the acreage report using the option code “DC”.
3) The unit arrangement elected and share reported under the DR may differ from the underlying Rice policy.

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<th>Acres</th>
<th>DRE share</th>
<th>Option code</th>
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EU = Enterprise Units  OU = Optional Units  BU = Basic Units  DC = Option Code for Downed Rice Endorsement
Downed Rice Endorsement
Damage Timeline

- Elect the Endorsement by the sales closing date

**Damage Event Occurs**
- Notify agent of damage within 24 hours of event (include all information required by the DR Endorsement)
  - Do NOT harvest damaged rice until given consent

Post-harvest inspection by adjuster
- Do NOT destroy harvested stubble until given consent
  - Notify the adjuster once harvest is complete

Pre-harvest inspection by adjuster (if applicable)
- Adjuster submits Production Worksheet to the AIP
  - AIP processes claim and issues payment

Photo Sources: USA Rice Federation & LSU Ag Center
### Downed Rice Endorsement Example Notice of Loss

The AIP may also require two different photographs for each separate DR location.
IMPORTANT

A downed rice payment for which the acreage may have qualified will be denied if:

- DR acreage is harvested before inspection or consent to harvest is given; or
- Harvested DR stubble is destroyed without consent (includes flooding).

Refer to the Downed Rice Endorsement for a complete list of insured responsibilities.
This form example does not illustrate all required entry items (e.g., certification statements, signatures, etc.).
Downed Rice Endorsement
Pre-Harvest Determinations

Mechanically flattened rice during loss adjustment demonstration *(foreground)*

Standing rice *(background)*
Downed Rice Endorsement
Post-Harvest Determinations
Downed Rice Endorsement
Post-Harvest Determinations

Stubble left by a conventional header that would qualify as harvested downed rice because it is at or below 8”.

Approximately 5”
Downed Rice Endorsement
Post-Harvest Determinations

Conventional header harvested:

Standing rice *(background)*

Downed rice *(foreground)*
Downed Rice Endorsement
Post-Harvest Determinations

Stripper Header
Downed Rice Endorsement
Post-Harvest Determinations

Stubble damage at approximately 5” caused by stripper header fingers indicates that the crop was harvested at or below 8” and would qualify as harvested downed rice. A stripper header may also cause stalks to be leaned over at the harvest height.
Downed Rice Endorsement
Post-Harvest Determinations

Stripper header harvested:

- Downed rice (*middle*)
- Standing rice (*foreground & background*)
Downed Rice Endorsement
Premium Determinations

• The additional premium amount for this coverage will be determined by multiplying the number of insured planted acres of rice by the harvest expense amount (per acre) by the premium rate for the Endorsement contained in the actuarial documents; and

• The insured must pay the additional premium by the due date contained in the underlying Rice policy which is August 15.
Example: The insured has one unit with 100 planted acres of rice. The harvest expense amount (per acre) is $67.00. The premium rate is 12%. The insured’s premium is calculated as follows:

- Total Premium = 100 acres of rice x 12% premium rate x $67.00 = harvest expense amount of $804
- Producer Paid Premium = $498 ($804 x (1 - 0.38 Subsidy Factor))

Example source:
Downed Rice Crop Insurance Standards Handbook
2016 and Succeeding Crop Years
Downed Rice Endorsement Payment

- A DR payment, by unit, will be made on the insured rice crop if the DR acreage:
  - Is eligible acreage;
  - Exceeds the DR deductible for the unit; and
  - Qualifies as harvested DR.

- No DR payment will be made on any DR acreage:
  - That is harvested and you failed to meet the notice requirements of the Endorsement;
  - That does not meet the eligibility requirements of the Endorsement; or
  - That is not harvested.

- Any DR payment made under this Endorsement will be in addition to any other indemnities or payments you are eligible for under the Rice policy.
Downed Rice Endorsement Payment

A DR payment for the unit will be determined as follows:

1. Multiply the insured acreage in the unit by 10 percent;
2. Multiply the insured acreage in the unit by 50 percent;
3. If the acres of harvested DR in the unit are less than or equal to the result of step 1, no DR payment will be made;
4. If the acres of harvested DR in the unit are greater than the result of step 1, determine the payable DR acres as follows:
   i. If harvested DR acres are less than the step 2 result, then (harvested DR acres – step 1 result) \times 1.25 = number of payable acres; or
   ii. If harvested DR acres are greater than or equal to the step 2 result, then harvested DR acres = number of payable acres.
5. Multiply the applicable result of step 4.i. or ii. by the harvest expense amount (per acre).
Example 1: The insured has one unit with 100 eligible acres of rice. Damaging winds resulted in a total of **45 acres of harvested DR**. The harvest expense amount (per acre) is $67.00.

Steps:

1. 100 eligible acres of rice x 10 percent = 10 acres
2. 100 eligible of acres x 50 percent = 50 acres
3. 45 harvested DR acres is greater than step (1) and less than step (2); then 45 acres - 10 acres = 35 acres
4. 35 acres x 1.25 = 43.8 payable DR acres
5. DR payment = $2,935 (43.8 payable DR acres x $67.00 harvest expense amount)

Example source:
Downed Rice Crop Insurance Standards Handbook 2016 and Succeeding Crop Years
Example 2: The insured has one unit with 100 eligible acres of rice. Damaging winds resulted in a total of 60 acres of harvested DR. The harvest expense amount (per acre) is $67.00.

Steps:

1. 100 eligible acres of rice x 10 percent = 10 acres
2. 100 eligible of acres x 50 percent = 50 acres
3. 60 harvested DR acres is greater than step (1) and step (2); then payable acres = 60 acres (the deductible is eliminated at 50 percent damage)
4. DR payment = $4,020 (60 payable DR acres x $67.00 harvest expense amount)

Example source:
Downed Rice Loss Adjustment Standards Handbook
2016 and Succeeding Crop Years
Downed Rice Endorsement

Key Points

• DR coverage is based on the additional harvest expense required to harvest DR.

• The rice crop must be insured with an underlying Rice policy in order to elect the Endorsement.

• The Endorsement must be elected by the sales closing date for the underlying Rice policy.

• DR must be harvested in order to qualify for a DR payment.

• Insureds must report a 100% share for the Endorsement.

• The Endorsement coverage attaches when the rice crop is planted. Prevented planting acreage is NOT insurable under the Endorsement.

• The unit structure for the Endorsement may differ from the underlying Rice policy. Only basic or optional units apply to the Endorsement.

• Harvesting DR prior to consent will result in denial of payment.

• Destroying harvested DR stubble prior to consent will result in denial of payment.
Downed Rice Endorsement
More Information

Visit www.rma.usda.gov for:

- Downed Rice Endorsement Policy
- Crop Insurance Standards Handbook
- Loss Adjustment Standards Handbook
- Downed Rice Endorsement Loss Adjustment Training Video