



DOWNED RICE ENDORSEMENT

PROGRAM DESCRIPTION AND BENEFITS

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



2016 and Succeeding
Crop Years

Downed Rice Endorsement



Downed Rice (DR) Endorsement Applicability



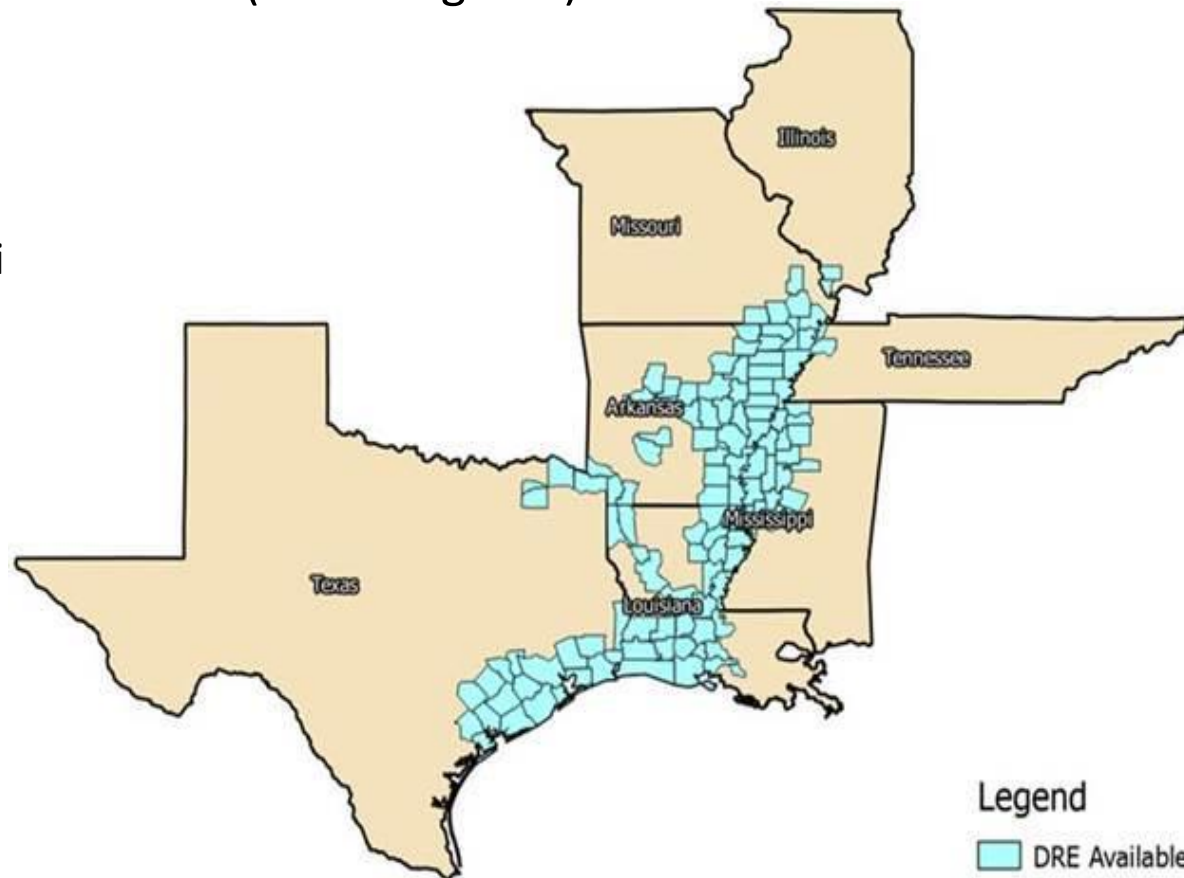
- Must have the Rice crop policy at an additional coverage level.
- Must elect the Endorsement by the sales closing date for rice.
- Will apply to all eligible planted rice acreage.
- Only the person responsible for all (100%) harvest costs is eligible.
- Ineligible if the rice crop is insured under 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



Photo Source: www.noaa.gov

Rain



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*



Harvested Downed Rice – conventional header



Harvested Downed Rice – stripper header

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.

Downed Rice Endorsement

Example Acreage Report

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.

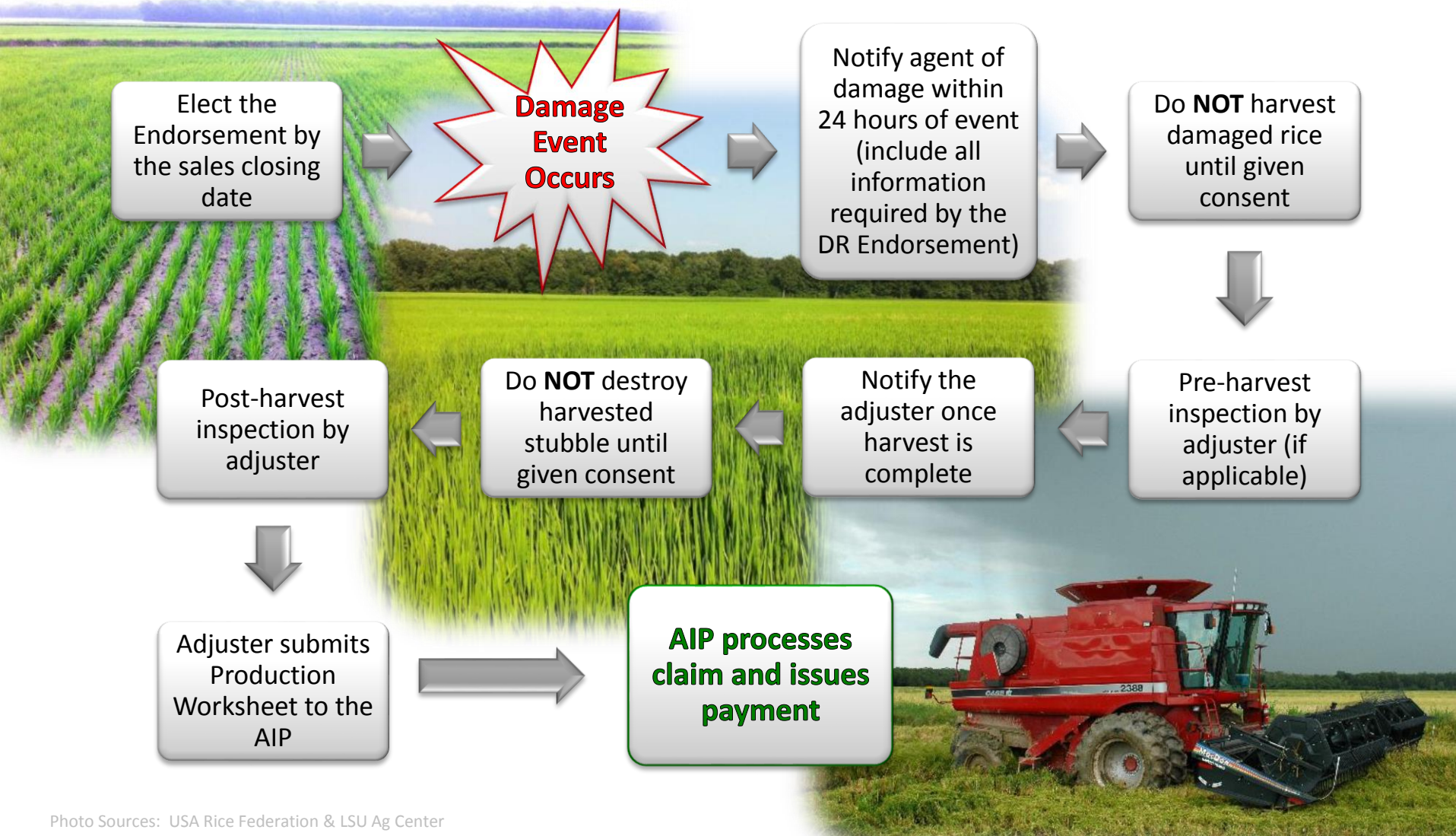
Underlying Rice Policy				
Unit #:	Share	Acres	DRE share	Option code
0001-0001 EU	100 percent	150	N/A	N/A
0001-0002 EU	100 percent	60	N/A	N/A
0002-0000 EU	50 percent	80	N/A	N/A
0003-0000 EU	60 percent	220	N/A	N/A

DR Endorsement				
Unit #:	Share	Acres	DRE share	Option code
0001-0001 OU	N/A	150	100 percent	DC
0001-0002 OU	N/A	60	100 percent	DC
0002-0000 BU	N/A	80	100 percent	DC
0003-0000 BU	N/A	220	100 percent	DC

Different Unit Arrangement

Different Share Arrangement

Downed Rice Endorsement Damage Timeline



Downed Rice Endorsement

Example Notice of Loss



Notice of Loss

Insured's Name I.M. Insured

Address Any Address

Phone Number 555-555-5555

Policy Number XXXXXXXX

Crop Year Rice

Crop Year 20XX

County Any County

Agent M.I. Agent

Unit #	Causes (s) of Loss	Date of Damage	Damaged Acres (Unharvested)	Undamaged Acres (Unharvested)	Harvested Acres	Map Number of Field Containing Damage	Location of DR acreage in the field (e.g., north side, southeast corner, etc.)	Expected Harvest Date for all Unharvested Acreage
0001-0001 OU	wind/rain (hurricane)	September 14	150			1	entire field	September 23
0001-0002 OU	wind/rain (hurricane)	September 14			60	2	n/a	n/a
0002-0000 BU	wind/rain (hurricane)	September 14	50	30		3	south end	September 26
0003-0000 BU	wind/rain (hurricane)	September 14	100	25	95	4	east side	September 20

Notes	none

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

Downed Rice Endorsement

Insured Responsibilities in the Event of Damage or Loss (Notice of Loss)



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.*

Downed Rice Endorsement Loss Adjustment Example



Example form completed by the adjuster as part of the loss adjustment process:

EXAMPLE PRODUCTION WORKSHEET																						
1. Crop/Code # Rice 0018		2. Unit # 0001-0000BU		3. Location Description SW10-42N-44W		7. Company Agency		ANY COMPANY ANY AGENCY		8. Name of Insured I. M. INSURED												
4. Date(s) of Damage AUG 18		AUG 18								9. Claim # XXXXXXXXXX		11. Crop Year YYYY										
5. Cause(s) of Damage Wind		Rain								10. Policy # XXXXXXXXXX												
6. Insured Cause % 50		50								14. Date(s) Notice of Loss		1st MM/DD/YYYY		2nd		Final MM/DD/YYYY						
12. Additional Units																15. Companion Policy(s)						
13. Est. Prod. Per Acre																						
DR EXAMPLE 1 – 100% SHARE																						
SECTION I – DETERMINED ACREAGE APPRAISED, PRODUCTION AND ADJUSTMENTS																						
A. ACTUARIAL															B. POTENTIAL YIELD							
16.	17.	18.	19.	20.	21.	22.	23.	24.	25.	26.	27.	28.	29.	30.	31.	32a. 32b.	33.	34.	35.	36.	37.	38.
Field ID	Multi-Crop Code	Reported Acres	Determined Acres	Interest or Share	Risk	Type	Class	Sub-Class	Intended Use	Irr. Practice	Cropping Practice	Organic Practice	Stage	Use of Acreage	Appraised Potential	Moisture % Factor	Shell %, Factor, or Value	Production Pre QA	Quality Factor	Production Post QA	Uninsured Causes	Total to Count
A			25.0 D	1.000		997				002			DQ	Harvested Down	67.00	-----		25.0				
B			20.0 D	1.000		997				002			DQ	Harvested Down	67.00	-----		20.0				
			100.0 D	1.000		997				002			NQ	Not Harvested Down		-----						
39. TOTAL			145.0	40. Quality: TW <input type="checkbox"/> KD <input type="checkbox"/> Aflatoxin <input type="checkbox"/> Vomitoxin <input type="checkbox"/> Fumonisin <input type="checkbox"/> Garlicky <input type="checkbox"/> Dark Roast <input type="checkbox"/> Sclerotinia <input type="checkbox"/> Ergoty <input type="checkbox"/> CoFo <input type="checkbox"/> Other <input type="checkbox"/> None <input type="checkbox"/>										42. TOTALS		45.0		38.1		38.1		
41. Mycotoxins exceed FDA, State or other health organization maximum limits. Yes <input type="checkbox"/>																						
<p>NARRATIVE (If more space is needed, attach a Special Report) Harvest Expense Amount (per acre) = \$67.00 The DR unit meets the minimum DRE acreage requirement (45 acres exceeds the DR initial deductible (145 acres x 10% = 14.5 acres). Payable DR Acres = 38.1 [(45.0 DQ acres - 14.5 DR initial deductible) x 1.25].</p> <p>DRE acreage harvested on 8/25/YYYY – Final inspection and DQ acreage determined on 8/27/YYYY.</p> <p>See attached Special Report for measurements. Other fields are permanent fields. The insured will incur 100% of the DR harvest costs and no other DRE coverage is in effect.</p>																						

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



Conventional Header

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.



Downed Rice Endorsement Premium Determinations

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
 $(\text{harvested DR acres} - \text{step 1 result}) \times 1.25 = \text{number of payable acres}$; or
 - ii. If harvested DR acres are greater than or equal to the step 2 result, then
 $\text{harvested DR acres} = \text{number of payable acres}$.
5. Multiply the applicable result of step 4.i. or ii. by the harvest expense amount (per acre).



Downed Rice Endorsement Payment

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



Downed Rice Endorsement Payment

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

