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PREVENTED PLANTING LOSS ADJUSTMENT STANDARDS HANDBOOK 2011 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 25370 (11-2010) 25730-1 (03-2011)	
PREVENTED PLANTING (PP) LOSS ADJUSTMENT STANDARDS HANDBOOK 2011 AND SUCCEEDING CROP YEARS		OPI: Product Administration and Standards Division	
		APPROVED: <i>Tim B Witt</i> Deputy Administrator, Product Management	DATE: <i>3/8/11</i>

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-ISSUED LOSS ADJUSTMENT STANDARDS FOR PREVENTED PLANTING (PP) FOR THE 2011 AND SUCCEEDING CROP YEARS. ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

SUMMARY OF CHANGES/CONTROL CHART

The following list contains significant changes to this handbook, as determined by us. It may not represent all changes made. All changes made to this handbook are applicable regardless of whether or not listed.

Major Changes: See changes or additions in text which have been highlighted. Three stars (***) identify where information has been removed.

Changes for March 2011 Issuance (FCIC-25370-1) for the 2011 and succeeding crop years:

- A. **Section 4 C (3) (a) 2 a (iii)** – Corrected to indicate: (1) the entry for “Cause of Damage” on the claim form is “Inability to prepare the land for irrigation” (code 15) and (2) to Document the Narrative of the claim form or on a Special Report as explained in paragraph 40 N (3) of the LAM.

Control Chart For: Prevented Planting Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-8		13-14		11-2010	FCIC-25370
Insert	1-2		13-14		03-2011	FCIC-25370-1
Current Index	1-2	1-4	1-12 13-14 15-84	85-129	03-2011 11-2010 03-2011 11-2010	FCIC-25370-1 FCIC-25370 FCIC-25370-1 FCIC-25370

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SUMMARY OF CHANGES/CONTROL CHART (Continued)

(RESERVED)

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(RESERVED)

1. INTRODUCTION

THIS HANDBOOK MUST BE USED IN CONJUNCTION WITH THE LOSS ADJUSTMENT MANUAL (LAM) STANDARDS HANDBOOK, FCIC-25010.

The FCIC-issued loss adjustment standards for prevented planting are the official standard requirements for adjusting Multiple Peril Crop Insurance (MPCI) prevented planting losses in a uniform and timely manner. The FCIC-issued standards for prevented planting and crop year are in effect as of the signature date for this handbook at www.rma.usda.gov/handbooks/25000/index.html. All reinsured companies will utilize these standards for both loss adjustment and loss training for the applicable crop year. These standards, which include PP claims completion instructions, supplement the general (not crop-specific) loss adjustment standards identified in the LAM.

2. SPECIAL INSTRUCTIONS

A. LIFE OF HANDBOOK

This handbook remains in effect until superseded by re-issuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

B. DISTRIBUTION

- (1) The following is the minimum distribution of forms completed by the adjuster and signed by the insured (or insured's authorized representative) for the loss adjustment inspection:
 - (a) One legible copy to the insured.
 - (b) The original and all remaining copies as instructed by the Approved Insurance Provider (AIP).
- (2) It is the AIPs' responsibility to maintain original insurance documents relative to policyholder servicing as designated in their approved plan of operations.

C. TERMS, ABBREVIATIONS, AND DEFINITIONS

- (1) Terms, abbreviations, and definitions **general** (not crop specific) to loss adjustment are identified in the LAM.
- (2) Terms, abbreviations, and definitions **specific** to loss adjustment of PP claims and this handbook, which are not defined in this section, are defined as they appear in the text.

(a) **Abbreviations/Acronyms**

BP **Basic Provisions**

CES	Cooperative Extension Service
CP	Crop Provisions
DC	Double cropped or double cropping. Producing two or more crops for harvest on the same acreage in the same crop year.
FAC	Following another crop in the same crop year. For some crops/counties, this is a practice shown on the actuarial documents separate from NFAC.
FPD	Final Planting Date
LPP	Late Planting Period
NFAC	Not following another crop. For some states/counties/crops, this is a practice shown on the actuarial documents that has a separate rating from FAC.
NRCS	National Resources Conservation Service
NWS	National Weather Service
PP	Prevented Planting
SCD	Sales Closing Date
SP	Special Provisions
WA	Written Agreement
WAP	Weighted Average Price

(b) Definitions

Area: Land surrounding the insured acreage with geographic characteristics, topography, soil type and climatic conditions similar to the insured acreage.

Cropland: For insurance purposes, cropland is only land that is available for planting. (Refer to section 4 F (1) (b) of this handbook.)

Intended Acreage Report: A report of the acreage the insured intends to plant, by crop, for the current crop year and used solely for the purpose of establishing eligible prevented planting acreage, as required in Section 17 of the Basic Provisions.

Prevented Planting: Failure to plant the insured crop by the FPD designated in the SP for the insured crop in the county, or within any applicable LPP, due to an insured cause of loss that is general to the surrounding area and that prevents other producers from planting acreage with similar characteristics. Failure to plant because of

uninsured causes such as lack of proper equipment or labor to plant acreage or use of a particular production method, is not considered prevented planting.

3. GENERAL INFORMATION

A. PREVENTED PLANTING PROVISIONS

Prevented planting (PP) provisions are contained in the Basic Provisions and are discussed throughout this handbook. These provisions provide PP coverage, unless the specific crop provisions or Special Provisions specifies otherwise. If PP provisions are applicable for the crop, the insured may receive a PP payment for eligible PP acreage if the insured was prevented from planting the insured crop due to an insured peril occurring during the PP insurance period (Refer to section 4 B herein) and meets all other policy provision requirements for a PP payment.

B. DUTIES OF INSURED AND AIP IN REGARDS TO INSURED'S COMPLIANCE WITH POLICY PROVISIONS

(1) Notice of Prevented Planting

Insureds are required to provide a notice that they were prevented from planting an insured crop within 72 hours after:

- (a) The FPD, if the insured does not intend to plant the insured crop during the LPP or if a LPP is not applicable; or
- (b) The insured determines he/she will not be able to plant the insured crop within any applicable LPP.

(2) Multiple AIPs or Another Person Plants a Second Crop

In the event a second crop is planted and insured with a different AIP, or planted and insured by a different person, the insured must provide written notice to each AIP that a second crop was planted on PP acreage of the first insured crop. Refer to Section 5 for additional information.

(3) If the insured fails to provide a timely notice as described in (1) above:

- (a) The prevented planting claim will be considered solely due to an uninsured cause of loss for the acreage for which the insured failed to provide timely notice of prevented planting, unless the AIP can determine that they still have the ability to accurately adjust the loss, and provided:

1 The notice was submitted prior to 60 days after the calendar date for the end of the insurance period for the crop claimed as PP; and

2 An acreage report was submitted by the acreage reporting date with PP acres for the crop for which the PP notice was submitted.

(b) If the AIP does not have the ability to accurately determine the PP loss:

1 No prevented planting coverage will be provided, and

2 No premium will be owed and no PP payment will be paid.

(4) **Insured's Requirements for Submitting PP claims**

(a) Insureds are required to submit a PP claim declaring their PP loss (sign the completed PP claim), not later than 60 days after the end of the calendar date for the insurance period for the PP crop.

(b) If the insured submits a PP claim later than 60 days after the calendar date for the end of insurance the PP crop, no PP coverage and no premium will be due. Refer to section 4 B for information on the end of the insurance period.

(5) **Failure to comply with section 14 (e) (4) of the BP**

If the insured fails to comply with any requirement contained in section 14 (e)(4) of the Basic Provisions, the PP claim will be denied and no PP premium will be owed.

For example: One of the provisions listed in section 14 (e) (4) of the Basic Provisions require the insured to cooperate with the investigation or settlement of the PP claim, and provide the AIP with records and documents the AIP requests and allow the AIP to make copies of such documents.

(6) **AIP's Duties**

It is the AIP's duty to assure that the insured's compliance with policy terms and conditions has been verified by the adjuster.

C. TRANSFER OF COVERAGE AND RIGHT TO AN INDEMNITY

If a Transfer of Right to an Indemnity (Transfer) is in effect for the crop and unit of PP claimed, the transferee is entitled to any PP payment due on the crop **unit** acreage that was transferred.

(1) The Transfer form specifically states which crop and acreage the transfer applies to and the transferee is responsible only for the premium associated with the specified crop and acreage. Therefore, if there are more PP acres claimed for the crop than the insured actually has eligible acres, no PP payment can be paid to the transferee **when the PP payment is made** based on another crop **that has** remaining eligible acres, unless there is also a Transfer in effect for that other crop.

(2) If at the time the PP claim is prepared there is no Transfer in effect for the crop **for which the PP payment is being made**, a Transfer form for this crop, unit, and number of PP acres can be completed at this time and submitted to the **AIP along with the PP claim**.

D. ACREAGE SOLD BUT INSURED RETAINS RIGHT TO PP PAYMENT

Unlike the situation where a Transfer of Right to an Indemnity is applicable because ownership of the land or crop has changed during the crop year, the insured may occasionally retain the right to produce a crop on the acreage after the acreage has been sold (e.g., to a developer). In this case, the insured is eligible for a PP payment when the acreage is sold prior to the latest FPD and the insured still retains the right to produce a crop on the acreage, PROVIDED the insured:

- (1) Can provide the AIP with a copy of the written sales contract for the acreage showing a provision allowing the insured to retain possession of the acreage until harvest of the insured crop was completed;
- (2) Was prevented from planting the insured crop claimed as PP; and
- (3) Meets all other criteria for a PP payment. If the acreage was sold (e.g., to a developer) after the latest FPD for the insured crop, the insured is eligible for a PP payment, PROVIDED the insured provides the AIP a copy of the written sales contract showing the sale of the acreage was after the latest FPD for the insured crop and the insured meets all other criteria for a PP payment.

4. PP COVERAGE AND ELIGIBLE ACREAGE

A. ELIGIBLE CROPS

PP coverage is applicable to the following crops:			
Barley	Flax	Onions	Safflowers
Buckwheat	Grain sorghum	Peanuts	Silage Sorghum
Canola/Rapeseed	Green peas	Popcorn	Soybeans
Corn	Hybrid Seed Corn	Potatoes, Central and Southern	Sugar Beets <u>1/</u>
Cotton	Hybrid Sorghum Seed	Potatoes, Northern	Sweet Corn, Processing
Cottonseed			
ELS cotton	Millet	Processing Beans	Sunflower seed
Dry Beans	Mustard	Rice	Tobacco
Dry Peas	Oats	Rye	Wheat

1/ PP is not available in California counties with an April 30 Contract Change Date and a July 15 Cancellation Date.

B. INSURANCE PERIOD

- (1) The insurance period begins:
 - (a) **For First Year Crop Coverage:** on the sales closing date (SCD) for the insured crop in the county for the crop year the producer's application is accepted. New policyholders are eligible for PP payments if the insured cause of loss occurred on or

after the SCD for the current crop year and all other requirements for PP have been met.

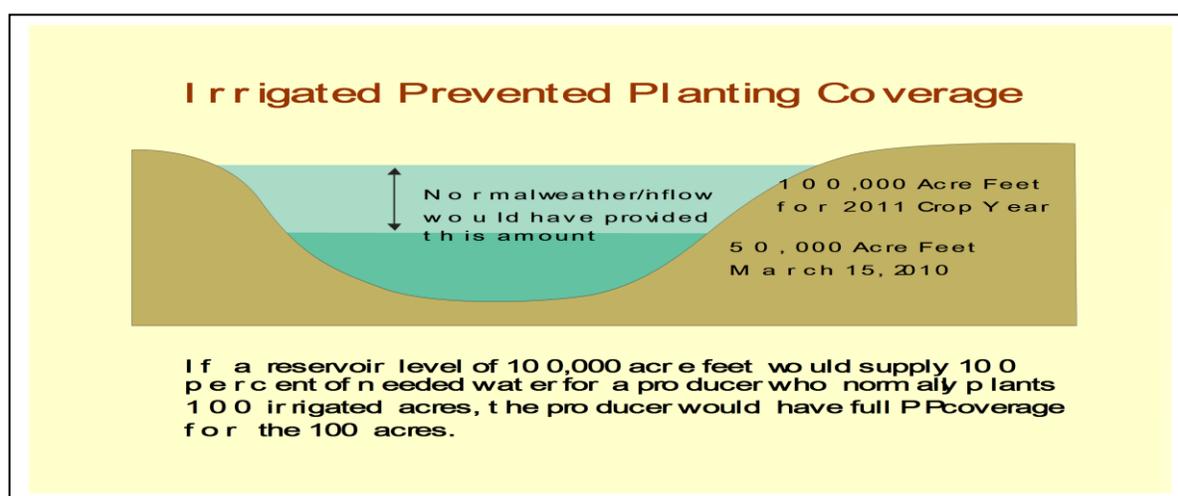
EXAMPLE: The corn SCD is March 15, 2011, for the 2011 crop year. The insured takes out a corn application for the 2011 crop year on March 1, 2011. An insured cause of loss (excess precipitation) occurs on or after March 15, 2011, and prevents the insured from planting corn by the final planting date (FPD). The insured could be eligible for a PP guarantee for the 2011 crop year since an insurable cause of loss occurred during the PP insurance period. An insurable cause of loss occurring prior to March 15, 2011, would be outside the PP insurance period.

- (b) **For Continuous Crop Coverage (not terminated or canceled for a crop year), also known as carryover insureds or policyholders:** on the SCD for the insured crop in the county for the prior crop year. Carryover policyholders are eligible for PP payments if the insured cause of loss occurred after the SCD for the previous crop year, and all other requirements for PP have been met. Transfer of coverage (cancellation/re-write) to a different AIP or a different plan of insurance (from APH to CRC, RA, etc.) is still considered continuous coverage.

EXAMPLE: The corn SCD is March 15, 2011 for the 2011 crop year. An insured cause of loss (failure of the insured's irrigation water supply) occurs on or after March 15, 2010, and prevents the insured from planting part of his/her 2011 crop. The insured could be eligible for a PP guarantee for the 2011 crop year. See illustration 1 below.

- (2) The insurance period ends for PP acreage the earlier of the calendar date for the end of the insurance period for the PP crop or the date the claim is finalized for the PP crop acreage.

ILLUSTRATION 1: This is an illustration of drought occurring in the current PP insurance period. Since drought occurred in the current PP insurance period, the insured would be eligible for the full amount of acreage the insured historically irrigates (eligible irrigated PP acres of the insured crop), provided normal weather/inflow during the insurance period would have provided 100% of needed water and all other PP requirements were met.



(3) The following is applicable when an insured peril occurs in the prior crop year and continues to occur within the insurance period for the current crop year.

(a) **Drought reduces irrigation water supply and normal weather conditions/inflow will recharge some or all of the irrigation water supply.** When information is verified from local irrigation authorities responsible for water allocations, State Departments of Water Resources, the U.S. Bureau of Reclamation, the U.S. Army Corp of Engineers, Cooperative State Research, Education, and Extension Service (CSREES), the National Resources Conservation Service (NRCS) or other sources responsible for collection of water data or regulation of water resources (water allocations) that indicate expected water allocations if average snow-pack/precipitation/inflow occurs during the PP insurance period, PP coverage will be provided as follows:

1 When available information indicates average snow-pack/precipitation/inflow occurring within the PP insurance period for the current year would provide sufficient water to produce a crop on all insurable acreage, PP coverage will be provided for all acreage that is prevented from planting.

EXAMPLE 1: A producer normally irrigates 100 acres in his/her farming operation in the county. All acreage that the insured irrigates is insured acreage. In 2010, the insured is prevented from planting 60 acres due to drought. As determined by the irrigation authorities, average snow-pack/precipitation/inflow expected during the insurance period for the 2011 crop year (begins March 15, 2010) should result in sufficient water allocation to allow production on 100 acres in 2011. However, a drought continues into the 2011 crop year (average precipitation is not received during the insurance period), and the actual water allocation is sufficient for only 40 acres. In this case, since drought occurring during the insurance period caused failure of the irrigation water supply for 60 acres, those acres would again be eligible for a PP payment.

EXAMPLE 2: Same scenario, except 40 acres of the 100 acres the insured historically irrigates, is for crops not insured or uninsurable. The insured has the right to put the irrigation water on the uninsured or uninsurable crop acreage, and claim PP on 60 acres of the insured crop.

a For prevented planting, if there was enough expected water to recharge the irrigation water the insured historically receives but due to an insured cause that occurred during the PP insurance period, the irrigation water supply is not recharged, the insured has the right to apply the irrigation water received to uninsured crops and claim PP on the portion of insured acreage for which the insured did not have enough irrigation water to irrigate, provided all other PP requirements are met for such acreage. When there is an insurable loss, there is no requirement to put remaining available water on insured acreage.

b A producer's decision to change cropping patterns and using the same amount of water available as in previous years or to plant crops with greater water use requirements does not constitute an insurable cause of loss. If the amount of available water is reduced due to insured causes, a

PP payment can be paid only on the amount of acreage associated with the amount of water lost due to insured causes.

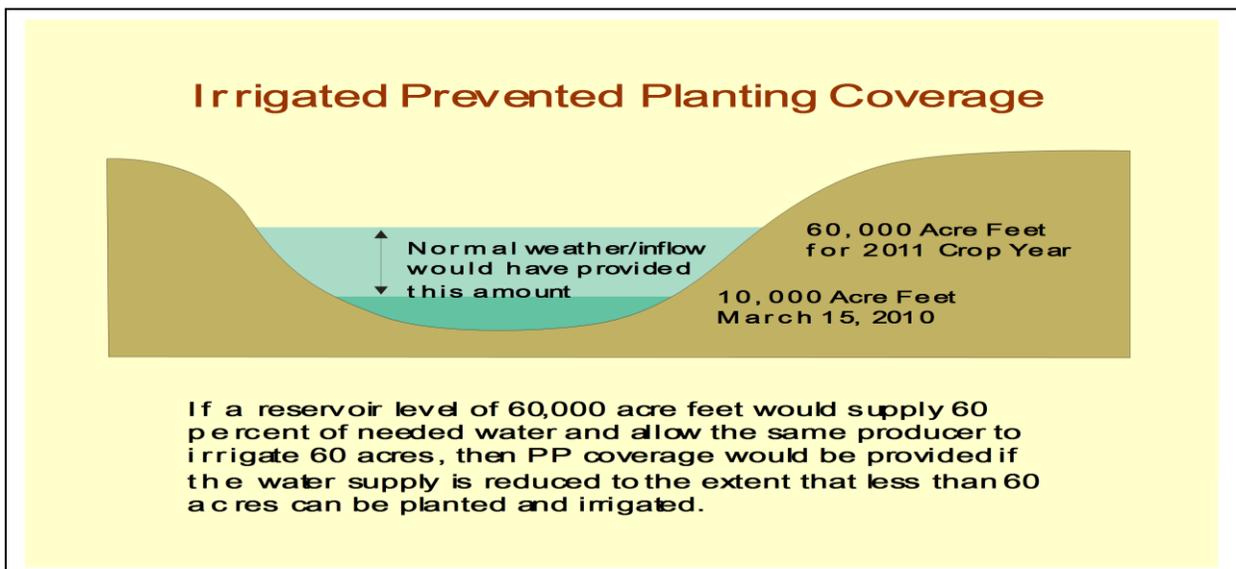
- 2 When irrigation authorities indicate that average snow-pack/precipitation/inflow within the PP insurance period for the current year would result in a water allocation allowing production on only a portion of the acreage previously planted, only the portion of the loss attributable to insured perils occurring within the insurance period will be covered.

EXAMPLE 1: A producer normally irrigates 100 acres of insured crops and no uninsured crops. In 2010 the insured is prevented from planting 100 acres. As determined by the irrigation authorities, average snow-pack/precipitation/inflow expected during the insurance period for the 2011 crop year would provide enough water to produce a crop on 60 acres. In this case, a PP payment for 2011 can be made only if the irrigation water supply is reduced to the extent that a crop can be produced on less than 60 acres. If the water supply is reduced so that only 35 acres can be irrigated, then 25 acres would be eligible for a PP payment.

EXAMPLE 2: Same scenario, except 25 acres of the 100 acres the insured historically irrigates, is for crops uninsured or uninsurable; i.e., the insured normally irrigates only 75 acres of the insured crop. The insured has the right to put the irrigation water on the 25 acres of the uninsured or uninsurable crop acreage. If the water supply is reduced so that only 35 acres can be irrigated, then 25 acres would be eligible for a PP payment

(60 acres minus 35 acres = 25), even if the water was applied to 25 acres of uninsured or uninsurable acres.

ILLUSTRATION 2: This illustrates Examples 1 and 2 above. Since normal weather/inflow during the PP insurance period would only provide a portion of needed water, a PP payment can be made only on a portion of the historic irrigated acres.



- 3 The burden is on the producer to prove that average snow-pack/precipitation/inflow would allow production on all the intended acreage for the current crop year. When information indicating how much acreage could be planted if average snow-pack/precipitation/inflow would have occurred within the insurance period is not available, PP payments will be limited based on the number of acres prevented from being planted due to causes occurring prior to the current year's insurance period.

EXAMPLE: A producer normally produces a crop on 100 acres and irrigates from a well. In 2010 the irrigation water supply is reduced, and the producer is prevented from planting 60 acres (failure occurs prior to the beginning of the insurance period for 2011). Information indicating the number of acres that could be irrigated if average weather conditions occurred after the beginning of the insurance period for the 2011 crop year is not available. A drought continues from the prior insurance period into the insurance period for the current crop year, and the producer is prevented from planting 75 acres. In this case, a PP payment can be made only for the number of PP acres in excess of 60, which is 15 acres.

- (b) **How to handle when the same cause of loss from previous PP insurance period, even with normal weather/inflow within current PP insurance period, continues to prevent planting.**

When available information indicates that the effects of drought, excess moisture, or flooding occurring prior to the insurance period for the current crop year are such that normal weather/inflow within the insurance period would still not allow crop production (e.g., the land became part of a marsh or lake), the loss would be attributable to events occurring outside the insurance period for the current year and no PP payment could be made on such acreage. Refer to section 4 C (3) (c) and (d) for examples of some insured causes of loss, but not limited to, that could occur in a covered PP insurance period and how these same causes of loss could continue to prevent planting in subsequent crop years.

C. CRITERIA FOR PP PAYMENTS

- (1) Unless limited by other policy provisions, an insured may be eligible for a PP payment **IF**:
- (a) The insured is prevented from planting the insured crop on insurable acreage with proper equipment by the FPD^{1/} (designated in the Special Provisions for the insured crop in the county) or within the LPP (ELS cotton and wheat and barley under the terms of the Winter Coverage Endorsement do not have an LPP);
- (b) The cause of loss is general in the surrounding area and prevents other producers from planting acreage with similar characteristics. Failure to plant because of uninsured causes such as lack of proper equipment or labor to plant acreage or use of a particular production method is not considered prevented planting;

^{1/} When there is more than one FPD in the county for barley, oats, or wheat, the applicable FPD, is the latest FPD.

1 Acreage with Similar Characteristics

Acreage with similar characteristic includes land with comparable geography, topography, soil types, and the same weather conditions and exposure. Ownership of the acreage or whether it is insured is not to be considered when determining whether acreage has similar characteristics.

2 Determining Area or Surrounding Area

Refer to definition of Area (section 2 C (2) (b)). When determining “area” or “surrounding area,” the first step is to define the area by the cause of loss. For example, all acreage that has been affected by a flood or drought would be included. Once this acreage is determined, acreage with similar characteristic would be compared to determine whether other producers are prevented from planting.

3 For crop policies requiring processor contracts, insureds may qualify for a PP payment when a processor has control of seed, planting, and harvest equipment; and the processor cannot plant the acreage before the FPD or during the LPP due to an insured cause of loss, provided:

- a The insured has an insurable interest in the crop,
- b The contractor has not over-contracted the total number of acres (contemplating “normal” planting delays, etc.), and
- c All other PP provisions have been met. In order for this situation to be considered an insured cause of loss, processors are not expected to modify contract-specified planting/harvesting dates to return and plant the insured’s acreage that was initially passed over for planting.

(c) The insured cause that prevented planting occurred during the PP insurance period. Refer to section 4 B above for PP insurance period. Conditions can vary significantly between farms, geographic areas, irrigation districts, etc. AIPs must make loss determinations based on each producer’s circumstances and in accordance with the policy and procedural guidelines;

(d) The insured includes on his/her acreage report any insurable acreage of the insured crop that was prevented from being planted (also refer to section 7, Acreage Reporting); and

(e) The insured did not plant the insured crop claimed as PP during or after that crop’s LPP (if a LPP is applicable). Acreage prevented from planting by the FPD but is subsequently planted to the insured crop during or after the LPP is covered under the late planting provisions, with the exception of tobacco.

(2) Factors such as existence of insurance, level of insurance coverage, or the financial position of the producer should not be considered when evaluating whether a producer was prevented from planting.

(3) Prevented planting coverage will be provided for:

- (a) Drought, failure of the irrigation water supply, failure or breakdown of irrigation equipment or facilities, or the inability to prepare the land for irrigation using the insured's established irrigation method, due to an insured cause of loss only if, on the FPD (or within the LPP if the insured elected to try to plant the crop), the insured provides verifiable documentation acceptable to the AIP. Adjusters and AIPs are to consider the following when determining whether insureds qualify for a PP payment for the aforementioned causes of loss.

1 For non-irrigated acreage:

a To qualify for PP due to drought:

- (i) The area that is prevented from being planted has insufficient soil moisture for germination of seed OR progress toward crop maturity due to a prolonged period of dry weather.

i **In regards to the phrase, "insufficient soil moisture for germination of seed or progress toward crop maturity" there rarely is enough soil moisture at the time a crop is planted to carry the crop to full maturity. Normally, a non-irrigated crop depends on expected seasonal rains throughout the growing season to mature. "Insufficient soil moisture for progress toward maturity" means the crop may germinate but there is insufficient moisture to sustain the germinated plants.**

ii The amount of rainfall needed to permit sufficient soil moisture to allow germination and crop production is determined by experts based on the crop, area in which it is grown, and other relevant factors. Once that amount is known, the NWS data in the area can be used to determine whether there was adequate rainfall to provide sufficient soil moisture.

(ii) Have a prolonged period of dry weather that is general in the area; and

(iii) Be located in an area where other producers with acreage with similar characteristics are also prevented from planting their crop. However, other growers may anticipate a return of average precipitation and still plant while other growers may not. When both cases are considered to be good farming practices, RMA recognizes both planted and prevented planting acreage may exist in the same area.

Each of these elements must be proven separately.

b The documentation for a prolonged period of dry weather must be verifiable using information collected by sources whose business it is to record and study the weather, including but not limited to local weather reporting stations of the National Weather Service (NWS).

(i) Examples of other entities that can be used:

- Any university that records and studies the weather
- Local weather forecasters' reports PROVIDED AIPs obtain the source data of such reports.

(ii) Examples of some (but not all) sources that **cannot** be used because they are not from sources who are in the business of recording and studying weather, are:

- Farm records
- Written opinions from Cooperative Extension Service
- Soil moisture indices
- Newspaper reports

(iii) The U.S. Drought Monitor may be used to show severe drought or worse (D2, D3, or D4) on the FPD or during the LPP for the area, **but cannot be used alone**. Before it can be used, the AIP must verify that the insured acreage experienced the same drought conditions or level of rainfall.

c A non-irrigated crop would be considered to have been prevented from planting due to prolonged drought when the insured can provide the following verifiable documentation that is acceptable to the AIP:

(i) Documentation that other producers with acreage with similar characteristics are also prevented from planting their crop. Such documentation could include (but is not limited to) the following:

i Maps identifying the location of others in the area with acreage of similar characteristics that were prevented from planting;

ii Soil conservation maps indentifying soil types;

iii Statements from other producers describing soil types on which they were prevented from planting; and

iv Ag expert statements detailing similar soil types between the insured's fields and other producers who have been prevented from planting;

- (ii) Data showing prolonged precipitation deficiencies for the area in which the crop is grown from one or more of the sources stated in (a) 1 above;
- (iii) Documentation (i.e., published material or written opinions) from agricultural experts for the insured PP crop stating the amount of soil moisture needed to germinate seed or for progress toward maturity (as defined in (a) 1 above) is not available. Agricultural experts must be disinterested third parties to the insured. This written opinion must be based on the crop, area in which the crop is grown, soil type in which the crop is grown, and other relevant factors. Refer to the definition of agricultural expert in the LAM or Basic Provisions.
- (iv) Information showing insufficient moisture conditions existed on the FPD or within the LPP, regardless of whether rain subsequently falls or is expected to fall. To eliminate any questions about the soil moisture content of the acreage in question, the insured may submit a written soil moisture profile/report of the acreages in question from a disinterested third party that is knowledgeable in determining soil moisture.

Each of the items above must be proven separately and all must be provided; i.e., an NRCS drought advisory alone does not provide the documentation that the crop would not have germinated and progressed the crop to maturity, UNLESS the advisory also specifically states that the soil is too dry for the germination or production of the crop. Likewise, documentation of inadequate rainfall for the area by itself does not indicate the crop would not germinate or progress to maturity. When it has been established that there is inadequate rainfall from an acceptable sources, item b (iii) above is also required, as well as the other listed items in b (iii).

2 For irrigated acreage, if due to an insured cause of loss:

- a The insured is unable to prepare the land for irrigation using the insured's established irrigation method.
 - (i) The insured must provide documentation of his/her established irrigation method.
 - (ii) The adjuster must be able to verify the insured's established irrigation method and the cause of loss claimed by the insured was the sole reason the irrigation method could not be established. Consult with the local NRCS and other similar sources knowledgeable in furrow type irrigation operations to help make these determinations. The documentation must be maintained in the insured's claim file;

- (iii) The entry for “Cause of Damage” on the claim form is “Inability to prepare the land for irrigation” (code 15) –refer to Exhibit 3 of the LAM. Document the Narrative of the claim form or on a Special Report as explained in paragraph 40 N (3) of the LAM.
- b The irrigation equipment or facilities fail or break down, provided the insured made all reasonable efforts to restore the equipment or facilities to proper working order within a reasonable amount of time after an insured peril caused the equipment or facilities to be inoperable, unless the AIP determines it is not practical to do so.
- (i) Cost will not be considered when determining whether it is practical to restore the equipment or facilities.
 - (ii) The adjuster must be able to verify the insured cause of loss was the sole reason the irrigation equipment failed or broke down. The adjuster must document the date and if applicable, the time the insured cause occurred and any other pertinent information. The documentation must be retained in the insured’s claim file;
- c There is failure of the irrigation water supply; i.e., there is not a reasonable expectation of having adequate water to carry out an irrigated practice. Adjusters and AIPs are to consider the following to determine whether there is a failure of irrigation water supply due to an insured cause of loss occurring during the PP insurance period.
- (i) The insured cause that reduces the amount of irrigation water available MUST occur within the insurance period for prevented planting (see section 4 B). New policyholders are eligible for PP payments only if the peril insured against occurred on or after the SCD for the current year and all requirements for PP have been met.
 - (ii) A continued drought from one calendar year to the next generally has major components of insurable causes of loss occurring during the PP insurance period for the current crop year. (Refer to examples and illustrations in Section 4 B.)
 - (iii) Use the Irrigated Practice Guidelines in Exhibit 1 of section 13, along with the following information, to verify the insured qualifies for an irrigated practice, other than not having enough adequate water to irrigate the acres turned in as PP, and that the insured qualifies for the number of acres the insured could have irrigated had it not been for failure of the irrigation water supply; i.e., the insured has adequate facilities and equipment to irrigate the number of acres reported as irrigated (both prevented from planting and planted).
 - (iv) The following contains additional information that must be considered when determining whether failure of the irrigation

water supply (due to an insured peril) prevented the insured from planting the crop.

- i Acreage historically grown under an irrigated practice for which the insured had no reasonable expectation of adequate irrigation water on the FPD (or within the LPP, if applicable) may be eligible for an irrigated PP payment, even if the acreage could have been planted with a non-irrigated practice and the producer elected not to plant. (Acreage historically grown under an irrigated practice is as stated in subsection G 10.)
- ii Any reduction in the water supply due to participation in an electricity buy-back program or the sale of water under a water buy-back program (either before or after insurance attaches) is not considered an insurable cause of loss under the policy. However, if an insured cause of loss reduces the amount of irrigation water available, then subsequent participation in an electricity buy-back program (relative to the amount of water reduced by an insured cause of loss) will not reduce the insured loss.
- iii In those cases where an insured cause of loss reduced the irrigation water supply for a portion of the insured's acreage and the insured elects to participate in the electricity buy-back programs or water right buy-back programs, the AIP must separately determine the amount of acreage for which an insured cause reduced the irrigation water supply and the amount of acreage for which participation in the electricity buy-back programs or water right buy-back programs caused the reduced irrigation water supply. The insured may still be eligible for a PP payment or indemnity, as applicable, on the acreage where an insured cause of loss reduced the irrigation water supply, provided that all other requirements in the policy have been met.
- iv Decreased water allocation resulting from the diversion of water for environmental or other reasons is not an insurable cause of loss unless the diversion is made necessary due to an insured cause of loss.
- v Increased costs for water, electricity, fuel, etc., from sources historically used by the insured are not considered insurable causes of loss under the policy. Any acreage for which the irrigation water supply has been reduced by the insured because of such increased costs is not insurable under an irrigated practice and no PP payment may be made. Conversely, the availability of high-cost water, electricity, or fuel from a non-historical source will not be considered a reason to deny an otherwise payable claim.

vi Insureds are not expected to take extraordinary measures or amounts of money to modify their irrigation facilities when the water level of the surface water irrigation source (e.g., river) has decreased due to an insured cause of loss to the point that the insured cannot deliver adequate irrigation water to the crop; e.g., in order to deliver adequate water, the insured would have to place long runs of irrigation pipe not normally run, purchase additional or larger motors, lift stations, irrigation pipes, and/or other equipment not normally used in their normal irrigation operations.

- (b) Failure or breakdown of irrigation equipment or facilities due to an insured peril.
- (c) The inability to plant due to residual salt on the land or in the irrigation water supply as a result of an insured cause of loss (e.g., hurricane), provided the:
 - 1 Condition is general in the surrounding area and prevented other producers from planting acreage with similar characteristics; and
 - 2 The insured cause of loss occurred within the PP insurance period. The insured must report and document the cause of loss.

EXAMPLE: A hurricane occurred in October of 2010. As a result of this hurricane, producers were unable to plant their insured crops for the 2011 CY due to residual salt left on the land or in the irrigation water supply. The PP insurance period for the 2011 CY for carryover insureds began on the SCD for the 2010 CY. The PP insurance period for the 2011 CY for new insureds began on the SCD for the 2011 CY.

Carryover insureds would have PP coverage for the 2011 CY because the event (hurricane) occurred within the carryover insured's PP insurance period. However, new insureds would not have PP coverage for the 2011 CY because the event (hurricane) happened prior to when their PP insurance period began for the 2011 crop year (i.e., prior to the SCD for the 2011 CY.)

For the 2012 crop year and subsequent crop years, neither new or carryover insureds would be covered for PP due to residual salt on the land or in the irrigation water supply resulting from the October 2010 hurricane because the cause of loss (2010 hurricane) is outside of the 2012 and subsequent CYs PP insurance period.

The AIP must determine whether the loss is insurable and may need to ask the insured for additional documentation and published material from agricultural experts to support this PP claim.

- (d) The inability to plant due to large amounts of silt, sand, and/or other debris left on the land due to flooding that occurred during the PP insurance period and that cannot be removed to the extent needed to plant the crop by the FPD for the crop year.

EXAMPLE: Flooding occurred in February of 2011 leaving anywhere from 6-24 inches of sand, silt, and other debris on the acreage. The acreage could not be reclaimed to the extent needed to plant the insured crop by the FPD for the 2011 CY. The PP insurance period for the 2011 CY for carryover insureds began on the SCD for the 2010 CY. The PP insurance period for the 2011 CY for new insureds began on the SCD for the 2011 CY.

Carryover insureds would have PP coverage for the 2011 CY because the event (flooding) occurred within the carryover insured's PP insurance period. However, new insureds would not have PP coverage for the 2011 CY because the event (flooding) happened prior to their PP insurance period (i.e., prior to the SCD for the 2011 CY).

If the sand, silt, and debris still had not been cleaned up to the extent the acreage could be planted for the 2012 and subsequent crop years, this would not be a covered cause of loss for new or carryover insureds.

(e) Any other insured cause of loss not listed above but that is listed in the crop provisions for the insured crop, provided the cause occurred during the PP insurance period and the cause prevented the insured from planting the insured crop. However, for causes of loss other than drought, failure of the irrigation water supply, failure or breakdown of the irrigation equipment or facilities or inability to prepare the land using established irrigation methods, if it is possible for the insured to have planted on or prior to the FPD when other producers in the area were planting and the insured failed to plant, no prevented planting payment will be made.

(4) The insured must timely submit a notice of PP to the AIP. Refer to Section 3 B for detailed information.

(5) The acreage of the insured crop that was prevented from being planted must be listed on a timely submitted acreage report to be eligible for a PP payment. (Refer to section 7.)

(a) Insureds are not required to plant the insured crop during the LPP even if they could have planted during the LPP.

(b) When acreage, due to an insurable cause of loss occurring within the insurance period for PP coverage, was prevented from being planted to the insured crop by the FPD (or during the LPP, if applicable) is subsequently planted to the insured crop AFTER the LPP (or after the FPD for crops that do not have a LPP), the insured has the choice of insuring or not insuring such acreage. The insured must report such acreage as insured or uninsured (as they have chosen) and the date such acreage is planted, along with any other items required for reporting acreage. If the insured decides to insure such acreage, coverage is provided under the LP provisions and the per-acre production guarantee or per-acre amount of insurance for such acreage will be the same as the insured's PP guarantee for the insured crop.

EXAMPLE: The insured has 60 percent PP coverage level with a 100 bu. per-acre guarantee for timely planted acres. The guarantee for the LP acres will be 60 bu. (.60 X 100.0).

- (6) There must be enough eligible PP acreage (after deducting planted acreage) to cover the unplanted acreage. (Refer to subsection 4 F and G.)
- (7) The amount of premium (gross premium less FCIC subsidy) that would be required to be paid by the insured for the PP acreage DOES NOT exceed the liability for such acreage. (Refer to section 6.)
- (8) Refer to Section 4 G for acreage that is not eligible for PP coverage.

D. PP COVERAGE LEVEL PERCENTAGES

- (1) The crop provisions contain the PP coverage level percentage that will automatically apply to the insured's crop policy, unless the insured has Additional Coverage and Additional PP Coverage levels are available and elected.
- (2) **Additional PP Coverage Levels**
 - (a) If available for the crop, insured's with Additional Coverage may elect additional levels of PP coverage on or before the SCD. The additional levels of PP coverage also require additional premium. When additional PP coverage levels are available, they are contained on the actuarial documents for the crop and are indicated as PF (+5%) and PT (+10%).
 - (b) If the insured has a crop policy with CAT coverage, an additional level of PP coverage cannot be elected. For example, the insured has a corn policy with CAT coverage for his/her high-risk land in county A, and another corn policy in county A with additional coverage for non-high-risk land. The insured can only purchase additional PP coverage on the corn policy that has additional coverage.
- (3) The insured cannot increase the elected or assigned PP coverage level percent for any crop year if a cause of loss that could prevent planting (even though it is not known whether such cause will actually prevent planting) has occurred during the PP insurance period and prior to the insured's request to change his/her PP coverage level.

E. PRODUCTION GUARANTEES

If acreage is prevented from planting to the following insured crop . . .	And the insured elected CAT COVERAGE then the guarantee is . . .	And the insured elected ADDITIONAL COVERAGE then the guarantee is . . .
Barley, buckwheat , corn, canola/rapeseed, dry beans, dry peas, flax, grain sorghum, millet, mustard, oats, popcorn, rye, safflowers, silage sorghum, soybeans, sunflower seed, or wheat.	60 percent of the per-acre production guarantee for timely planted acres.	60, 65 ^{1/} , or 70 ^{1/} percent of the per-acre production guarantee for timely planted acres.
Green peas, processing sweet corn, or processing beans	40 percent of the per-acre production guarantee for timely planted acres.	40, 45 ^{1/} , or 50 ^{1/} percent of the per-acre production guarantee for timely planted acres.
Rice, or Sugar Beets ^{3/, 4/}	45 percent of the per-acre production guarantee for timely planted acres.	45, 50 ^{1/} , or 55 ^{1/} percent of the per-acre production guarantee for timely planted acres.
Onions ^{3/}	45 percent of the per-acre production guarantee for timely planted acres.	45 percent of the per-acre production guarantee for timely planted acres.
Cotton ^{2/} , ELS Cotton ^{2/} , Cottonseed ^{2/} , 'Hybrid Seed Corn, or Peanuts	50 percent of the per-acre production guarantee for timely planted acres.	50, 55 ^{1/} , or 60 ^{1/} percent of the per-acre production guarantee for timely planted acres.
Tobacco	35 percent of the per-acre production guarantee for timely planted acres.	35 percent of the per-acre production guarantee for timely planted acres.
Potatoes, Central and Southern Potatoes Northern	25 percent of the per-acre production guarantee for timely planted acres.	25, 30 ^{1/} , or 35 ^{1/} percent of the per-acre production guarantee for timely planted acres.

^{1/} When additional coverage is elected, the insured can elect one of these higher PP coverages by the SCD provided there is no existing cause of loss that has occurred during the PP insurance period or (refer to section 4 D above for more details).

^{2/} The production guarantee for non-irrigated cotton is based on the solid-planted approved APH yield. (For AUP Cotton, ELS Cotton, and Cottonseed do not apply the skip-row Yield Conversion Factor.)

^{3/} For onions and Sugar Beets, the percentage listed is multiplied times the final stage production guarantee.

^{4/} PP is not available in California counties with an April 30 contract change date and a July 15 cancellation date.

The PP guarantee for eligible double-cropped acreage is the same as for PP acreage that is not planted to any crop (e.g.; 60 percent for corn).

F. ELIGIBLE ACRES

(1) Acreage eligible for PP must:

- (a) **Be insurable.**
- (b) **Be available for planting.** Available for planting means land is free of trees, rocky outcroppings, or other factors that would prevent proper and timely preparation of the seedbed for planting and harvest of the crop for the crop year. Acreage not considered available for planting includes, but is not limited to, the following:
 - 1 Acreage enrolled in CRP;
 - 2 Perennial crop acreage (i.e., trees or vines visibly on the acreage or not removed from the acreage in a proper or timely manner to allow for planting a crop for the crop year);
 - 3 Acreage where pasture or forage is in place; (Refer to section 17(f)(6) of the Basic Provisions for what constitutes established pasture, rangeland or forage that is in place and section 4 I and 4 K (2) (a) of this handbook.)
 - 4 Acreage that has or recently had marsh vegetation; (e.g., cattails, bulrushes, and pondweeds), coarse emergent plants, or submerged aquatics; or
 - 5 Acreage that has any other condition, as determined by the AIP, that would prevent the proper and timely planting of the crop when weather and other conditions are normal for the area in which the acreage is located. For example, acreage that in normal weather patterns is too wet to plant in the spring may be dry enough to till or plant and even insure a crop in the fall. Such acreage would not be available for planting a spring crop even though such acreage may have been tilled, planted, and/or insured the previous fall.
- (c) **Not be Uninsurable.** The adjuster (and/or other contractor or AIP employee designated by the AIP) must verify that the acreage claimed as PP is **NOT** uninsurable acreage.

Uninsurable acreage includes, but is not limited to, acreage:

- 1 That has **not** been **planted** and **harvested or insured** (grazing is not considered harvested for the purpose of insurable acres) in any one of the three previous crop years **UNLESS**:
 - a The insured can show such acreage was:
 - (i) **Not planted** in at least two of the previous three crop years to comply with any other USDA program;

(ii) Not planted because of crop rotation (the acreage would not have been planted in the previous three years; e.g., corn, soybeans, alfalfa; and the alfalfa remained for four years before the acreage was planted to corn again); or

(iii) A perennial tree, vine, or bush crop was on the acreage on at least two of the previous three crop years. (Clarification: forage crops, grass crops, and sod are not considered perennial crops for this purpose.)

b Such acreage constitutes five percent or less of the insured planted acreage in the unit; or

c The CP, SP, or a WA specifically allow insurance for such acreage.

2 On which the only crop that has been planted and harvested in the three previous crop years is a cover, hay, (except wheat harvested for hay) or forage crop (except insurable silage) unless a forage crop is part of the insured's established crop rotation, as described in 4F(1)(c)1a(ii) above."

3 That has been strip-mined, unless:

a An agricultural commodity other than a cover, hay (except what harvested for hay), or forage crop (except insurable silage), has been harvested from the acreage for at least five crop years after the strip mined land was reclaimed; or

b A WA specifically allows insurance for such acreage.

4 For which the actuarial documents do not provide the information necessary to determine the premium rate, unless insurance is allowed by a WA;

5 That is otherwise restricted by the CP or SP.

(2) The Maximum eligible acreage for all insured crops eligible for PP payments.

The TOTAL number of acres eligible for PP coverage for ALL crops CANNOT exceed the number of cropland¹ acres in the insured's farming operation for the crop year, unless the insured has provided proof that acreage was double cropped and at least one crop qualified for PP coverage. Refer to Section G (4) and Section 5 C.

CONTINUED ON THE NEXT PAGE

¹ Cropland for insurance purposes is only land that is available for planting .
NOVEMBER 2010

(3) Maximum eligible acreage for each insured crop.

<p>TYPE OF CROP:</p>	<p>Eligible acres if, in any 1 or more of the 4 most recent crop years^{2/}, the insured HAS planted ANY crop in the county for which PP insurance was available (the insured will be considered to have planted if the insured's APH data base contains actual planted acres) or has received a PP insurance guarantee:</p>
<p>For crops not required to be contracted with a processor to be insured.</p> <p>Applicable crops not requiring processor contracts are as follows:</p> <p>Barley (including Specialty Type barley refer to section 4 F (11), canola/rapeseed, corn, cotton, ELS cotton, dry beans^{1/}, dry peas^{1/}, flax, grain sorghum, millet, oats, onions, peanuts, central and southern potatoes, northern potatoes, rice, rye, silage sorghum, soybeans (including specialty type soybeans - refer to section 4 F (11), safflowers, sunflower seed, tobacco, and wheat</p>	<p>A The maximum number of acres certified for APH purposes, or insured acres reported for insurance for the crop in any 1 of the 4 most recent crop years ^{2/} (not including reported PP acreage that was planted to a 2nd crop unless the insured meets the double-cropping requirements stated in Section 5 C).</p> <p>B The number of acres determined above for a crop may be increased by multiplying it by the ratio of the total cropland ^{3/} acres that the insured is farming in the current crop year^{2/} (if greater) to the total cropland ^{3/} acres that the insured farmed in the previous year, provided:</p> <p>(1) The insured submits proof to the AIP for the current crop year^{3/} that the additional acreage was acquired by one of the following:</p> <p>(a) The insured bought the acreage;</p> <p>(b) The insured leased the acreage (except acreage the insured leased the previous crop year and continued to lease in the current crop year);</p> <p>(c) The acreage is released from any USDA program which prohibits harvest of a crop; or</p> <p>(d) The insured acquired the acreage through means other than lease or purchase (such as inherited or gifted acreage).</p> <p>(2) The additional acreage must have been acquired in time to plant it for the current crop year^{2/} using good farming practices; and</p> <p>(3) No cause of loss has occurred at the time the insured acquires the acreage that may prevent planting (except acreage the insured leased the previous year and continues to lease in the current crop year^{2/});</p> <p>C If an insured adds adequate irrigation facilities to his/her existing non-irrigated acreage or if the insured acquires additional land for the current crop year that has adequate irrigation facilities, the number of eligible acres determined in A or B above for irrigated acreage of a crop may be increased by multiplying it by the ratio of the total irrigated acres the insured is farming this year (if greater) to the total irrigated acres listed on the intended acreage report provided the conditions in B (1), (2), and (3) above are met. If there were no irrigated acres in the previous year, the eligible irrigated acres for a crop will be limited to the lesser of the number of eligible non-irrigated acres of the crop or the number of acres on which adequate irrigation facilities were added.</p>
<p>^{1/} This does not include contract seed beans or contract seed peas. See contract seed beans or contract seed peas below.</p> <p>^{2/} crop year as defined in the applicable crop provisions.</p> <p>^{3/} Cropland for insurance purposes is only land that is available for planting.</p>	

(3) Maximum eligible acreage for each insured crop (Continued).

TYPE OF CROP:	Eligible acres if, in ALL of the 4 most recent crop years ² , the insured HAS NOT planted ANY crop in the county for which PP insurance was available (the insured will be considered to have planted if the insured's APH data base contains actual planted acres) or has not received a PP insurance guarantee:
<p>For crops NOT required to be contracted with a processor to be insured.</p> <p>Applicable crops not requiring processor contracts are as follows:</p> <p>Barley (including Specialty Type barley refer to section 4 F (11)), canola/rapeseed, corn, cotton, ELS cotton, dry beans¹, dry peas¹, flax, grain sorghum, millet, oats, onions, peanuts, central and southern potatoes, northern potatoes, rice, rye, silage sorghum, soybeans (soybeans (including specialty type soybeans - refer to section 4 F (11),), safflowers, sunflower seed, tobacco, and wheat</p>	<p>A The number of acres specified on an intended acreage report submitted to the AIP by the SCD for ALL crops the insured insures for the crop year² and that is accepted by the AIP; or</p> <p>B The number of acres specified on your intended acreage report, submitted to the AIP within 10 days of the time the insured acquires the acreage that is accepted by the AIP, IF on the SCD, the insured does not have any acreage in a county and subsequently acquires acreage by a method described below in time to plant it using good farming practices.</p> <p>(1) (a) The insured bought the acreage; (b) The insured leased the acreage (except acreage the insured leased the previous crop year and continued to lease in the current crop year); (c) The acreage is released from any USDA program which prohibits harvest of a crop; or (d) The insured acquired the acreage through means other than lease or purchase (such as inherited or gifted acreage).</p> <p>(2) No cause of loss has occurred at the time the insured acquires the acreage that may prevent planting (except acreage the insured leased the previous year and continues to lease in the current crop year²).</p> <p>C The total number of acres listed on the intended acreage report cannot exceed the number of acres of cropland³ in the insured's farming operation at the time the intended acreage report is submitted. Also refer to section 7 D for details on adjusting acres when they exceed the cropland acres.</p> <p>D If the insured acquires additional acreage after the AIP accepts the intended acreage report, the number of acres determined in A or B above may be increased by multiplying it by the ratio of the total cropland³ acres that the insured is farming in the current crop year² (if greater) to the number of acres listed in the intended acreage report, if the insured submits proof to the AIP that for the current crop year², provided:</p> <p>(1) The insured acquires acreage by a method described in B (1) above in time to plant it using a good farming practices; AND</p> <p>(2) No cause of loss has occurred at the time the insured acquires the acreage that may prevent planting (except acreage the insured leased the previous year and continues to lease in the current crop year²).</p> <p>E If an insured adds adequate irrigation facilities to his/her existing non-irrigated acreage or if the insured acquires additional land for the current crop year that has adequate irrigation facilities, the number of eligible acres determined in A or B above for irrigated acreage of a crop may be increased by multiplying it by the ratio of the total irrigated acres the insured is farming this year (if greater) to the total irrigated acres that the insured listed on the intended acreage report provided the conditions in D (1) and (2) above are met. If there were no irrigated acres on the intended acreage report, the eligible irrigated acres for a crop will be limited to the lesser of the number of eligible non-irrigated acres of the crop or the number of acres on which adequate irrigation facilities were added.</p>
<p>¹This does not include contract seed beans or contract seed peas. See contract seed beans or contract seed peas below.</p> <p>² crop year as defined in the applicable crop provisions.</p> <p>³ Cropland for insurance purposes is only land that is available for planting.</p>	

(3) Maximum eligible acreage for each **insured** crop (Continued).

TYPE OF CROP:	ELIGIBLE ACRES FOR CROPS THAT REQUIRE A PROCESSOR CONTRACT
<p>For crops that require a processor contract in order for the crop to be insured.</p> <p>Applicable crops requiring processor contracts are as follows:</p> <p>buckwheat, hybrid seed (corn), hybrid sorghum seed, contract seed beans under the dry bean crop provisions, mustard, contract seed peas under the dry pea crop provisions, green peas, popcorn, processing sweet corn, processing beans, and sugar beets.</p>	<p>A The number of eligible acres will be:</p> <ol style="list-style-type: none"> (1) The number of acres specified in the processor contract, if the contract specifies a number of acres contracted for the crop year^{1/}; (2) The result of dividing the quantity of production stated in the processor contract by the insured's approved yield, if the processor contract specifies a quantity of production that will be accepted. (For the purposes of establishing the number of PP acres, any reductions applied to the transitional yield for failure to certify acreage and production for four prior years will not be used.); or (3) Regardless of A (1) or (2) above, if a minimum number of acres or amount of production is specified in the processor contract, this amount will be used to determine the eligible acres. <p>B If a processor cancels or does not provide contracts, or reduces the contracted acreage or production from what would have otherwise been allowed, solely because the acreage was prevented from being planted due to an insured cause of loss, the AIP will determine the number of acres eligible based on the number of acres or amount of production the insured had contracted in the county in the previous crop year.^{1/}</p> <ol style="list-style-type: none"> (1) If the applicable CPs require that the price election be based on a contract price, and a contract is not in force for the current year, the price election will be based on the contract price in place for the previous crop year. (2) If the insured did not have a processor contract in place for the previous crop year^{1/}, the insured will not have any eligible PP acres for the applicable processor crop. (3) The total eligible PP acres in all counties cannot exceed the total number of acres or amount of production contracted in all counties in the previous crop year^{1/}.
	<p>^{1/} crop year as defined in the applicable crop provisions.</p>

(4) Any eligible acreage determined in accordance with section 4 F (3) above will be reduced by subtracting the number of acres of the crop (insured and uninsured) that are timely and late planted.

(5) PP acres subsequently planted to a second crop are not used to determine eligible acres unless double cropping requirements are met. Refer to Section 5 for information regarding second crop and double cropping requirements.

(6) The insured must report the precise number of PP acres by the acreage reporting date. Refer to Section 7 for acreage reporting information and Section 11 for information about verifying eligibility of reported PP acreage and examples thereof.

- (7) If an insured has an additional coverage policy for a crop and executes a High Risk Land Exclusion Option that separately insures high-risk land acreage for that crop under a CAT policy, the maximum number of acres eligible for a PP payment will be limited for each crop policy as specified in subsection 4 F and G.
- (8) If the insured is prevented from planting a crop for which the insured does not have an adequate base of eligible PP acreage, as determined in accordance with the table in subsection F (3) above, acreage from another crop insured for the current crop year for which the insured has remaining eligible PP acreage will be used.

(a) Using another crop's eligible acres:

- 1** The crop first used will be the insured crop that would have a PP payment **most similar (closest)** to the per-acre PP payment for the crop that was prevented from being planted.
- 2** If there are still insufficient eligible PP acres, the next crop used will be the insured crop that would have the most similar (closest) PP payment.
- 3** In the event payment amounts based on other crops are an equal amount above and below the payment amount for the crop that was prevented from being planted, eligible acres for the crop with the higher payment amount will be used first.

(b) The PP payment and premium when another crop's eligible acres were used will be:

- 1** The crop that was prevented from being planted if the insured crop with remaining eligible acreage would have resulted in a higher PP payment than would have been paid for the crop that was prevented from being planted; or
- 2** The crop from which eligible acres are being used if the insured crop with remaining eligible acreage will result in a lower PP payment than would have been paid for the crop that was prevented from being paid.

(c) Using another crop's remaining eligible acres will only be allowed if the crop that was prevented meets all policy provisions, except for having an adequate base of eligible PP acreage.

(d) Payment may be made based on crops other than those that were prevented from being planted even though other policy provisions, including but not limited to, processor contract and rotation requirements have not been met for the crop on which payments is being based. Refer to section 11 E 7 (e) for an example of this.

(e) The PP payment may or may not be made from crop eligibility that is in the same physical location as the acreage that was actually prevented from being planted. For example, the land upon which the crop was prevented from being planting may be located in legal section 12 and the crop and unit for which the PP payment is the most

similar and for which the PP payment is based may be associated with legal section 9. Refer to example in subsection 11 E.

- (9) Increases of the maximum eligible PP acres for a crop due to the insured increasing his/her cropland¹ acres for the current crop year is determined separately for the crop and irrigated crop by determining a ratio and multiplying this ratio by the highest number of acres reported or insured in one of the last 4 crop years as stated in subsection (3) above.

EXAMPLE: For the 2010 crop year², the insured had 200 acres of irrigated acreage in county ABC and purchased an additional 100 acres of irrigated cropland¹ in county ABC prior to the time planting preparation would have begun for the 2011 crop year. No cause of loss was evident at the time the additional irrigated acreage was purchased. Determine the ratio by dividing the total irrigated acreage the insured has in his/her operation for 2011 in county ABC by the amount of irrigated acreage the insured had in his/her operation in county ABC for the 2010 crop year² ($300/200 = 1.50$). To increase the insured's maximum irrigated PP corn acreage for the 2011 crop year² in county ABC, determine the highest number of acres certified for APH purposes or insured acres reported for corn in county ABC in one of the 4 most recent crop years². Assume the highest number of irrigated corn acres in the past 4 years was 200 acres. Multiply 200 acres times the 1.50 ratio = 300 acres (maximum eligible irrigated corn PP acres for county ABC in 2011 crop year²).

However, as stated in FAD-040 (Exhibit 2), regardless of the number of eligible acres determined in accordance with the above ratio as stated above and in subsection 3, coverage under an irrigated practice is limited to acres that the insured has adequate irrigation facilities in place to carry out an irrigated practice prior to the insured cause of loss preventing planting.

- (10) The AUP and ELS Cotton Crop Provisions (includes Cottonseed Pilot Endorsement), (or other crop's Special Provisions, or an approved Written Agreement) limit insurable acreage to "only the land occupied by the rows of cotton (other crop, if applicable) when a skip-row planting pattern is utilized." In addition, the Basic Provisions specify the eligible prevented planting acres are the maximum number of acres certified for APH purposes or insured acres reported, which in the case of skip-row cotton (or other crops having a skip-row planting pattern practice on the actuarial or by Written Agreement) is the gross acres (acreage occupied by the skip-rows and rows of crop) adjusted downward based on the particular skip-row planting pattern (which, in the example below would be 200.0 acres).

EXAMPLE:

300.0 gross acres planted in a skip-row planting pattern in one of the last four crop years². Percent planted for skip-row planting pattern is 66.67% (converted to decimal is .6667). $300.0 \text{ acres} \times .6667 = 200.0 \text{ acres}$ used for eligible PP acres.

These are the acres that are used to determine the maximum eligible PP acres when looking at the previous four years of history on the APH form.

¹ Cropland for insurance purposes is only land that is available for planting

² Crop year as defined in the applicable crop provisions

(11) Specialty Type Barley and Specialty Type Soybeans

(a) For Specialty Type Barley and Specialty Type Soybeans insured under a Yield Protection policy, PP payments can be made based on the contract price, when the policyholder provides a contract by the acreage reporting date. If the contract is cancelled or reduced solely because acreage is prevented from being planted, the original contract amount is used to determine if the 110 percent requirement (total number of insured specialty type acres does not exceed 110 percent of the acreage under contract) has been met. Eligible acres for PP payments are determined in the same manner as for other crops with specific types. Since specialty barley and soybeans are not required to be under contract to be insured (a contract is required only if the policyholder wants to insure based on their contract price), eligible acres are determined in accordance with section 17(e)(1)(i) of the Basic Provisions (refer to section 4 F (3) of this handbook.)

1 If a policyholder does not have enough eligible acres for prevented planting purposes for a crop and there are other eligible acres for another crop, the acres are determined on a policy basis. This is consistent with the way eligible acres are determined when high risk land is excluded and insured under a Yield Protection policy with Catastrophic Risk Protection.

2 Below are several examples of determining PP for specialty types.

(b) The definition of “Policy” in the Basic Provisions states “...Insurance for each agricultural commodity in each county will constitute a separate policy.” Since, AO and other specialty types are the same agricultural commodity (soybeans), the PP acres are determined first, on a policy basis. If an insured does not have any eligible PP acres for their specialty type, the PP acres are paid based on the AO type (Even if the specialty type is on a Yield Protection policy and the AO is on a revenue policy). If the eligible PP acres for the AO type are exhausted, then another crop with remaining eligible acres that result in the closest payment amount to the specialty type will be used in accordance with section 17(h) of the Basic Provisions.

Example 1: A policyholder with no previous history of growing specialty type soybeans plans to plant and insure LSFG type soybeans under the Yield Protection plan using a contract price, but is prevented from planting this type. The policyholder has a history of growing AO type soybeans.

Since the insured has not produced LSFG in the past, the insured will not have any eligible prevented planting acres for that type. The prevented planting acres may be paid based on the AO type if there are any remaining eligible prevented planting acres. If there are no remaining eligible prevented planting acres of AO type, prevented planting acres may be paid based on another crop with remaining eligible prevented planting acres in accordance with section 17(h) of the Basic Provisions.

Example 2: A policyholder has a contract for 1,000 acres of a specialty type. The highest number of soybean eligible acres in the last 4 years was 300 acres (AO). The policyholder’s total soybean eligibility for PP acres is 300 acres, determined in accordance

with Basic Provisions section 17 (e)(1)(i)(A). There are no eligible PP acres for the specialty type; therefore, any PP eligibility for soybeans can only be based on the AO type.

Example 3: In 2010, the policyholder planted 900 acres of a specialty type and was paid 200 acres of PP. The acreage report for 2010 shows PP acres type 095 and the APH database shows 900 acres of the specialty type. Eligibility by type is determined as provided in Section 17(f)(11) and 17(e)(1)(i)(A) of the Basic Provisions (refer to section 4 F (3) above and section G (11) of this handbook. In this case the policyholder planted 900 specialty type acres in the previous year and is therefore eligible for 900 PP acres of the specialty type for the 2011 crop year. If the policyholder can prove the 200 PP acres were intended to be a specialty type (e.g., can provide a contract, seed records, etc.), they can be added to the 900 eligible acres for the specialty type for a total of 1,100 eligible acres. If the policyholder cannot provide evidence the type prevented from being planted was a specialty type, those acres will be the AO type (900 eligible acres of the specialty type and 200 eligible acres of the AO type).

Example 4: A policyholder has a Revenue Protection policy for the AO type and a Yield Protection policy for a specialty type in 2010. The Revenue Protection policy has a unit with 100 acres planted to AO type. The Yield Protection policy has a unit with 50 acres planted to a specialty type. Both types are planted in the same field and there are 15 acres in the field that are prevented from being planted. To determine whether the prevented planting acres meet the 20/20 rule, it must first be determined if the 15 acres that were prevented from being planted are the specialty type or the AO type. If the 15 acres are prevented from being planted to the specialty type, the acreage may qualify for a prevented planting payment because more than 13 acres were prevented from being planted (20 percent of the 65 acres in the unit = 13). If the 15 acres that are prevented from being planted are the AO type, the acreage would not qualify for a prevented planting payment because the 20/20 rule for the 115 acre unit of the AO type requires at least 20 acres to be prevented from being planted (20 percent of the 115 acres in the unit = 23).

G ACREAGE WHICH IS NOT ELIGIBLE FOR PP COVERAGE

Regardless of the number of eligible acres determined from using the instructions in subsection F (3) above, PP coverage will not be provided for any acreage:

- (1) That does not constitute at least 20 acres or 20 percent of the insurable crop acreage in the unit, whichever is less (after the minimum acreage requirement on the unit is met, PP payments are on a per acre basis). For Whole Farm Units, the 20 acres/20 percent requirement will be applied separately for each crop in the Whole Farm Unit.
 - (a) Any PP acreage within a field that contains planted acreage will be considered to be acreage of the same crop, type, and practice that is planted in the field (if there are multiple crops planted in a field, the insured may select which crop will be used for the PP acreage), unless:
 - 1 The PP acreage in the field constitutes at least 20 acres or 20 percent of the total insurable acreage in the field, and the insured produced both crops, crop types,

or followed both practices in the same field in the same crop year^{1/} within any of the 4 most recent crop years^{1/};

Example: The field is 160 acres but only 120 acres have irrigation facilities (e.g., irrigation pivot system) available to irrigate the field. Therefore, since there are no irrigation facilities available on the corners of the pivot and an irrigation practice has never been carried out on this portion of the field (40 acres), these acres cannot be considered as an irrigated practice even though in the same field.

2 The insured was prevented from planting a first insured crop, and a second crop was planted in the same field (There can only be one first insured crop in a field unless the requirements in subsection (a) 1 or 3 are met); or

3 The insured crop planted in the field would not have been planted on the remaining PP acreage; e.g., where rotation requirements would not be met or the insured already planted the total number of acres specified in the processor contract;

Example: The insured's sugar beet contract is for 100 acres and all 100 acres of sugar beets are planted into a 160 acre field. Since the insured could not continue to plant sugar beets because of the limitation of 100 acres in the sugar beet contract, the remaining 60 acres of land in the field are eligible for a PP payment as a separate crop, provided all other PP eligibility requirements are met.

(b) If an insured claims irrigated PP acreage for a crop, the insured cannot plant the same crop as a NI practice and collect PP on the irrigated practice even when the insured's eligibility for irrigated acres has been reduced due to a progressive drought; e. g., the insured's cropland² acres consists of 100 acres, which is contained within one field. The insured has irrigated corn history on the 100 acres. However, due to the progressive drought, the insured's eligible irrigated PP corn acres have been reduced to 90 acres. If the insured plants 10 acres of non-irrigated corn, the whole field would be considered non-irrigated corn and the PP payment would have to be based on a non-irrigated corn practice rather than irrigated corn.

(2) For which the actuarial documents do not provide the information needed to determine a premium rate unless a written agreement designates such premium rate;

(3) Used for conservation purposes or intended to be left unplanted under any program administered by the USDA or other government agency, or required to be left unharvested under the terms of the lease or any other agreement (The number of acres eligible for PP will be limited to the number of acres specified in the lease for which the insured is required to pay either cash or share rent);

¹ crop year as defined in the applicable crop provisions

² Cropland for insurance purposes is only land that is available for planting

- (4) On which the insured crop is prevented from being planted, if the insured or any other person receives a PP payment for any crop for the same acreage in the same crop year¹, excluding share arrangements, **unless ALL of the criteria for double cropping in section 5 C is met;**
- (5) On which the insured crop is prevented from being planted, if:
- (a) Any crop is planted within or prior to the LPP (or on or prior to the FPD if no LPP is applicable) for the same crop year, unless:
 - 1 the insured meets the double cropping requirements (as stated in Section 5 C);
 - 2 the crop planted is a cover crop; or
 - 3 no benefit, including benefit under any USDA program was derived from the crop; OR
 - (b) Any volunteer or cover crop is hayed, grazed, or otherwise harvested within or prior to the LPP (or on or prior to the FPD if a LPP does not apply) for the PP crop for the same crop year. For more information on cover crops, see section 4 K. Also, see section 5 A (1) (c) for cover crops;
- (6) For which planting history or conservation plans indicate that the acreage would have remained fallow for crop rotation purposes or on which any pasture or forage crop is in place on the acreage during the time planting of the insured crop generally occurs in the area. Cover crops that are seeded, transplanted, or that volunteer:
- (a) More than 12 months prior to the FPD for the insured crop that was prevented from being planted will be considered pasture or a forage crop that is in place (e.g., the cover crop is planted 15 months prior to the FPD and remains in place during the time the insured crop would normally be planted); or
 - (b) Less than 12 months prior to the FPD for the insured crop that was prevented from being planted will not be considered pasture or a forage crop that is in place;
- Also refer to section 4 I regarding pasture or forage.
- (7) That exceeds the number of acres eligible for a PP payment;
- (8) That exceeds the number of eligible acres physically available for planting (also refer to section 4 F (1) for clarification of physically available for planting).
- (9) For which the insured cannot provide proof that he/she had inputs (including, but not limited to sufficient equipment and manpower) available to plant and produce a crop with the expectation of producing at least the yield used to determine the insured production guarantee or amount of insurance. Evidence that the insured previously had planted the crop on the unit will be considered adequate proof unless:

¹ crop year as defined in the applicable crop provisions

- (a) There has been a change in the availability of inputs since the crop was last planted that could affect the insured's ability to plant and produce the insured crop;
 - (b) It is determined that the insured has insufficient inputs to plant the total number of insured crop acres (e.g., the insured will not receive a prevented planting payment if the insured has sufficient inputs to plant only 80 acres but the insured has already planted 80 acres and is claiming prevented planting on an additional 100 acres); or
 - (c) The insured's planting practices or rotational requirements show the acreage would have remained fallow or been planted to another crop;
- (10) Based on an irrigated practice production guarantee or amount of insurance unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented the insured from planting. **Acreage with an irrigated practice production guarantee will be limited to the number of acres allowed for the irrigated practice within the eligible acres determined as described in subsections 4 F (3) (see example below);**

EXAMPLE: The insured turned in a PP claim for 150 acres of irrigated corn. The insured had irrigation facilities in place to irrigate all 150 acres. However, the insured only has history for 100 acres of corn of which 50 are irrigated and 50 are non-irrigated. In this situation, once the 50 acres of irrigated corn history has been exhausted, you must use the 50 acres of the non-irrigated corn history. Then if there is 50 acres of remaining eligible PP acreage for other crops, you would pay the 50 acres based on the crop with a non-irrigated PP payment most similar to the non-irrigated corn PP payment. If the insured has no other crop with remaining non-irrigated acreage or on which a non-irrigated practice can be set up, no PP payment will be made on the remaining 50 acres. Also, see examples in section 11 E of this handbook.

- (11) Of a crop type or variety that the insured did not plant or has not received a PP insurance guarantee in at least one of the 4 most recent crop years¹;
- (a) Types for which separate projected prices or price elections, as applicable, amounts of insurance, or production guarantees are available must be included in the insured's APH database in at least one of the four most recent crop years¹ (Crops for which the insurance guarantee is not based on APH must be reported on the insured's acreage report in at least one of the four most recent crop years¹) except as allowed in section 4 F (3) above.
 - (b) The PP payments will be limited based on a specific crop type to the number of acres allowed for that crop type as specified in section 4 F and G above. Refer to the following example:

Example: The insured's dry bean history in the 4 most recent policy crop years is 10 acres for black turtle beans and 90 acres for navy beans. The insured reported 100 prevented planting acres of black turtle beans on his/her acreage report. The insured would be eligible for 100 acres of PP since no crop was planted, but the PP payment

¹ Crop year as defined in the applicable crop provisions

for the 90 acres would have to be based on the type that had the lower PP payment (i.e., the black turtle beans or the navy beans). In this case, the navy beans have the lower PP payment and would be used to make the PP payment for 90 acres. The acreage report would be revised to reflect 10 acres PP for black turtle beans and 90 acres PP for navy beans.

(c) Refer to Section 11 E for another examples of using remaining eligible acres of another type to base the PP payment from one type to another type when all of the eligible acres of one type have been exhausted and there are remaining eligible PP acres of another type available to pay the PP claim, or when there are no remaining eligible PP acres for any type of dry beans and there are remaining eligible PP acres for other crops.

(12) When wheat acreage is short-rated (less than a full crop year coverage and premium), such acreage is not eligible for a PP payment for wheat, nor is it eligible for a PP payment for another crop unless it qualifies under “double cropping” provisions of the PP section of the policy. The insured short-rated acres reported on the acreage report in any of the 4 most recent crop years are used in the determination of the maximum number of eligible PP acres; or

(13) If a cause of loss has occurred that may prevent planting at the time:

- (a) The insured leased the acreage (except acreage the insured leased the previous crop year and continues to lease in the current crop year);
- (b) The insured bought the acreage;
- (c) The acreage is released from a USDA program which prohibits harvest of a crop;
- (d) The insured requested a written agreement to insure the acreage; or
- (e) The insured acquired the acreage through means other than lease or purchase (such as inherited or gifted acreage).

H. PP COVERAGE FOR SPRING CROPS INTENDED TO FOLLOW A FAILED FALL CROP

An insured may be eligible for a PP guarantee for a spring-planted crop that was intended to be planted, even though a fall-planted crop had been planted on the acreage, if the acreage has a history of double-cropping, or if all of the following apply:

- (1) The fall-planted crop failed, crop insurance coverage was not available for the fall-planted crop, and the insured is not eligible for any payment associated with the crop loss; e.g.; insured plants fall wheat in a county that only offers coverage for spring planted wheat (there is no insurance available for fall wheat);
- (2) Failure of the fall-planted crop occurs prior to the time that planting of spring crops normally begins in the county;

- (3) No benefit, including any benefit under any USDA program, was derived from the failed fall-planted crop;
- (4) The fall-planted crop is not an established forage stand. Refer to subsection I below regarding PP eligibility when there is an established forage stand in place; and
- (5) An insurance policy with PP coverage is in place for the spring crop that is intended to be planted and there are no statements on the SP that would make the crop being claimed as PP uninsurable (e. g., The PP crop being claimed is soybeans after wheat that headed by the FPD of the soybeans. There is an SP statement saying soybeans are not insurable if planted after the wheat had reached the headed stage. Therefore, PP soybeans would not be insurable because the soybeans would not have been insurable if planted).

I. PP COVERAGE WHEN THERE IS PASTURE OR FORAGE

PP coverage will not be provided for any acreage on which any established pasture or other forage crop is in place¹ on the acreage during the time planting of the insured crop generally occurs in the area. However, in certain unique situations, they may not be considered to be in place, and the insured may be eligible for a PP guarantee when:

- (1) The insured can demonstrate his/her intent to destroy an existing forage stand (that meets the criteria in (2) below) and plant a spring crop on the acreage **but due to insurable causes** was unable to destroy the forage stand and plant the spring crop (e.g., **if chemical kill, plow-down, or chisel plow of the forage crop the fall before planting the ground to a spring crop is a recommended practice in the area, then that step must have been taken, unless the insured can provide documentation that an insured cause prevented that particular step**), and
- (2) Items (a)-(e) ALL apply:
 - (a) If:
 - 1 Insurance under the Forage Production Crop Provisions is available in the county, the forage crop must be an over-age stand or stand that is reduced such that insurance would not be available; or
 - 2 If insurance under the Forage Production Crop Provisions is not available in the county, the stand must be reduced such that the forage would not be further cared for by producers in the area and would normally have been removed; **or**
 - 3 The insured can provide verifiable documentation that establishes the forage rotation practice, and that this would be the year the forage on this acreage would be rotated to another crop; **or**
 - 4 Before the insured's normal forage rotation practice would occur, the forage stand, due to adverse conditions, has been reduced such that insurance would not

¹ If it is more than 12 months prior to the FPD for the insured crop that was prevented from being planted, it will be considered pasture or a forage crop that is in place.

be available or if insurance is not available, it would be reduced such that the forage would not be further cared for by producers in the area and would normally have been removed, **or**

5 The forage stand would have normally been removed in the fall for one of the reasons stated in 1-4 above, but agricultural experts recommend that the stand not be removed to prevent soil erosion.

- (b) No benefit (including any benefit under any USDA program) was derived from the forage crop;
- (c) Insureds with acreage of similar characteristics in the surrounding area were prevented from planting;
- (d) The insured provides documentation/proof to the AIP's satisfaction that the acreage would qualify as "Insurable Acreage" under the applicable policy provisions for the crop being claimed as prevented; and
- (e) An insurance policy with PP coverage is in place for the spring crop that is intended to be planted.

J. PP COVERAGE FOR AN INTENDED FALL-PLANTED OR SPRING-PLANTED CROP FOLLOWING A SPRING-PLANTED CROP FROM THE PRIOR CROP YEAR

(1) An insured producer may be entitled to a PP payment for a crop with a fall-planting date or spring-planting date that was prevented from being planted by the FPD due to adverse weather preventing harvest of a mature spring-planted crop, **provided other producers** with acreage having similar characteristics in the surrounding area were also prevented from harvesting a mature spring-planted crop (due to adverse weather). In counties that have crops with only spring FPDs or both fall and spring FPDs (e.g., Small Grains), the insured crop must be prevented from being planted until the spring FPD in order to be eligible for a PP guarantee.

EXAMPLE 1: A spring crop was planted in 2010. Due to excess moisture at the time the 2011 fall crop should be planted, the spring crop was not able to be harvested by the fall FPD and prevents planting of a fall-planted crop for the 2011 crop year.

EXAMPLE 2: A spring crop was planted in 2010. Due to excess moisture, the crop was prevented from being harvested by the calendar date for the end of the insurance period for the crop (AIP granted additional time to harvest the crop). Continued adverse weather prevented harvest of the crop until the late winter months or early spring months of 2011. Spring weather conditions prevented field preparation and/or planting of the 2011 spring crop by the spring FPD due to the 2010 crop not being harvested.

(2) This also applies when a spring-planted crop (e.g., 2010 corn) was planted using good farming practices (i.e., a variety adapted for the area, timely planted or if late planted seed, a shorter season variety was planted rather than a full-season variety, etc.), but adverse

weather killed or prevented the spring-planted crop from ever maturing and being harvested timely (AIP granted additional time to harvest the crop) but subsequent adverse weather prevented field preparation and/or planting a spring crop (e.g., 2011 canola) by the FPD for the next crop year.

K. ACCEPTABLE COVER CROPS

- (1) A cover crop is defined as: “A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement.”
- (2) For insurance purposes the following will not be considered acceptable cover crops:
 - (a) Volunteer or cover plants that were seeded, transplanted, or that volunteer earlier than 12 months prior to the FPD for the insured PP crop. These plants will be considered existing established pasture or forage that is in place, as stated in section 4 I; or

EXAMPLE: The insured had 2009 PP corn, and on July 1, 2009, the insured planted a cover crop that remains in place throughout 2010 and until corn planting should take place for the 2011 crop year. Due to excess moisture, the insured claims prevented planting corn in 2011. Since the plants were seeded, transplanted, or volunteered more than 12 months prior to the 2011 FPD they would be considered a crop in place (established), and the insured would not be eligible for a PP payment unless no benefit (includes grazing, haying, etc.) is derived from the acreage.

- (b) Cover crops are not eligible to be enrolled and covered under NAP. Refer to Section 5 A (1) (b) and the clarification that follows this subsection.
- (3) When the cover crop planted is a crop that is commonly planted for silage, grazing, etc., in the area or for the type of farming operation the insured has (e.g. dairy operation), the adjuster must use extra caution in verifying whether the insured’s intent was to plant the crop claimed as a cover crop or the crop claimed as being prevented from planting. Items that may be verified include but are not limited to:
 - (a) That the insured has the inputs to plant the crop claimed as PP;
 - (b) That the insured has a history of planting the cover crop for hay, silage, grazing, etc.; and
 - (c) Whether the insured certified acreage at FSA this crop year and if so, what use is shown for the acreage in question. Refer to Section 5 below for more information pertaining to how haying, grazing, or otherwise harvesting a cover crop planted on the same PP acreage may affect the PP payment.

5. PP PAYMENT REDUCTION DUE TO SECOND CROP, COVER CROP OR VOLUNTEER CROP

In accordance with the Agricultural Risk Protection Act of 2000, Section 508a of the Federal Crop Insurance Act was amended and subsequently the Basic Provisions were amended to limit prevented planting payments when a second crop is planted on the same acreage in the same crop year, except as allowed for acreage that qualifies for double-cropped acreage, as defined in the Basic Provisions.

A. FIRST INSURED CROP PREVENTED FROM BEING PLANTED AND SECOND CROP

(1) Definitions.

- (a) **First Insured Crop** – With respect to a single crop year and any specific crop acreage, the first instance that an agricultural commodity is planted for harvest or prevented from being planted and is insured under the authority of the Act. For example, if winter wheat that is not insured is planted on acreage that is later planted to soybeans that are insured, the first insured crop would be soybeans. If the winter wheat was insured, it would be the first insured crop.
- (b) **Second Crop** – With respect to a single crop year, the next occurrence of planting any agricultural commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different agricultural commodity as the first insured crop, except the term does not include a replanted crop. A cover crop, planted after a first insured crop (for PP after the FPD for the PP crop (LPP, if applicable)) and planted for the purpose of haying, grazing, or otherwise harvesting in any manner; or that is hayed or grazed prior to November 1 (which generally would be when crops in the area would normally be harvested), or otherwise harvested at any time, is considered a second crop. A cover crop that is covered by FSA’s noninsured crop disaster assistance program (NAP) or receives other USDA benefits associated with forage crops will be considered as planted for the purpose of haying, grazing, or otherwise harvesting. A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured. Notwithstanding the references to haying and grazing as harvesting as stated within the Basic Provisions and above, for the purpose of determining the end of the insurance period, harvest of the crop will be as defined in the applicable crop provisions.

CLARIFICATION of “A cover crop that is covered by FSA’s noninsured crop disaster assistance program NAP . . .” as stated in the definition above:

“Covered” means the producer has NAP coverage for the crop planted on the PP acreage. FSA has clarified that crops intended for cover crops cannot be covered under NAP. Insureds must certify to the usage of the crop when they certify their acres at FSA. If their acres are certified as a cover crop (i.e., not haying, grazing, or otherwise harvesting), such acreage is ineligible for coverage under NAP. If the producer has signed the crop up for NAP and certifies the acreage at FSA as intended for haying, grazing or harvest; then it would be: (1) covered under NAP and would be considered a second crop, and (2) the (first insured crop) PP payment is limited to

35%. Even if the crop planted on the PP acreage has NAP coverage in effect and it is never grazed, hayed, or harvested; it is still considered a second crop because NAP coverage is in effect.

(c) Cover Crop and/or Volunteer crop

- 1 If a cover crop is planted prior to the end of the LPP (on or prior to the FPD if no LPP is applicable) for an insured crop that is prevented from being planted, PP coverage may be provided for the insured crop.
- 2 If a cover crop or volunteer crop is hayed or grazed or otherwise harvested within or prior to the end of the LPP (on or prior to the FPD if no LPP is applicable) for an insured crop that is prevented from being planted, no PP coverage is available.
- 3 If a cover crop is planted after the end of the LPP (FPD if no LPP is applicable) for an insured crop that is prevented from being planted, but is not hayed or grazed prior to November 1, the PP payment will not be reduced.
- 4 If a cover crop or volunteer crop is hayed or grazed after the end of the LPP (FPD if no LPP is applicable) for an insured crop that is prevented from being planted and prior to November 1 of the crop year, the PP payment will be reduced by 65 percent.
- 5 If a cover crop or volunteer crop is hayed or grazed after November 1 of the crop year in which an insured crop is prevented from being planted, the PP payment will not be reduced.
- 6 A crop harvested for grain, seed, etc., is presumed not to have been grown for conservation or soil improvement purposes and the policy provisions for second crops or crops planted prior to the end of the LPP, as applicable, will apply.

EXAMPLE 1: Wheat is planted as a cover crop within or PRIOR to the end of the LPP (or on or prior to the FPD date if no LPP is applicable) of the crop being claimed as PP and is subsequently harvested for grain, seed, etc., (at any time), no PP payment can be made. If there is an active wheat policy and wheat is planted as a cover crop (verified that the seeding rate, fertilizer rate, etc., is consistent for a cover crop) and then is harvested as grain, seed, etc., the wheat acreage cannot be added to the acreage report as insurable acreage. Even though the wheat was harvested, the acreage is uninsurable since the Small Grains Crop Provisions require wheat to be planted for harvest as grain in order to be insurable as is the case with most grain crops.

EXAMPLE 2: If wheat is planted as a cover crop (verified that the seeding rate, fertilizer rate, etc., is consistent for a cover crop) AFTER the end of the LPP (FPD if no LPP is applicable) of the crop being claimed as PP and is subsequently harvested for grain, seed, etc., the PP payment is reduced by 65 percent. If the cover crop planted is wheat and is subsequently harvested as

grain or seed and an active wheat policy exists, it cannot be added to the acreage report for the same reason stated in Example 1 above.

(2) If the insured is prevented from planting the first insured crop in the crop year (except in the case of double cropping, as described in subsection C below), the following applies:

(a) Insured's Options:

- 1 **Not plant a second crop** on the same acreage for harvest in the same crop year and collect 100 percent of the PP payment for the acreage, provided no other party plants a second crop on this acreage. Refer to subsection 5 B below.
- 2 **Plant a second crop** on the same acreage for harvest in the same crop year. (A cover crop or volunteer crop may be considered a second crop. Refer to subsection 4 K and 5 A (1) (b) above.) (For PP, the second crop does not have to be insured or suffer a loss before the PP payment for the first insured crop (PP acreage) is reduced to 35%. Also, if a second crop is planted by someone else, the PP payment will be reduced as stated in subsection B below.) When a second crop is planted and the insured does not qualify for double cropping (refer to subsection C below), the following will apply:
 - a The insured will receive 100 percent of an indemnity that may be due for the second crop and 35 percent of the PP payment for the acreage of the first insured crop provided the second crop is not planted on or before the FPD or during the LPP (as applicable) for the first insured crop.
 - b The insured is responsible for a premium for the first insured crop of PP acreage that is commensurate with the amount of the PP payment paid for the first insured crop; i.e., 35%.
 - c The insured is responsible for paying the full premium for the second crop acreage, if the second crop is an insured crop. If second crop planted acreage follows first insured crop of PP acreage, it must be reported as insured acreage if it meets all insurability requirements for the crop. **When PP acreage is the first insured crop, the insured does not have the** option to not insure second crop acreage **that is insurable** if there is an active policy in the county for the crop.
 - d Subsequent crops planted will not affect the indemnity of second crop acreage.

B. ADDITIONAL INFORMATION REGARDING REDUCTION IN PP PAYMENTS DUE TO SECOND CROP, COVER CROP, OR VOLUNTEER CROP

In addition to the insured planting a second crop (or cover crop when the cover crop is not considered a second crop; see section 5 A (1) above), except in the case of double cropping as described in subsection C below, the following applies:

- (1) If another person plants a second crop on any of the PP acreage (first insured crop) after the LPP (FPD if the LPP is not applicable) for the PP crop, then the PP payment will be 35% of the PP payment due for such acreage.
- (2) If a volunteer crop or cover crop is hayed or grazed (by insured or another person) from the PP acreage (first insured crop), AFTER the LPP (or after the FPD if a LPP is not applicable) for the PP crop but prior to November 1, the insured is limited to only 35% of the PP payment for such acreage.
- (3) When a cover crop planted prior to the FPD (or prior to the end of the LPP, if LPP is applicable) is hayed or grazed, refer to 5 A (1) (c) above.
- (4) The PP payment will be limited to 35% of the PP payment due if a cover crop or volunteer crop is swathed or windrowed after the end of the LPP (FPD if no LPP is applicable), but prior to November 1. (If swathed or windrowed prior to the end of the LPP (on or prior to FPD, if no LPP is applicable), no PP payment will be made.)
- (5) First insured crop acreage (PP acreage) cash rented
 - (a) If the insured receives or will receive cash rent for use of the PP acreage (first insured crop), the insured is limited to only 35% of the PP payment due for such acreage.
 - (b) Cash rent, as used in this subsection means cash renting for agricultural use (growing a crop, haying, grazing, etc.) This does not apply when the acreage is cash rented for a non-agricultural use; e.g., hunting.
 - (c) A crop planted, following first insured crop PP acreage, by the person cash renting the acreage is considered the second crop for both the person having the first insured crop and for the person that cash rented the acreage and planted a crop on this acreage.
 - (d) If the first insured crop acreage (PP acreage) is not owned by the insured of the first insured crop acreage and the PP acreage is cash leased by the landlord to another person, the PP payment is limited to 35% of the PP payment due, if after the LPP (FPD if no LPP applies) for the PP crop, the other person cash renting the acreage:
 - 1 Plants a second crop on the PP acreage;
 - 2 Hays or grazes a cover crop or volunteer crop from the PP acreage prior to November 1; or

3 Harvests (for other than haying or grazing) at anytime a volunteer or cover crop from the PP acreage.

(6) First insured crop acreage (PP acreage) share rented

If the first insured crop acreage (PP acreage) is share rented to another person, the PP payment will be limited to 35% of the PP payment due if 1, 2, or 3 of (5) (d) above applies.

C. PP PAYMENT AS IT RELATES TO DOUBLE-CROPPING HISTORY

(1) A full PP payment for a first insured crop is limited to the number of acres that the insured can demonstrate he/she has double cropped and that has historically been double cropped. The insured may receive a full PP payment in the following situations IF ALL of the double cropping qualifications are met, as stated in section 5 C (2), and the:

- (a) First insured crop was PP and the second crop is planted on the same acreage in the same crop year, regardless of whether or not the second crop is insured or sustains an insurable loss;
- (b) First insured crop was PP and the subsequent insured crop is prevented from being planted on the same acreage in the same crop year (cannot call the subsequent PP crop a second crop since it is not a planted crop; refer to definition of second crop);
- (c) First insured crop is planted and the subsequent insured crop is prevented from being planted on the same acreage in the same crop year (cannot call the subsequent PP crop a second crop since it is not a planted crop); refer to definition of second crop); and
- (d) The first planted crop for the crop year is uninsured but insurance is available for the uninsured crop (refer to footnote in (2) (b) below) and a subsequent insured crop is prevented from being planted on the same acreage in the same crop year (the PP crop would be the first insured crop);

(2) Double Cropping Criteria

IF all of the following conditions are met, the insured qualifies for double cropping history:

- (a) It is a practice that is generally recognized by agricultural experts or the organic agricultural experts in the area to plant the insured crop for harvest following harvest of the **first insured crop**;
- (b) Additional coverage insurance offered under the authority of the Act is available in the county for two or more crops that are double cropped (insured is not required to have additional coverage to qualify ^{1/});

^{1/} The two crops claimed as qualifying double-cropped acreage for the current crop year, must both be “insurable” in the current crop year in order to qualify as double-cropped acreage; i.e., insurance offered under the authority of the ACT is AVAILABLE in the county for both crops. Available means that a Federal crop insurance program is offered for the insured crop in the county by either having: (1) actuarial documents on file for the crop in the county (crop not required to be insured), or (2) if no actuarial documents are on file for the crop in the county, the crop is insured via a written agreement.

EXAMPLE: Wheat planted for harvest as grain would have insurance available under the ACT, but wheat planted for haying purposes would not.

- 1 **For the purpose of determining double-crop history, both crops do not have to have been insurable or insured in prior years;** e.g., for the current crop year, the first insured crop is wheat, and the second crop is soybeans. Prior year records show wheat is followed by carrots (there is no insurance program for carrots) in at least two of the last four crop years. If soybeans are planted on the PP wheat acres, the PP wheat acreage qualifies for double-cropping (entitled to 100% PP payment) due to the fact that there was double-cropping history wheat (carrots followed wheat).
 - 2 A crop that has been hayed or grazed (except an insured crop that was released for other use) will not qualify for a historical double-cropping crop.
- (c) **The insured provides records as stated in 1 or 2;**
- 1 **His/her own acreage and production records,** acceptable to the AIP, that show the insured has double-cropped acreage in at least two of the last four crop years in which the **insured crop that is prevented** from being planted in the current year was planted in the county for which the PP claim is being made.
 - a If the insured has double-cropped 100 acres of wheat and soybeans in the county and the insured acquires an additional 100 acres in the county, the insured can apply that history of double cropped acreage to any of the 200 acres in the county as long as it does not exceed 100 acres.
 - b Refer to (3) below for what constitutes acceptable records and the examples in (5) below regarding the insured's own records of double-cropping. When the double-cropping history requirements have been met, based on the insured's own records, the double cropping exemption may be used anywhere in the county.
 - 2 **Another person's acreage and production records,** acceptable to the AIP, that show the exact same acreage in the county on which the PP claim is being made, for the current crop year was double cropped in at least two of the last four crop years in which the **insured crop that is prevented** from being planted in the current crop year was grown by someone else and the insured acquired this exact same acreage.
 - a **FOR EXAMPLE:** If a neighbor has double cropped 100 acres of wheat and soybeans in the county and the insured acquires the neighbor's 100 double-cropped acres and an additional 100 acres in the county, the insured can only apply the neighbor's history of double cropped acreage to the same 1000 acres that the neighbor double cropped.
 - b Refer to (3) below for what constitutes acceptable records and see example (4) in D below for an example of using someone else's double-cropping records. When the double-cropping history requirements have

been met based on someone else's records, the double-cropping exemption may only be used for the exact same acreage for which the double-cropping records were provided.

- (d) The second crop is **NOT** planted on or prior to the FPD, or if applicable prior to the end of the LPP on the first insured crop.
- (e) The amount of acreage the insured is double cropping in the current crop year does not exceed the number of acres for which the insured provides records, as required in (c) above.

(3) Acceptable Double-Cropping Records

Acceptable double-cropping records must include, but is not limited to:

- (a) Crop insurance records that show both production and acres, including records used for APH, claims, appraisals, bin measurements, etc.; or
- (b) Elevator ledger sheets (i.e., settlement sheets from elevator) showing the amount of production from double-cropped acreage (insured has identified the unit/acreage from which the production has come on the settlement sheet, and using farm management or trucking records, insureds can designate which loads shown on the settlement sheet were from double-cropped acreage if production from both double cropped and single cropped acreage is on the same settlement sheet.); and/or
- (c) FSA documents, FSA maps, or bin measurements showing the amounts of production or acreage that was double-cropped.

CLARIFICATION: Potential production from appraised production (including acreage by-passed by a processor) of an insured crop would meet the requirement for records of acreage and production that show double-cropping history; provided it also meets the criteria in (2) above. Short-rated wheat acreage cannot be considered for double-cropping history since such acreage is not appraised and does not meet the criteria in (2) above.

- (4) Double cropping history is specific to the county/policy in which the PP claim is being made. A crop that has been hayed or grazed (except an insured crop that was released for other use) will not qualify for historically double-cropping crop; i.e., a crop was planted and harvested and was followed by another crop on the same acreage within the same crop year that was hayed or grazed.

(5) EXAMPLES OF DOUBLE-CROPPING ELIGIBILITY

EXAMPLE 1: A producer claimed 300 acres of PP wheat for the 2011 crop year. The producer had double cropped 300 acres of wheat and soybeans three years ago on Farm A. This same producer on Farm B (same county) had double cropped 300 acres of wheat and soybeans the previous year. These are the only double cropping records this producer has for the last four crop years in which wheat was planted. This insured would be eligible for 300 acres of double cropping wheat and soybeans for the current crop year in this county.

EXAMPLE 2: For the 2011 crop year, the producer planted and insured 200 acres of wheat and on the same acreage claimed 200 acres of PP soybeans. This producer had double cropped 200 acres of wheat and soybeans for one of the last 4 years in which soybeans were planted on Farm A. The insured has 200 acres of wheat and sunflower double-cropping history on Farm B (same county). These are the only double cropping records this producer has. The insured would not be eligible for 200 acres of double cropping soybeans and would not be eligible for a PP soybean payment.

EXAMPLE 3: The insured has history of 200 acres of double-crop wheat/soybeans. The insured claimed 150 acres of PP winter wheat on field A for the 2011 crop year and plants and harvests 150 acres of 2011 winter wheat on field B. Subsequently, in the spring the insured is prevented from planting the double-crop soybeans. If the insured is paid at 100% on the 150 acres of PP wheat on field A and no PP soybeans were claimed on the field A or no second crop was planted on field A, the insured would still have 200 acres of double-cropping eligibility that could be used. In this case, the insured could claim and receive 100% PP on soybeans on field B, provided all other policy conditions are met.

EXAMPLE 4: The insured, farmer Brown, has no double-cropping history of his own in the county in which the PP soybean claim is being made. However, part of the land the insured, farmer Brown, is farming this crop year is land farmer Brown acquired from another person (John Doe).

Out of 10 fields in the county the insured farms, 7 fields are first 1st crop soybeans and 3 fields (fields A, B, C in tract 1044 of section 20) are PP soybeans (following a 1st insured wheat crop). Of those 10 fields, two of those fields (fields A and C) were purchased from John Doe and farmed by John Doe in previous crop years. John Doe has double-cropping records for 5 fields of wheat followed by soybeans in the county for two of the last four crop years in which soybeans were planted. John Doe's records show that two of these fields are fields A and C, the exact same acreage on which the insured, farmer Brown, planted the wheat followed by PP soybeans. Field B is not the same exact acreage.

Farmer Brown will receive a 100% Wheat indemnity and 100% PP soybean payment on field A and C. However, farmer Brown is not eligible to receive a soybean PP payment on field B since the 1st insured crop, wheat was planted prior to the FPD for soybeans and field B was not one of the fields for which John Doe had double-cropping history.

EXAMPLE 5:

INSURED CROP FOR 2011 CROP YEAR: PLANTED WHEAT	SUBSEQUENT INSURED CROP IN 2011: PP SOYBEANS
HISTORY:	HISTORY: All soybeans planted acreage below was harvested.
2005 CY 100 acres of wheat harvested	2005 CY 100 acres of soybeans planted on wheat acreage.
2006 CY 200 acres of wheat harvested	2006 CY 200 acres of soybeans planted on wheat acreage.
2007 CY 0 acres of wheat planted	2007 CY 300 acres of soybeans planted
2008 CY 0 acres of wheat planted	2008 CY 250 acres of soybeans planted
2009 CY 300 acres of wheat; not harvested/not appraised.	2009 CY 300 acres of soybeans planted on wheat acreage
2010 CY 0 acres of wheat planted.	2010 CY 200 acres of soybeans planted
<p>The insured does not have double cropping records for two of the last four crop years in which soybeans were planted. You cannot count 2009 as a double cropping year because the unharvested wheat acreage was not appraised. The insured is not eligible for a PP soybean payment since the insured does not have records of two years of double-cropped soybeans.</p>	

EXAMPLE 6

<p>First Crop Planted for 2011 crop year:</p> <p>Wheat Planted but not insured (Insurance is available for wheat in this county.)</p> <p>History:</p> <p>2005 CY 100 acres of wheat harvested 2006 CY 200 acres of wheat harvested 2007 CY 0 acres of wheat planted 2008 CY 0 acres of wheat planted 2009 CY 300 acres of wheat; not harvested/not appraised. 2010 CY 0 acres of wheat planted.</p>	<p>First insured crop for 2011:</p> <p>Subsequent insured crop in the 2011 crop year is PP Soybeans and is the first insured crop.</p> <p>History:</p> <p>All soybeans acreage planted below was harvested.</p> <p>2005 CY 100 acres of soybeans planted on wheat acreage. 2006 CY 200 acres of soybeans planted on wheat acreage. 2007 CY 300 acres of soybeans planted 2008 CY 250 acres of soybeans planted 2009 CY 0 acres of soybeans planted 2010 CY 0 acres of soybeans planted</p>
<p>Based on the insured crop (PP soybeans), the insured has only 100 acres of soybean double-cropping history because there is only 100 acres of double cropping history in two of the past four crop years soybeans were planted.</p> <p>In the last four crop years soybeans were planted, there were two years that soybeans were planted and harvested in the same crop year that wheat was planted and harvested – 2005 and 2006, and out of those two years, only 100 acres were planted in both of those years. Two hundred acres could not qualify as the double-cropped acreage because 200 acres of soybeans were not planted in both years.</p>	

Refer to 12 D (3) for a much more detailed example of double cropping history and also refer to PAR. 49 of the LAM for additional examples.

(6) This chart summarizes the effects planting a second crop and double cropping requirements have on PP payments and premiums of a first insured crop.

ACREAGE OF 1 ST INSURED CROP WAS PP:			
Is a 2 nd crop planted on the same acres?	Does the acreage qualify for double cropping?	Is the 2 nd crop planted on or before the FPD or during the LPP of the 1 ST insured crop?	Then the applicable percent of PP payment and premium for 1 st insured crop is 1/:
NO	Not applicable	Not applicable	100%
YES	NO	NO	35%
YES	NO	YES	NONE
YES	YES	NO	100%
YES	YES	YES	100%

1/ Additional restrictions may apply

(7) Limitations of Number of Double Cropped Acres

- (a) The receipt of a full PP payment on both crops that are double cropped is limited to the number of acres for which the insured can demonstrate he/she has double cropped or that have been historically double cropped as specified in (1) (c) above. Ratios for increasing PP eligibility do not apply to double-cropping history. For example: If the producer has the two years of required history and double cropped 40 acres one year and 50 acres in the other, then 40 acres would qualify for the double cropping exemption.
- (b) If the first insured crop is PP wheat and a second crop is planted, the insured qualifies for 200 acres of double cropping wheat based on the highest number of double cropped wheat acres in two of the last four crop years in which wheat was planted and harvested or appraised, and the insured reports 205 acres of PP wheat, the insured would only qualify to receive 100% payment on 200 acres based on the insured's double cropping history of 200 acres, and the other 5 acres would be subject to the 35% PP payment and APH reduction.
- (c) If the first insured crop is planted wheat (205 acres), and the subsequent insured crop is PP soybeans (205 acres), the 5 acres would be removed from the acreage report because those acres do not qualify for a PP payment.

D. REVISED ACREAGE REPORTS DUE TO CHANGE IN STATUS OF A SECOND CROP OR DISPOSITION OF SECOND CROP ACREAGE

Changes in the status of first insured crop reductions due to the actions of the insured require a revised acreage report. Refer to Section 7 below.

E. LOSS ADJUSTMENT INVOLVING FIRST/SECOND CROP ACREAGE

- (1) When the insured does not meet the double cropping requirements, the AIP may allow the insured to certify to the following at the time of the first inspection and pay 100% of the PP payment (first insured crop) due; provided the insured owns or has control of the first insured crop acreage for the rest of the crop year:
 - (a) A second crop will not be planted on the PP acreage;
 - (b) An approved cover crop or volunteer crop will not be hayed or grazed from the PP acreage prior to November 1, or harvested (for other than haying or grazing) at any time); and
 - (c) The PP acreage will not be cash rented to another person.
- (2) If the insured is a tenant and does not have control of the land for the rest of the crop year, an insured cannot certify to the items in subsection E (1) above. However, the AIP may accept the landlord's certification to the items in E (1) above.
- (3) If the AIP allows insureds to certify to the information listed in E (1) and based on this certification, the AIP pays 100% of the PP claim shortly after the first field inspection of the PP acreage, the AIP should spot check a percentage of these to verify that what the insured certified to (or the landlord certified to, if applicable) has not changed.
- (4) If the AIP does not allow insureds (or a particular insured) to certify to the information in E (1), the AIP must make the first inspection as stated in Section 8 and, except when double cropping requirements have been met, will make an initial payment of 35% of the PP payment due if all other PP requirements are met.
- (5) When 35% of the PP payment has initially been made, determination of whether the other 65% of the PP payment is due cannot be made until the earlier of:
 - (a) It is known that a cover crop or volunteer crop has been hayed or grazed prior to November 1;
 - (b) The insured (or the insured's landlord) certifies after November 1 that any volunteer or cover crop will not be harvested for other than haying or grazing; or
 - (c) The volunteer or cover crop has been plowed under or otherwise destroyed.
- (6) Refer to Section 8 for field inspection procedures of the PP acreage.
- (7) Refer to Section 10 for specific procedures for completing the first insured crop acreage claim (PP payment claim) when second crop acreage is involved.

6. PREMIUM

- (1) The premium for PP is based upon the original per-acre production guarantee for timely planted acreage, less any premium for acreage deleted (by a revised acreage report) that was not eligible for PP coverage. If the premium amount for acreage that the insured is required to pay (gross premium less FCIC subsidy) for PP acreage exceeds the liability on such acreage, no premium will be due (coverage will not be provided for those acres and no PP payment will be paid for such acreage). For premium reduction when the first insured crop is prevented from being planted, and a second crop is subsequently planted or other actions taken on the PP acreage that requires reduction of the first insured crop PP payment, refer to Section 5.
- (2) When there is a Hail and Fire Exclusion in effect for a crop, premium is not reduced on acreage of the crop eligible for PP.

7. ACREAGE REPORTING

The acreage report is the primary tool for establishing the liability for all timely planted, LP and PP acres.

A. INSURED'S RESPONSIBILITIES

- (1) On or before the acreage reporting date, report all timely planted, LP, and PP acreage along with any information required to complete an accurate initial acreage report (also see subsection E below for acreage reporting dates).
- (2) Report the correct unit number in which the PP acres (fields) of the insured crop are physically located. The correctly reported acreage may be revised by the AIP when remaining eligible acres from another unit or crop must be used to make the PP payment as stated in Section 4 F (8) (b).
- (3) Report any change in status of any PP acreage, including but not limited to the following changes:
 - (a) The insured certified a second crop would not be planted but it was subsequently planted (by the insured or any other person; e.g., by person to whom the insured (or landlord, if insured is the tenant rather than owner of the acreage) cash rented the acreage);
 - (b) The insured initially stated a second crop would be planted, but it was **never** planted on the PP acreage. The AIP verifies this to be true;
 - (c) The insured initially certified that the volunteer crop or cover crop would not be hayed or grazed, but the insured subsequently hayed or grazed the crop after the LPP (FPD if no LPP is applicable) for the PP crop but prior to November 1; or

- (d) A volunteer or cover crop is harvested for other than haying or grazing at any time after the LPP (FPD if no LPP is applicable) for the PP crop (even after November 1). The PP payment for the first insured crop (PP) acreage is reduced to 35% of the PP payment if the cover crop WAS NOT planted within or prior to the LPP for the crop claimed as PP. If the cover crop was planted within or prior to the end of the LPP for the crop claimed as PP, no PP payment is allowed.
- (4) Identify on the acreage report (or on an attachment) all uninsurable and ineligible PP acreage and the factors used in that determination. Factors used to determine uninsurable and ineligible acreage include, but are not limited to the following:
 - (a) Acreage planted for an uninsurable use (e.g., planted for pasture, etc.),
 - (b) Adjustment of reported acreage due to eligible PP acreage limitations,
 - (c) A volunteer or cover crop on the PP acreage (first insured crop) is hayed, grazed, or otherwise harvested prior to or within the LPP (prior to or on the FPD if no LPP is applicable) for the PP crop, etc.
- (5) A revised acreage report must be prepared by the agent as needed. See subsection I below for revised acreage report examples.
- (6) Acreage planted to the insured crop after the LPP (after the FPD for crops that do not have a LPP) must be reported appropriately as insured or uninsured acreage and must include the date planted.

B. AIP's RESPONSIBILITIES

The AIP is responsible for assuring:

- (1) Before processing a PP payment, the adjuster and/or another person contracted or employed by the AIP who is a certified loss adjuster (in accordance with the SRA) and who does not have a conflict of interest performing loss adjustment duties, has verified that all PP eligibility requirements have been met for the acreage claimed as PP.
- (2) Retaining documentation of notification and any actions taken for adjuster verification and review.
- (3) Inform insureds that actions subsequent to the first insured crop (PP acreage) may reduce or negate their PP payment (actions by the insured or someone else). Refer to Section 5 for information regarding reduction or disqualification of PP payments.

C. LOSS ADJUSTER'S RESPONSIBILITIES

When completing a claim for a PP payment, verify eligible PP acreage, whether all other PP requirements have been met, and whether the correct PP guarantee has been reported and processed.

D. INTENDED ACREAGE REPORT

- (1) **WHEN, IN THE FOUR MOST RECENT CROP YEARS^{1/}, AN INSURED DID NOT PLANT ANY CROP IN THE COUNTY FOR WHICH PP INSURANCE WAS AVAILABLE OR HAS NOT RECEIVED A PP INSURANCE GUARANTEE**, the insured must do the following:

Complete and submit an intended acreage report to the AIP for the purpose of establishing the potential maximum number of eligible PP acre:

- (a) Prior to or on the SCD for the purpose of establishing the potential maximum number of eligible PP acres, or
- (b) Within 10 days of the time the insured acquired the acreage if on the SCD, the insured did not have any acreage in a county and subsequently acquires acreage by a method described in section 4 F (3) in time to plant the insured crop using a good farming practice.
- (2) For the purpose of determining the maximum eligible number of PP acres, the total number of acres reported on the intended acreage report cannot exceed the number of acres of cropland^{1/} available for planting in the insured's farming operation at the time the report is submitted.

1 To conform with this policy provision, if the total acres submitted on the intended acreage report exceeds the number of cropland acres in the insured's farming operation, the AIP must reduce any over-reported acres on a pro-rata basis, as shown below, so the total acres do not exceed the actual acres available for planting at the time the report was submitted.

2 Steps for prorating total acres and example when the acres on the intended acreage report exceed the cropland^{1/} acres at the time the intended acreage report is submitted

Assume the cropland^{1/} acres for this example is 700.0 acres

STEP 1: Total the number of acres on Intended Acreage Report.

425.0 ac – soybeans
1,000.0 ac – corn
+ 575.0 ac – Dry Beans
2,000.0 Total Acres (TA)

^{1/} Cropland for insurance purposes is only land that is available for planting.

STEP 2 Divide the acres of each crop by the total acres, rounded to nearest whole percent to determine the percent of total acres reported for each crop.

425.0 ac. soybeans/2,000.0 TA = .2125 = 21% soybean acres
1,000.0 ac. corn/2,000.0 TA = .5000 = 50% corn acres
575.0 ac. dry beans/2,000.0 TA = .2875 = 29% dry bean acres

STEP 3 Multiply the percent of acres (converted to decimal) for each crop by the cropland^{1/} acres available.

soybeans - .2125 x 700 cropland^{1/} acres = 147.0 prorated acres
corn - .5000 x 700 cropland^{1/} acres = 350.0 acres prorated acres
dry beans- .2875 x 700 cropland^{1/} acres = 203.0 prorated acres

STEP 4 Adjust the acres for each crop on the intended acreage report to the acre results for each crop in Step 3.

- (3) If the insured acquires additional acreage after the AIP accepts the intended acreage report, the number of acres on the intended acreage report (or adjusted intended acreage report if (2) above applies) may be increased by multiplying it by the ratio of the total cropland^{1/} acres that the insured is farming in the current crop year (if greater) to the number of acres listed on the intended acreage report if the insured submits proof to the AIP that for the current crop year, the insured acquired acreage by a method described in section 4 F (3) in time to plant using a good farming practice and no cause of loss has occurred at the time the insured acquired the acreage that may prevent planting.

EXAMPLE:

700 acres on the intended acreage report submitted on the SCD

200 acres are subsequently added to the insured's farming operation.

Insured notifies the AIP within 10 days after acquiring acreage and provides proof of the method he/she acquired the cropland^{1/}. It is determined it was acquired in time to plant using good farming practices.

Current cropland^{1/} acres divided by acres on intended acreage report (900/700= 1.2857)

Multiply the factor (1.2857) by the acres of each crop on the intended acreage report to increase the acres of each crop proportionately.

^{1/} Cropland for insurance purposes is only land that is available for planting.

(4) The eligible PP acres established by an AIP-approved intended acreage report, by crop, cannot be altered when acres are reported at acreage reporting time, unless it is discovered:

(a) The acres on the intended acreage report exceeds the cropland¹ acres; or

For example: If the intended acreage report indicates 1,000 acres of corn, the insured cannot later claim 500 acres of PP corn and 500 PP soybean acres. The PP acres must remain as PP corn. Also, see example in subsection I below (revised acreage report examples).

(b) When it is found that the insured had previously planted a crop for the same crop year (e.g., winter wheat) and the insured had submitted an intended acreage report for spring planted crops, the cropland¹ acres must be adjusted for the planted acres before the calculation for pro-rating acres as indicated in (2) or (3) above. Otherwise, the intended acreage report cannot be adjusted.

(5) The Application or Application/Acreage Report form must have a block clearly marked “Intended Acreage” to record acreage intended to be planted for a crop in order for acreage shown on an application to be considered “intended acreage” as stated in the prevented planting provisions of the Basic Provisions. Acreage entered in a block marked “Acreage or “Est. Acres” or “Estimated Acreage” cannot be considered “intended acreage.”

E. ACREAGE REPORTING DATE

- (1) If all insurable acreage is planted by the FPD, the acreage report is due by the published acreage reporting date for the crop shown in the Special Provisions, unless the insured insures multiple crops. If the insured insures multiple crops with the same AIP with FPDs on or after:
 - (a) August 15th but before December 31, the acreage reporting date for all such crops will be the latest applicable acreage reporting date for such crops with these FPDs.
 - (b) December 31 but before August 15, the acreage reporting dates for all such crops will be the latest applicable acreage reporting date for these crops with these FPDs.
- (2) For LP, PP, or a combination of timely planted, LP, or PP acreage, the acreage report is due the later of: (1) the date for the crop shown in the Special Provisions, or (2) if multiple crops are insured with the same AIP, the latest applicable reporting date for such crops (FPDs of August 15th but before December 31, and December 31 but before August 15) are considered two separate reporting dates), or (3) 5 days after the end of the LPP (no LPP for ELS cotton or wheat and barley under the terms of the Winter Coverage Endorsement.)
- (3) Filing acreage reports for LP or PP acreage does not extend the policy-stated acreage reporting period nor the 10-week requirement for acreage data transmission for full commission reimbursement.

^{1/} Cropland for insurance purposes is only land that is available for planting.

F. SEPARATE LINE ENTRIES ON ACREAGE REPORT

- (1) Separate line entries are required on the acreage report for the following:
 - (a) Basic, enterprise, and optional units, and within each unit, separate line entries for differing practices, types, varieties, shares, APH yields, and risk classifications.
 - (b) For whole farm units, a separate line for each crop and for each crop with differing practices, types, varieties, shares, APH yield, and risk classifications;
 - (c) Timely planted acres (full production guarantee);
 - (d) LP acres, with a separate line entry for each day of planting during the LPP, or if insurable, acreage planted after the LPP or after the FPD for crops that do not have a LPP (with a reduced production guarantee based upon the planting date); and
 - (e) Eligible PP acres eligible for 100% of the PP payment. Refer to Section 5.
 - (f) Eligible PP acreage limited to 35% of the PP payment. Refer to Section 5.
- (2) The total amount of PP and planted acres cannot exceed the maximum number of acres eligible for PP coverage.

G. IDENTIFYING PP ACREAGE ON THE ACREAGE REPORT

For...	Enter...
acreage eligible for a PP payment	as instructed by the AIP, the respective PP coverage codes "P2, PF, or PT" or respective PP coverage percentage. (The appropriate guarantee will be applied by line.) Refer to PP codes in Table in subsection 10 A.

Multiple cropping codes shown on acreage reports or a Summary of Coverage are as follows:

No Code = 100% premium for PP acreage.

PR = A premium reduction (65%) for first insured crop (PP) when the PP payment is also reduced 65%.

RP = Revised acreage report to restore the premium to 100%.

H. MISREPORTED PP INFORMATION ON THE ACREAGE REPORT OR FAILURE TO REPORT ANY PP ACREAGE FOR A CROP ON THE ACREAGE REPORT

- (1) Refer to section 7 I for information about revising the PP information on an acreage report.
- (2) If no PP acreage is reported on the acreage report by the acreage reporting date, no revisions can be made to the acreage report to add PP acreage. Refer to section 7 I also.

- (3) Filing a Notice of Loss **on or** prior to the acreage reporting date, even if the number of PP acres is reported on the Notice of Loss, **is not considered as reporting PP acres for the acreage report. The insured must still report these acres on the required acreage report form by the acreage reporting date.**

I. REVISED ACREAGE REPORTS

(1) WHEN INSUREDS CAN AND CANNOT REVISE PP ACREAGE REPORT INFORMATION

- (a) **ON OR BEFORE THE ACREAGE REPORTING DATE – The insured can change any information on any initially submitted acreage report, except as provided in (c) below without the AIPs consent. For example, the insured can add acreage of the insured crop, or correct a share.**
- (b) AFTER THE ACREAGE REPORTING DATE - PP acres for a crop that were not reported by the acreage reporting date cannot be added after the acreage reporting date. This would apply if the insured reported “0” acres or if the insured reported the incorrect acres. However, with the AIP's approval, PP acreage information can be revised by the AIP after the acreage reporting date if the insured can provide adequate evidence that the AIP, agent or someone from the USDA committed an error regarding the acreage information the insured reported. Refer to the LAM for correctable errors.
- (c) **The insured CANNOT revise the insured's initially submitted acreage report AT ANY TIME (and the AIP cannot approve) to change the insured crop or type that was reported as prevented from planting on the acreage report, unless the insured can provide adequate evidence that the insured did report the correct crop or type, but the AIP, agent, or someone from the USDA committed an error regarding the crop or type shown on the processed acreage report.**

(2) WHEN THE AIP MUST REVISE THE PP ACREAGE

The AIP must process revised acreage reports for PP acres in the following situations:

- (a) The acres are not eligible for a PP payment; refer to section 4 G for additional reasons:
- 1 If the reported PP acres exceed the number of acres for the crop, crop type, or variety on the intended acreage report (when intended acreage report is applicable to establish the maximum eligible PP acres) and the insured does not qualify for increasing the intended acres as specified in section 4 F (3), the acreage report must be revised to reduce the acres to those established on the intended acreage report for the crop.
 - 2 **There were PP acres on the insured's acreage report for a crop that requires the insured to submit an intended acreage report by a specific deadline set (refer to section 4 F (3) to establish the maximum eligible PP acres, but:**

- a The insured failed to turn in the required intended acreage report or failed to submit it by the deadline set forth in Section 4 F (3);
- b The total number of acres on the intended acreage report exceeds the cropland acres in the insured's farming operation;
- c A cause of loss occurred if a cause of loss that may prevent planting occurred before the acreage was acquired.

3 The acreage is not insurable.

4 The insured was not prevented from planting due to an insured cause.

These situations may have occurred because the acreage was reported incorrectly (i.e., it never qualified) or because the insured's action disqualified the acreage reported as PP.

Refer to subsection 7 A (3) for examples. If the adjuster discovers during the loss adjustment inspection that the acreage report has not been revised when the situation requires that it be revised, the acreage report must be revised by the adjuster or the adjuster must provide the information needed for the revision to the AIP.

- (3) If all the PP acres reported for the unit are found to be ineligible for PP coverage, the acreage report must be revised. However, if there is a combination of planted and PP acres, revised acreage reports to delete ineligible PP acres do not have to be made by the adjuster/AIP at the time the PP claim is worked, unless the AIP's claim processing system will not automatically:
- (a) Refund excess premium, and
 - (b) Reduce the liability to the "determined liability" for over-reported PP acres.

EXAMPLE:

The liability calculated from the acreage report for the unit is \$180 (\$100 for LP acreage and \$80 for PP acreage). However, the "determined acres" liability is \$150 (\$100 for LP and \$50 for PP acreage). Premium would be refunded for the over-reported PP acres.

- (4) Revisions to raise liability at loss time are not permitted except as noted in the examples below and as stated in Part 2, Section 3 of the LAM.

(5) **EXAMPLES OF REQUIRED REVISED ACREAGE REPORTS FOR PP ACRES**

IF...	THEN...
the insured initially certifies PP acreage will be left idle, but the insured later plants it to a second crop within the LPP for the PP crop, and the insured does not meet the double cropping requirements,	revise the acreage report to delete this ineligible PP acreage. If the insured has an active policy for the crop planted, and the crop has not been reported, the acreage report may be revised to add the crop acreage if it is prior to the acreage reporting date for the planted crop. If it is after the acreage reporting date for the planted crop, the revised acreage report may be revised to add the crop as insured acreage IF a crop inspection is performed and the crop meets the criteria for accepting unreported acreage (unreported unit, if applicable), as outlined in procedures for crop inspections in the LAM.
the insured reported PP acres for a crop for which no eligible PP acres are provided under the policy (e.g., 100 acres of soybeans with no crop insurance history) but has eligible PP acres for another crop (e.g., 90 acres of corn).	Refer to subsection 11 E for example.
the insured reported 100 PP acres of black turtle beans, and the insured's dry bean history in the 4 most recent policy crop years shows the maximum acres for types of dry beans are: 10 acres for black turtle beans and 90 acres for navy beans	revise the acreage report to show 10 acres of PP acres for black turtle beans and 90 acres PP for navy beans.
acreage reported as PP is found to not be eligible for PP coverage	revise the acreage report to delete this ineligible acreage from the acreage report.
acreage reported as PP acres to be left idle, ***is planted to crop reported as PP after the LPP (after the FPD if LPP is not applicable)	revise the acreage report to delete the PP acreage. If acreage is planted after the LPP (or after FPD if LPP is not applicable), the acreage report is revised to show the acreage as insured or uninsured depending on the insured's choice. ***
it is verified that the PP acreage of the insured crop is physically located in a different unit than was reported on the initial acreage report,	revise the acreage report to reflect the correct unit in which the PP acreage is located.
the number of reported PP acres exceeds the number of acres eligible for a PP payment,	revise the acreage report to delete the number of acres that exceed the number of acres eligible for a PP payment.
the acreage reported as PP according to the insured's practices/rotational requirements show the acreage would have remained fallow or been planted to another crop than the crop reported as PP,	revise the acreage to remove the ineligible acres.

EXAMPLES OF REQUIRED REVISED ACREAGE REPORTS FOR PP ACRES (Continued)

IF...	THEN...																		
<p>the number of PP and planted acres reported do not match the PP and the planted acres that were determined to exist and the total number of determined acres do not exceed the reported acres for the unit; and:</p> <p>(1) the PP acres are not increased, and all other PP eligibility requirements are met, and</p> <p>(2) The planted acres pass a crop inspection in accordance with the criteria for increasing liability stated in the LAM.</p>	<p>revise the acreage report to reflect the number of acres of PP and planted acres that were actually determined to exist.</p> <p>EXAMPLE:</p> <table data-bbox="662 394 1323 651"> <tr> <td>Reported Acres</td> <td>50 planted</td> <td>\$ 5,000 liab.</td> </tr> <tr> <td></td> <td>100 PP</td> <td><u>\$ 6,000 liab.</u></td> </tr> <tr> <td></td> <td>$\frac{1}{2}$Total liab. =</td> <td>\$11,000 liab.</td> </tr> <tr> <td>Determined Acres</td> <td>75 planted</td> <td>\$ 7,500 liab.</td> </tr> <tr> <td></td> <td>75 PP</td> <td><u>\$ 4,500 liab.</u></td> </tr> <tr> <td></td> <td>$\frac{1}{2}$Total liab. =</td> <td>\$12,000 liab.</td> </tr> </table> <p>If the planted acreage did not pass the crop inspection, the PP acres that were not prevented from planting (25 acres in this case) would have to be removed, and the planted acreage could not be added.</p> <p>***</p>	Reported Acres	50 planted	\$ 5,000 liab.		100 PP	<u>\$ 6,000 liab.</u>		$\frac{1}{2}$ Total liab. =	\$11,000 liab.	Determined Acres	75 planted	\$ 7,500 liab.		75 PP	<u>\$ 4,500 liab.</u>		$\frac{1}{2}$ Total liab. =	\$12,000 liab.
Reported Acres	50 planted	\$ 5,000 liab.																	
	100 PP	<u>\$ 6,000 liab.</u>																	
	$\frac{1}{2}$ Total liab. =	\$11,000 liab.																	
Determined Acres	75 planted	\$ 7,500 liab.																	
	75 PP	<u>\$ 4,500 liab.</u>																	
	$\frac{1}{2}$ Total liab. =	\$12,000 liab.																	
<p>in the 4 most recent policy crop years, an insured has not planted any crop in the county for which PP insurance was available or has not received a PP insurance guarantee, and the insured reports that he/she intends to plant all his/her cropland acres (1,000 acres) to fall wheat on the intended acreage report prior to the sales closing date for fall wheat, and the insured later reports 500 PP acres for wheat and 500 PP acres for corn by the acreage reporting date,</p>	<p>revise the acreage report to list 1,000 wheat PP acres if it is determined that the insured was prevented from planting all 1,000 acres due to an insurable cause. The acreage report must be revised to 1,000 wheat PP acres because the insured did not have any eligible PP acres for corn due to the eligible acres being established on the intended acreage report in accordance with the Basic Provisions (i.e., eligible PP acres for producer who in the 4 most recent policy crop years has not planted any crop in the county for which PP insurance was available or has not received a PP guarantee).</p>																		

8. FIELD INSPECTIONS

A. GENERAL INFORMATION

During the field inspections verify all of the following, and document all applicable items:

- (1) Whether there was an insured cause of loss that prevented the insured from planting the insured crop, and if so, what the insured cause of loss was;
- (2) Whether the insured cause of loss occurred during the PP insurance period;

- (3) Whether PP acreage was or will be planted to a second crop by the insured and the planting date if a crop was planted at the time of the inspection;
- (4) Whether PP acreage was or will be planted to a cover crop that was or will be hayed, grazed, or otherwise harvested, and if it was hayed, grazed, or otherwise harvested at the time of the inspection, the date of such disposition;
- (5) Whether a volunteer crop was or will be hayed, grazed, or otherwise harvested, and if it was hayed, grazed, or otherwise harvested at the time of the inspection; the date of such disposition;
- (6) Whether the insured will receive cash rent for any of the PP acreage;
- (7) If the land is not owned by the insured, whether the insured's landlord cash rented or is going to cash rent the PP acreage to another person for the purpose of planting a crop for harvest, or haying or grazing a cover crop or volunteer crop prior to November 1, or harvesting the cover crop or volunteer crop for other than haying or grazing at any time; and
- (8) Whether PP acreage was left idle.

B. WHEN FIELD INSPECTIONS ARE TO BE DONE

- (1) An inspection must be made as soon as possible after the AIP has received the insured's PP notice to ensure an insured cause of loss occurred during the PP insurance period and to ensure the cause of loss did prevent the acres from being planted when:
 - (a) There is not a known cause of loss in the geographic area where the insured states he/she has been prevented from planting;
 - (b) Only a minimal percentage of the insureds in the AIP's book of business for a particular area turned in PP notices;
 - (c) It does not seem reasonable for the respective acreage to have been prevented from planting (e.g., acreages of lower elevation have been affected but this acreage is of higher elevation and should not have been affected); or
 - (d) The AIP has reason to suspect the insured of misrepresentation in the past.
- (2) In geographic areas where a known cause of loss has prevented planting (unless (1) (c) or (d) applies), at least one field inspection must be made by the earlier of:
 - (a) Fifty-five (55) days after the **FPD** (the **LP** date for the crop in the county for spring-seeded barley, oats or wheat) for the insured crop (Refer to subsection **10 I.**), or
 - (b) The general harvest date for the crop in the area. At that time, a revised acreage report must be prepared if necessary (Refer to subsection 7 I), and the PP claim finalized if possible. Refer to subsection **10 I.**

- (3) On the first inspection of the PP acreage, if the insured states he/she does not plan to plant a second crop for harvest, plan to hay, graze or otherwise harvest a cover crop or volunteer crop, or to cash rent the acreage and the insured owns the acreage or has control of the acreage for the crop year via a lease agreement, the AIP may obtain a signed certification from the insured stating such and pay the insured 100% of the PP payment, provided all other PP eligibility requirements are met. Refer to Section 5 E for additional information.
- (4) Final inspections/PP payments cannot be made until after the end of the LPP for the PP crop (FPD if no LPP is applicable) because all eligibility requirements cannot possibly be verified prior to this date since planting a crop prior to this date affects eligibility.

9. REPLANTING PAYMENT ELIGIBILITY

Replanting payment eligibility is determined on a unit planted-acre basis. Acreage prevented from being planted is not considered when determining eligibility for a replant payment. See additional information about replanting payments in the LAM and the appropriate crop handbook.

10. CLAIMS

A. PP CODES FOR CLAIMS

PP Codes	Explanation
P2	When the PP coverage for the insured crop stated in the Basic Provisions is applicable and acreage of the insured crop is prevented from planting. Applicable policy percentage is 60 percent coverage for all crops eligible for PP except: hybrid seed corn, cotton, ELS cotton, and peanuts (50 percent); onions, rice, and sugar beets (45 percent); green peas, processing beans, and processing sweet corn (40 percent); tobacco (35 percent); and potatoes (central and southern and northern) (25 percent).
PF	When the insured has additional coverage and elects a 5 percent increase of the policy stated PP coverage, if provided in the actuarial documents, by the SCD and acreage of the insured crop is prevented from planting and all requirements for a PP payment have been met.
PT	When the insured has additional coverage and elects a 10 percent increase of the policy stated PP coverage, if provided in the actuarial documents, by the SCD and acreage of the insured crop is prevented from planting and all requirements for a PP payment have been met.
PA	Indicates “planted acres;” i.e., not prevented from planting. Used only when a claim is prepared solely as a PP payment.
P2P, PFP, or PTP	Used ONLY on an Indemnity Payment claim (planted acres) when a PP Payment Claim was previously paid or prepared via a PP Payment Claim. These codes indicate a PP payment (showing the appropriate PP coverage) was previously paid or will be paid for the acreage shown on that line of the claim form; i.e., if a PP payment for 25 acres of corn at 60% PP coverage was previously paid, the line with the 25 acres would be coded “P2P.”

B. CLAIM ENTRY INSTRUCTIONS

With the exception of the instructions for PP acreage in the following table, adjusters are to follow instructions in the appropriate crop handbooks.

Item Name & Number	Entry Instruction
“Date Harvest Completed” column of the claim form	<ul style="list-style-type: none"> ▪ If insured crop acreage was prevented from being planted to the intended crop and such acreage meets all of the requirements for a PP payment, enter “P2,” “PF,” or “PT” as appropriate for the insured’s selected PP coverage. ▪ If any acreage on the unit was planted to the insured crop, determine the entry as instructed in the appropriate crop handbook.
“Stage” column of the claim form	<ul style="list-style-type: none"> ▪ When acreage is eligible PP acreage, enter the appropriate PP code. ▪ If the claim is being prepared solely for a PP payment, enter “PA” for any acres that have been planted. ▪ If the claim is being prepared solely for an Indemnity Payment Claim, and there has been a previously prepared PP claim, enter, as appropriate, “P2P,” “PFP,” or “PTP.” <p>See codes in Table in subsection A above.</p>
“Intended or Final Use” column of the claim form.	<ul style="list-style-type: none"> ▪ If PP code in the “Stage” column is P2, enter “P2.” ▪ If PP code in the “Stage” column is PF, enter “PF.” ▪ If PP code in the Stage column is PT, enter “PT.” ▪ If code in the Stage column is PA, enter “Planted Acres.” (USE ONLY ON CLAIMS PREPARED SOLELY FOR PP PAYMENT.) ▪ If code in the Stage column is P2F, PFP, or PTP, enter “Prev. Paid.”

C. MULTIPLE CROPPING CODES ON THE CLAIM FORM

Refer to the LAM for specific codes and entry instructions when a crop (second crop) has been planted on any of the PP acreage that is the first insured crop or there are other actions taken on the same acreage that affect the PP payment. Refer to Section 5.

D. APH FOR PP ACREAGE

- (1) PP acreage upon which the PP payment was not limited to 35% (i.e., a second crop was not planted (second crop as defined in the Basic Provisions) within the same crop year) will NOT be included in APH records when there are planted and PP acres within the same unit; e.g., 100 acres PP and 200 acres planted within the same unit - only the 200 planted acres will be reported on the APH record for the unit. If none of the acreage for the unit was planted, it will be considered a zero-planted year for APH record purposes. However, if the PP payment is limited to 35% (i.e., a second crop is planted on the PP acreage (second crop as defined in the Basic Provisions) within the same crop year and the insured acreage does not qualify for double cropping), the insured will receive a yield equal to 60 percent of the approved yield for the first insured crop PP acreage to calculate the insured's average yield for subsequent crop years on this acreage.
- (2) The first insured crop PP acreage's APH yield will be impacted for the crop that was prevented from being planted, even when the PP payment may have been based on another crop. For example: The insured met all policy requirements for a PP payment for corn but did not have any remaining PP acres for corn but did for soybeans. So, the PP payment is based on soybeans. If a second crop is planted, the corn APH yield will be impacted.

E. INDEMNITY AND/OR PP PAYMENT DETERMINATIONS

- (1) Planted Acreage (timely or LP)
 - (a) Any harvested or appraised production from the insured crop, regardless of when planted, will be counted against the unit guarantee for timely and/or LP acreage UNLESS it is production from acreage that was planted for an uninsured use, planted on uninsurable land, and/or planted after the LPP and is not insurable - (Refer to Part 5 of the LAM regarding Late Planting Coverage, and section 4 C (5) (b) in this handbook). If the crop was planted for an originally insured use (e.g., corn for grain) and:
 - 1 Harvested for such use, the production will be counted on that basis (bushels of grain).
 - 2 Subsequently put to another use, an appraisal must be made on the basis of the original intended use. If notice was not given prior to destruction of the crop or harvest for another use, not less than the appropriate guarantee will be assessed on such acreage.
 - (b) Production from uninsured acreage of the insured crop MUST be kept separate or it will be considered production to count for the insured acreage.

(2) PP Acreage

The guarantees for timely, LP, and PP acreage are determined separately. Production from planted acreage (timely and LP) is not counted against the PP guarantee.

(3) Claims

A claim for a PP payment can be made separate from a claim for timely and LP acres or they can be combined onto one claim form (Production Worksheet (PW), hereafter, called PW.)

(a) **PP Payment Claim**

When preparing a separate claim for a PP payment, the PP acreage and PLANTED acres must be shown on the claim form. For example: If 70.0 acres were planted and 30.0 acres were prevented from planting, the PW will be completed as follows: The line with the 70 “planted” acres will show the appropriate entries in the “Stage” and “Intended Use” columns as indicated in the tables in subsections A and B above. The line with the 30 PP acres will be coded “P2,” “PF,” or “PT,” respectively, in the “Stage” and “Intended Use” columns. The “Total” final acres for the unit will be 100.0 acres. Only the line of PP acres will be transmitted to the RMA Data Acceptance System.

If the first insured crop on the acreage is PP and part of the PP acreage is or will be planted to a second crop, the PP acres that are or will be planted to a second crop must be shown on a separate line of the PW from the other PP acreage.

(b) **Indemnity Payment (planted acres) Claim**

If a PP claim has already been prepared and submitted previous to an Indemnity Payment (planted acres) claim, or the AIP prefers that separate PW’s are prepared for each type of claim, list the planted acres as instructed in the appropriate crop handbooks. List the PP acres for which a separate claim form has already been prepared, and make the appropriate entries (as instructed in subsections A and B above) in the “Stage” and “Intended Use” columns that indicate the PP payment has already been made. This would also include acreage planted after the LPP due to an insured cause that prevented planting prior to the respective crop’s FPD or during the LPP for the respective crop.

For example, if there are 100 acres in the unit, the PW would be prepared as follows: A separate PP payment was previously paid on the 30 acres. The 70 acres of planted acres have been harvested. On the line with the 70 acres, the entry in the “Stage” column would be “H” and the “Intended Use” would be “H.” On the line showing the 30 acres of previously paid PP acres (60% PP coverage), the “Stage” column entry would be “P2P,” and the “Intended Use” column entry would be “Prev. Paid.” The entry for “Total” final acres for the unit would be 100.0 acres.

(c) **Combination Indemnity Payment (planted acres) and PP Payment Claim**

If the insured is eligible for a PP payment, which has not been claimed previously, and an indemnity payment is due for the planted acres, a combination of both types of claims can be entered on the same PW form.

1 For all lines of planted acres, follow the instructions in the appropriate crop handbook for making the appropriate claim entries.

- 2 For all lines of PP acres, make the appropriate claim entries as instructed in subsections A and B above.
 - 3 The indemnity payment for the planted acres will be determined separately from the PP payment.
- (4) The AIP must be reasonably certain that PP acreage is not shared in common between two or more crops insured through different AIPs before finalizing a PP claim.
- (5) The PP acreage reported on the acreage report for the unit will be considered the PP acres for the unit UNLESS ineligible PP acreage was reported or the insured did not meet all of the PP coverage requirements.
- (a) Verify that all of the requirements for PP coverage were met and that all of the acres reported as PP are eligible PP acres.
 - (b) If the insured is not eligible for a PP payment for some of the PP acres reported, the entry for “determined acres” on the claim form for the PP acres must reflect only the PP acres for which the insured is eligible. The acreage report does not need to be revised during loss adjustment except as stated in subsection 7 I.

F. PP PAYMENT CALCULATION

The PP guarantee is separate from the timely and LP guarantees, and the guarantees are not added together to determine the PP payment. The PP payment is considered a separate payment from the indemnity payment. The following step (or steps) are used to determine the PP payment for any eligible acreage with in unit:

- (1) **STEP 1 - For 100% of PP Payment** - When PP acres that are the first insured crop and that will not or does not have a second crop planted on the same acreage (or NO actions have been taken on the same acreage that would require reduction of the PP payment as stated in Section 5 AND STEP (2) does not apply.
- (a) Multiply the insured’s prevented planting coverage level percentage by:
 - 1 The insured’s per-acre amount of insurance; OR
 - 2 The amount determined by multiplying the insured’s per-acre production guarantee for timely planted acreage of the insured crop (or type, if applicable) by the insured’s price election or projected price, whichever is applicable.
 - (b) Multiply the result of (a) above by the number of eligible PP acres in the unit, and
 - (c) Multiply the result of (b) by the insured’s share.

(2) **STEP 2 - REDUCE PP PAYMENT TO 35% of STEP 1**

Used only when **all or some of** PP acres in the unit are the first insured crop and will or has a second crop planted on the same acreage or other actions have been taken on the same acreage that would require reduction of the PP payment as stated in Section 5:

The ending results of Step **(1) above multiplied by** 35%.

(3) The PP Payment is:

(a) The results of Step (1) above; or

(b) The SUM of steps (1) and (2) when both apply within the same unit (i.e., part of the PP acres (first insured crop) in the unit are eligible for 100% PP payment, and part of the PP acres in the unit are limited to 35% of the PP payment).

G. CALCULATING PEANUT REPLANT AND PP PAYMENTS WHEN THERE ARE MULTIPLE PRICE ELECTIONS IN THE SAME UNIT

When there is only ONE price election for peanuts, use the PP calculation instructions in subparagraph F above.

INSTRUCTIONS:

- (1) It is the insured's responsibility to allocate the amount (in pounds) of contracted peanuts and the applicable price election to each applicable unit. Contracted pounds are not calculated or determined by the acres reported on the acreage **report** record (T11); they are allocated by the insured to each applicable unit.
- (2) Contracted pounds cannot be reallocated to units after acreage is reported on the acreage report.
- (3) For Replant and PP payments, when there are multiple price elections for peanuts, a **Weighted Average Price** (WAP) will be utilized in accordance with the following procedural instructions. Additionally, a WAP is determined for each peanut type when there is more than one peanut type within a unit.
- (4) Document the Replant appraisal and PP payment calculations in the Narrative of the Production Worksheet or on a Special Report attached to the Production Worksheet.
- (5) Utilizing the WAP in the determination of PP payments will provide the same result as prorating PP acreage to each price election as stated in the crop provisions. Since a percentage of the guaranteed pounds from each price is allocated to the PP acreage for payment purposes, the remaining guaranteed pounds associated with each price election are attributed to the planted acreage and must be determined separately when there are both planted and PP acreage in the same unit. A WAP cannot be used for determining production losses on planted acreage because production to count must be valued using the highest price election first and continuing in decreasing order to the lowest price election based on the remaining amount of peanuts insured at each price election. The following

items will also demonstrate how the guaranteed pounds are prorated when there are multiple price elections and timely planted and PP and/or Late Planted acreage in the same unit.

(6) REPLANT PAYMENT

(a) The maximum Replant Payment amount is the lesser of:

- 1 20.0 percent of the production guarantee, multiplied by the insured’s price election, multiplied by insured share; or
- 2 \$80.00 multiplied by insured share.

(b) For PP or Replant Payment calculations, the WAP is determined by dividing the unit production guarantee (in dollars) by the unit guaranteed pounds (guaranteed pounds utilized in the premium calculation which is prior to any Late Planting or PP reduction). Based on the insured policy information below, the WAP is determined as follows:

\$30,558 divided by 142,400 = \$.2146 WAP

Timely Planted Acres:	80.0 ac. of non-irrigated (003) and Runner type (084)
Replanted Acres (RA)	20.0 ac.
Pounds allocated by contract:	50,000 lbs. under Contract A @ \$.23/lb. 80,070 lbs. under Contract B @ \$.21/lb.
Non-contracted pounds in excess of contracted pounds:	12,330 lbs.
Guarantee Per Acre (GPA)	1,780 lbs.
Total Unit Production Guarantee in pounds (TUPGp)	142,400 lbs.
Pounds allocated by Price Election:	50,000 lbs. @ \$.228/lb. 80,070 lbs. @ \$.21/lb. 12,330 lbs. @ \$.19/lb.
Total Unit Production Guarantee in dollars (TUPGd)	50,000 lbs. x \$.228/lb. = \$11,400 80,070 lbs. x \$.21/lb. = \$16,815 12,330 lbs. x \$.19/lb. = <u>\$ 2,343</u> \$30,558
Weighted Average Price (WAP)	<u>\$30,558</u> (TUPGd) = \$.2146 142,400 (TUPGp)
Maximum Replant Payment per Acre: 20% of GPA or \$80.00	20% x 1,780 lbs. (GPA) = 356 lbs. x \$.2146 (WAP) = \$76.40 \$76.40 is less than \$80.00. \$76.40 is multiplied by the number of replanted acres.

(c) Enter \$76.40 in Section I, “Appraised Potential” column of the Production Worksheet for 20.0 replanted acres. Also complete columns 34, 36, 38, and 42 of the Production Worksheet.

- (d) Document the calculations used to obtain the WAP on a Special Report or in the Narrative of the Production Worksheet.
- (e) Refer to the Peanut LASH for additional information regarding Replant Payment Instructions; e.g., recording the Replant Payment entries on the Production Worksheet.

INFORMATION TO BE USED IN ITEMS (7) AND (8) BELOW

	Guarantee Amount lbs	Price	Unit Production Guarantee in dollars
Contract A	50,000	\$.228	50,000 lbs. x \$.228/lb. = \$ 11,400.00
Contract B	94,070	\$.210	94,070 lbs. x \$.210 /lb. = \$ 19,755.00
Non- Contract	31,770	\$.190	31,770 lbs. x \$.190 /lb. = \$ 6,036.00
TOTALS	175,840		\$37,191.00

[175,840 lbs. are guarantee lbs. prior to any reduction for late or prevented planting.]

Acreage Report Information			
	Acres	GPA	Net Pounds Guarantee
Prevented Planted	20.0	1,099	21,980
Timely Planted	50.0	2,198	109,900
Late Planted 5 Days	10.0	2,088	20,880
Net Unit Guarantee Pounds: 21,980 Prevented Planting + 130,780 Timely and Late Planted = 152,760 lbs			
Totals Used in Premium Calculation			
80.0 acres	2,198 GPA	175,840 lbs	\$37,191.00

(7) PP PAYMENT

- (a) For PP or Replant Payment calculations, the WAP is determined by dividing the unit production guarantee (in dollars) by the unit guaranteed pounds (guaranteed pounds utilized in the premium calculation which is prior to any Late Planting or PP reduction). Based on the above insured policy information, the WAP is determined as follows:

For prevented planting or replant payment calculations, the WAP is determined by dividing the unit production guarantee (in dollars) by the unit guaranteed

\$37,191.00 divided by 175,840lb = .2115 WAP

- (b) If the AIP’s computer system can compute the above calculations, the adjuster will complete the Production Worksheet for PP payments as instructed in the **PP LASH**. If the above calculations CANNOT be made through the AIP’s computer system, the adjuster will perform the above calculations and make the following entries on the Production Worksheet for the PP Payment.
- (c) The following illustration shows only those columns that require entries for a PP Payment (e.g., when the PP Payment is paid separately from any production loss on the planted (timely or late) acres). There are additional columns on the Production Worksheet that may be used by some AIPs. Document the hand-calculated PP Payment per acre in the Narrative or on a Special Report and attach to the Production Worksheet. Separate lines will be used, as follows:

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	
1A	NS		60.0	1.000		084					003		PA	Planted Acres									
1B	NS		20.0	1.000		084					003		P2	P2	1,099		.2115	4,649		4,649		4,649	
39. TOTAL			80.0	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 checked="" type="checkbox"/>											42. TOTALS		4,649		4,649		4,649		

- (d) In instances when there are not enough eligible PP peanut acres and multiple peanut price elections are involved, use the WAP to determine the per-acre PP peanut Payment. Then, determine the crop that results in a per-acre PP Payment most similar to the per-acre PP Payment that will be used to make the PP Payment on the remaining acres. Document the hand-calculated PP Payment guarantee per acre in the Narrative or on a Special Report to the Production Worksheet.

(8) ALLOCATION OF GUARANTEED POUNDS FOR TIMELY, LATE, AND PP ACRES WHEN MULTIPLE PRICES ARE IN THE SAME UNIT

The following example utilizes the same information as above. The 60.0 planted acres are composed of 50.0 timely planted acres and 10.0 acres planted five days late with a timely planted (TP) guarantee reduction of one percent per day for the late planted (LP) guarantee. Prorating factors (PFs) are determined by dividing the guaranteed pounds for each price election by the total guaranteed pounds for the unit (guaranteed pounds utilized in the premium calculation which is prior to any Late Planting or PP reduction).

Determine Prorating Factors (PF):

50,000 lbs. (of .228 price election) divided by 175,840 lbs. (total unit lbs.) = .2843 PF
94,070 lbs. (of .210 price election) divided by 175,840 lbs. (total unit lbs.) = .5350 PF
31,770 lbs. (of .190 price election) divided by 175,840 lbs. (total unit lbs.) = .1807 PF

Calculation for the PP Portion:

20 ac. X .2843 = 5.7 ac. X 1,099 lb. PP guar. = 6,264.3 lb. X .228 price = \$1,428.26 liab.
20 ac. X .5350 = 10.7 ac. X 1,099 lb. PP guar. = 11,759.3 lb. X .210 price = \$2,469.45 liab.
20 ac. X .1807 = 3.6 ac. X 1,099 lb. PP guar. = 3,956.4 lb. X .190 price = \$751.72 liab.

Totals: 20.0 ac. 21,980 lbs. guar. \$4,649.00 liab. on PP acres

[\$4,649.00 divided by 21,980 lbs. = .2115 WAP]

Calculation for the Timely and Late Planted Portion:

50 ac. X .2843 = 14.2 ac. X 2,198 lb. TP guar. = **31,211.6 lb** X .228 price = \$7,116.25 liability
50 ac. X .5350 = 26.8 ac. X 2,198 lb. TP guar. = **58,906.4 lb** X .210 price = \$12,370.34 liability
50 ac. X .1807 = 9.0 ac. X 2,198 lb. TP guar. = **19,782.0 lb** X .190 price = \$3,758.58 liability

:

For the late planted acres, the same process would be duplicated within the planted acres based on the proportion of each set of late planted (LP) guarantee reduction.

10 ac. X .2843 = 2.8 ac. X 2,088 lb. LP guar. = **5,846.4 lb** X .228 price = \$1,332.98 liability
10 ac. X .5350 = 5.4 ac. X 2,088 lb. LP guar. = **11,275.2 lb** X .210 price = \$2,367.79 liability
10 ac. X .1807 = 1.8 ac. X 2,088 lb. LP guar. = **3,758.4 lb** X .190 price = \$714.10 liability

Totals: 60.0 ac. 130,780 lb guar. \$27,660.00 liability on planted acres

Resultant Pounds Attributed to Planted Acreage at the Respective Price Election

If there is a production loss on the 60.0 planted acres, quality adjustment will be based and/or subsequent production to count will be valued utilizing the following pounds at their respective price

31,211.6 lb. TP guar. + 5,846.4 lb. LP guar. = ***37,058.0 lb** guar. @ .228 price election
58,906.4 lb. TP guar. + 11,275.2 lb. LP guar. = ***70,182.0 lb** guar. @ .210 price election
19,782.0 lb. TP guar. + 3,758.4 lb. LP = guar. ***23,540.0 lb** guar. @ .190 price election

*Resultant pounds rounded to whole pounds.

H. UNIT GUARANTEE FOR THE CLAIM

- (1) For planted acreage, the claim will reflect the total of the guarantees, by line, of the timely planted and LP acreage, and
- (2) For PP acres, the claim will reflect the PP guarantee.

I. MULTIPLE PP PAYMENTS

Only ONE PP payment can be received by the insured or any other person (excluding share arrangement) for each acre for the crop year, unless the insured meets the requirement for double cropping as stated in Section 5 above. Double cropping must be an insurable practice in the county for the crop.

J. FINALIZING CLAIMS

- (1) PP payment claims are **not** to be **finalized** UNTIL the adjuster and AIP are satisfied with all verifications/determinations, including, but not limited to:
 - (a) All acres claimed as PP for the insured crop met all eligibility requirements for PP payments, including that the acres were available for planting; refer to subsection 4 F (1) (b) for more information. If the adjuster questions the eligibility of any of the reported PP acreage, the adjuster is to contact the next level of supervision.
 - (b) The crop claimed as a cover crop met the criteria for a cover crop and whether the cover crop was hayed or grazed and if it was, the exact date it was hayed or grazed to determine whether the PP acreage is ineligible for a PP payment or whether the PP payment is reduced by 65% or not reduced due to double crop history. Refer to Section 5 for this information;

- (c) If a volunteer crop was hayed or grazed and if it was, the exact date it was hayed or grazed to determine whether the PP acreage is ineligible for a PP payment or whether the PP payment is reduced or not reduced. Refer to Section 5 for this information;
 - (d) Whether a volunteer or cover crop on the first insured crop (PP) acreage was harvested for other than haying or grazing and if so, the exact date **the cover crop was planted** and **the exact date the volunteer or cover crop** was harvested to determine **whether the PP acreage is ineligible for a PP payment or whether the PP payment is reduced by 65% or not reduced due to double crop history**. (Refer to Section 5 for more detailed information.) If the cover crop was planted **PRIOR to the end of the late planting period or on or prior to the final planting date if no late planting period is applicable**) and subsequently harvested **at any time** for other than haying or grazing (**i.e., harvested grain, seed, etc.**), no PP payment can be made as stated in section 5 A (1) (c) 6 of this handbook.
 - (e) There was an insured peril that prevented the insured from planting the insured crop; and
 - (f) Any other **facts** that would affect eligibility for a PP payment.
- (2) Refer to Section 5 for information about reduction of PP payment or 100% PP payment.

11. VERIFYING ELIGIBLE PP ACREAGE

A. DOCUMENTATION

All documentation, receipts, weather reports, etc., in the determination of eligible acreage and/or eligibility for a PP payment must be maintained in the insured's file for review.

B. MAXIMUM ELIGIBLE PP ACRES

Determine the maximum number of eligible PP acres by totaling the number of eligible PP acres for ALL crops in the county in which the insured has a share. Refer to subsection 4 F.

C. EXAMPLES OF MAXIMUM ELIGIBLE ACRES FOR THE CONTRACT (COUNTY/CROP)

EXAMPLE 1 - No Added Land (leased, purchased, or transferred out of CRP)

<u>TOTALS:</u>	<u>Maximum PP Acres by Crop and for ALL CROPS</u>
Cropland ¹ / ₂ = 900 acres	Corn = 400 acres
Corn History = 400 acres	Soybeans = 400 acres
Soybean History = 400 acres	Wheat = 100 acres
Wheat History = 100 acres	TOTAL = 900 acres eligible
¹ / ₂ /CRP acres enrolled = 200 acres	for all crops.

¹/₂The term “cropland” as used in this example (and for crop insurance purposes) includes ONLY cropland that is available for planting. (Including the CRP acres in the example, there are 1100 total acres. Although FSA or others might consider this farmland/cropland, it would not be considered cropland for insurance purposes since it is not available for planting.) Refer to subsection 4 F (1) (b) for more information regarding cropland acreage that is available for planting. In the example above, the 200 acres still enrolled in the CRP program are not considered part of the cropland acres eligible for insurance purposes and therefore, are not included in the cropland total in the example above.

Continued on the next page

EXAMPLE 2 - Added Land (purchased, leased, or transferred out of CRP)

Previous Crop Year

700 cropland^{1/} acres
available for planting the previous year.

350 acres corn history

350 acres soybean history

Added 200 acres of cropland^{1/} available for planting for the current crop year. (The added land: (1) was purchased, leased, or released from CRP in time to plant, (2) was available for planting, and (3) meets the policy provisions for allowing it for eligible PP acres and no cause of loss that **could** prevent planting **had occurred** at the time the land was purchased, leased, or released from CRP.)

Total cropland available for planting in current crop year = 900 acres

Calculate the maximum eligible PP acres by crop, as follows:

(1) $\frac{900 \text{ cropland}^1/\text{ acres}}{700 \text{ cropland}^1/\text{ acres}}$ (available for planting the current crop year)
 = 1.286 factor

(2) $350/A \text{ corn history} \times 1.286 = 450.1 \text{ acres}^2/$
 $350/A \text{ soybean history} \times 1.286 = 450.1 \text{ acres}^2/$

^{2/} **Since the sum of 450.1 + 450.1 is greater than the cropland^{1/} acres, the acres will have to be adjusted to equal 900 acres.**

<u>Totals, including new land</u>	<u>Maximum PP Acres by Crop and for All Crops</u>
900 cropland ^{1/} acres available for planting	Corn = 450.0 acres
	<u>Soybeans = 450.0 acres</u>
	TOTAL = 900.0 acres
	eligible for ALL crops

^{1/}The term “cropland” as used in this example includes ONLY cropland that is available for planting. Refer to subsection 4 F (1) (b) for more information regarding cropland acreage that is available for planting.

Continued on the next page

EXAMPLE 3 - Added Land - (leased, purchased, or transferred out of CRP)

Previous Crop Year

900 acres of cropland ^{1/} acres available for planting the previous year.	400 acres corn history 300 acres wheat history 300 acres soybean history
--	--

Added 300 acres of cropland^{1/} available for planting for the current crop year. (The added land: (1) was purchased, leased, or released from CRP in time to plant, (2) was available for planting., (3) and meets the policy provisions for allowing it for eligible PP acres and no cause of loss that **could** prevent planting **had occurred** at the time the land was purchased, leased, or released from CRP.)

Total cropland^{1/} available for planting in current crop year = 1200 acres

Calculate the maximum eligible PP acres by crop, as follows:

- (1) $\frac{1200 \text{ cropland}^1/\text{ acres}}{900 \text{ cropland}^1/\text{ acres}}$ (available for planting the current crop year)
= 1.333 factor
- (2) 400/A corn history X 1.333= 533.2 acres
300/A soybean history X 1.333 = 399.9 acres
300/A wheat history X 1.333 = 399.9 acres

<u>Totals, including new land</u>	<u>Maximum PP Acres by Crop and for All Crops</u>
1200 cropland ^{1/} acres available for planting	Corn = 533.2 acres Soybeans = 399.9 acres Wheat = 399.9 acres <u>^{2/}TOTAL = 1333.0 acres</u> eligible for ALL crops

^{2/}The total exceeds the cropland acres^{1/} available for planting, so the maximum eligible acres for corn, soybeans, and wheat for this crop year will have to be based on the insured's intent, limited by the policy limitations and cropland^{1/} acres available for planting. For example, the insured intends to plant 525.0 acres of corn, 375.0 acres of soybeans, and 300.0 acres of wheat, which would be within the maximum eligible PP acres.

^{1/} The term "cropland" as used in this example includes ONLY cropland that is available for planting. Also, see subsection 4 F (1) (b) for more information regarding cropland acreage that is available for planting.

D. EXAMPLES OF REMAINING ELIGIBLE PP ACREAGE WHEN THERE IS PLANTED AND PP ACREAGE

(1) **EXAMPLE 1**

FSN # 1 (Unit 00101)
100 corn acres planted timely
50 soybean acres timely planted

FSN # 2 (Unit 00102)
100 corn acres planted timely
50 soybeans acres PP

FSN # 3 (Unit 00103)
50 soybean acres LP
100 corn acres planted timely

FSN # 4 (00104)
50 soybean acres LP
100 acres soybeans planted after the LPP due to insured cause preventing planting

4 FSN's with 150 cropland acres each available for planting = 600 cropland acres available for planting

100 acre corn history on each FSN = 400 acres total corn history.

300 acres soybean history. Insured's potential PP acres were 400 corn and 300 soybeans; however, the combination of the two exceeds the cropland acres available for planting, and one of these crop would be limited.

Insured Reports - 300.0 acres corn planted
 250.0 acres soybeans planted
 50.0 acres PP soybeans

Cropland acres available for planting - 600 minus 550 planted acres = 50 acres eligible PP acres. The 50 PP soybean acres reported meets all of the PP qualifications and is eligible for PP payment.

Refer to subsection 4 F (1) (b) for more information regarding cropland acreage that is available for planting.

(2) **EXAMPLE 2**

FSN #1 (Unit 00101)	FSN # 2 (Unit 00102)
100 PP Wheat acres	50 corn acres timely planted
100 PP Soybeans (double-crop)	50 corn LP
100 acres of corn LP	100 corn acres timely planted
100 corn timely planted	100 soybean acres timely planted

2 FSN's (each FSN represent an optional unit)

300 cropland acres available for planting in each FSN = 600 total cropland acres

Wheat History = 100 acres
 Corn History = 400 acres
 Single crop soybean History = 100 acres
 Double crop (DC) soybean History = 100 acres (acceptable DC history)

Insured reports: Units:

00101	100 wheat acres PP
	100 corn acres timely planted
	100 corn acres LP
	100 soybean acres PP (int. double-crop)
00102	150 corn timely planted
	50 corn acres LP
	<u>100 soybean acres timely planted</u>
TOTAL	700 acres for both units

It is determined that there was an insured cause that prevented planting of wheat and soybeans. Since the insured met the policy requirements of a history of DC soybeans after wheat, both the PP wheat and PP soybeans are eligible.

Eligible for PP payment by crop: wheat = 100 acres
 soybeans = 100 acres

Individual crop acres do not exceed maximum eligible PP acres by crop, and the 200 acres does not exceed the remaining eligible acres for ALL crops. All planted and PP acres do not exceed cropland when the eligible DC acreage is considered in determining the insured's maximum eligible PP acreage.

Refer to subsection 4 F (1) (b) for more information regarding cropland acreage that is available for planting.

(3) **EXAMPLE 3:**

Total cropland 2545.9:

In 2011, the insured planted, reported, and harvested 399.9 acres of insured winter (fall-planted) wheat.

For 2011, the insured reported the following acres of spring crops.

corn, planted	1215.4 acres
soybeans NFAC (not following another crop), planted	813.4 acres
soybeans FAC (following another crop; i.e. double-cropped (DC)), planted	74.0 acres
NFAC soybeans, prevented planting	72.8 acres
FAC soybeans, prevented planting	226.0 acres

Question: Based on the following history, are the 226.0 reported PP soybean acres allowed for a PP soybean payment for the 2011 crop year?

CROP HISTORY FROM INSURED'S RECORDS OR APH RECORDS						
CROP YEAR	OATS	CORN	SOYBEANS			WHEAT
			NFAC PRACTICE	FAC PRACTICE	TOTAL SB ACRES	
2005	0.0	0.0	885.7	191.6	1077.3	268.7
2006	30.0	0.0	1079.1	0.0	1079.1	0.0
2007	20.0	979.3	979.1	0.0	979.1	0.0
2008	0.0	909.4	950.9	50.9	1001.8	200.8
2009	0.0	805.3	954.8	106.9	1061.7	106.9
2010	0.0	793.4	816.7	341.3	1158.0	349.6
MAX. ELIGIBLE ACRES FOR CROP (based on highest # of acres in one of the past four crop years.	20.0	979.3			1158.0	349.6

Answer: No, 226.0 acres exceed the maximum FAC acres eligible for the 2011 crop year; see table below. However, the eligible remaining FAC acres for the 2011 crop year are 117.6 after the planted FAC soybean acres are deducted from the maximum eligible acres.

CROP YEAR	WHEAT (1st Insured crop in 2005 Crop Year)	1 st CROP PLANTED (Yes/No)	FAC Soybeans in the last 4 crop years the 1st insured crop was planted
2005	268.7	YES	191.6
2006	0.0	NO	n/a
2007	0.0	NO	n/a
2008	200.8	YES	50.9
2009	106.9	YES	106.9
2010	349.6	YES	341.3
Maximum FAC acres based on at least two of the last four crop years that the first insured crop was planted			191.6

See further explanation in the reason on the next page.

Reason: Per the double crop history (FAC) above, 191.6 FAC acres is the maximum number of soybean acres that have been double cropped in at least 2 of the last four crop years that the first insured crop was planted (wheat). There were double cropping records on wheat acreage in 2010, 2009, 2008, and 2005 crop years. Since there was no wheat planted in 2006 or 2007, those years have to be eliminated (i.e., another crop did not follow wheat since wheat was not planted in those years). Policy provisions require two years of double cropping in at least two of the last four crop years in which the first insured crop was planted. The maximum double-crop acres cannot be 341.3 acres because 341.3 acres have not been double-cropped for two of those last four crop years, but 191.6 acres have been; i.e., 191.6 acres were double cropped in 2005, and 341.3 acres were double cropped in 2010.

Since the insured planted 74.0 acres of (FAC) soybeans in 2011, the 74.0 acres would have to be subtracted from the 191.6 maximum soybean DC acres leaving 117.6 soybean DC acres eligible for PP.

(4) **EXAMPLE 4:**

Total Cropland acres = 168.5 acres

Total acres reported in 2011
88.4 PP Wheat acres (field A)

88.4 acres planted to Grain Sorghum on field A (2nd crop – planted on the pp wheat acres).
3.8 additional acres planted to Grain Sorghum (1st crop).

76.3 acres of soybeans planted
168.5 acres actually planted

Maximum PP Acres by Crop and for ALL CROPS and Deduction of Planted Acres

Corn =	73.8 acres – 0.0 acres planted for 2006 = 73.8 acres eligible
Soybeans =	105.3 acres – 76.3 acres planted for 2006 = 29.0 acres eligible
Grain Sorghum =	0.0 acres
Wheat =	0.0 acres

^{1/}TOTAL for ALL Crops = 179.1 acres

^{1/} Zero history of double-crop grain sorghum or soybean.

Since there were zero eligible PP wheat acres, the wheat must use the remaining eligible PP acres from a crop(s) that would have a PP payment closest to wheat PP payment. In this case, the crop with the closest payment to the wheat PP payment, is soybeans. Then the only crop remaining that has eligible acres is corn. The PP payment for wheat is lower than either the soybeans or the corn. Therefore, the wheat PP payment will be paid under the wheat unit for which the wheat PP acres were claimed. The wheat PP payment will be reduced 65% since all of the PP wheat acres (88.4 acres - field A) had been planted to grain sorghum (2nd crop).

Even without double-cropping history, because of the 1st crop/2nd crop policy provisions, it is possible to have more acreage on which payments can be made than there are actual cropland acres, as in this instance; i.e., 88.4 acres PP payment, + 168.5 acres of grain sorghum and soybeans planted subject to possible indemnity payments = 256.9 acres which exceeds the 168.5 acres of cropland.

E. PREVENTED FROM PLANTING - NOT ENOUGH ELIGIBLE ACREAGE FOR THE CROP

For crops prevented from planting for which the insured does not have an adequate base of eligible PP acreage, the AIP will use acreage from another crop insured for the current crop year for which the insured has remaining eligible PP acreage. Refer to subsection 4 F (8) for details.

- (1) If the PP payment will be made under another crop(s)/unit(s) rather than under the crop/unit that was prevented from planting:
 - (a) The number of acres payable under that unit is not limited to the number of physical number of acres in that unit. For example:
 - Insured claimed 200 acres of PP corn but did not have any remaining eligible corn acres, but the insured had 200 acres of soybeans remaining eligible PP acres.
 - Soybeans unit 0001-0001OU would result in the closest PP payment and would also result in a lesser PP payment than the corn PP payment would.
 - The 200 acres of corn claimed as PP would be paid as PP soybeans, unit 0001-0001OU, even though there is only 100 cropland acres available for planting in soybeans, unit 0001-0001OU.
 - (b) The share used will be the share from the crop unit on which the acreage was prevented from planting (qualifying unit). Refer to example in (7) (a), Example 1 below.
 - (c) Acreage reports will also be revised to show PP acreage that will be used to pay the PP acreage for the qualifying crop/unit (i.e., the crop/unit prevented from planting).
 - (d) When preparing the claim form for the PP payment for each crop unit that eligible PP acreage was used to pay the PP claim for the qualifying unit acreage, document the crop, unit number, and legal description of the qualifying crop/unit (i.e., the crop/unit prevented from planting).
 - (e) In counties having both a fall and spring FPDs for barley, oats, and wheat, remaining eligible acres are based on the total of all barley, oats or wheat types; however, any PP payment is based on the spring type only. If the insured does not have an APH data base for a spring type, then one must be created to make the PP payment.
- (2) When the insured is prevented from planting any non-irrigated crop acreage, and does not have any remaining eligible acreage for that crop and does not have any other crop with eligible acres remaining under a non-irrigated practice, no PP payment will be made for the acreage.
- (3) When crops are insured with more than one AIP, and it is necessary for one AIP to use eligible acres from other crops they insure to pay a PP payment, the AIP should use remaining eligible acres from the crops they insure first. If all remaining eligible acres from other crops are exhausted, and the other AIP insures a crop(s) that has remaining

eligible PP acres and the PP payment for this crop would be less than the PP payment the crop/unit prevented from planting, the other AIP may (but is not required to) process the PP claim using these remaining eligible acres, provided they agree with the determinations, causes of loss, etc., that the other AIP made.

- (4) A transferee of a Transfer of Right to an Indemnity (Transfer) cannot be paid a PP payment based on a payment from another crop having the most similar PP payment as the crop prevented from planting, unless the crop having the most similar PP payment also has a Transfer in effect as explained in Section 3 C of this handbook.
- (5) Additional administrative fees that result solely from basing a PP payment on another crop will not be charged to the policyholder. AIPs are to flag these crops in the type P14 record in accordance with Appendix III to ensure no administrative fee is charged when there are no planted acres for this crop and/or an actual PP payment has been paid or is due for this crop.
- (6) When the crop(s) for which there are remaining eligible acres has an Enterprise Unit (EU) structure, you would determine the crop/unit with the most similar payment from the basic or optional unit within the EU.
- (7) **EXAMPLES OF DETERMINING CROP/UNIT HAVING REMAINING ACRES WITH THE CLOSEST PP PAYMENT AND THE CROP/UNIT DETERMINED TO PAY THE PP PAYMENT**

(a) EXAMPLE 1:

An insured plants 75 acres of Unit 0001-0001OU- to corn and is prevented from planting 25 acres. The insured has a 100 percent share on this unit.

The adjuster determines that there are 75 MAXIMUM eligible acres for corn.

The adjuster must find the crop(s)/unit(s) having remaining eligible acres with the most similar (closest) PP payment as corn, and whether any of these similar payments are less than what the PP payment for corn would be.

The corn Unit 0001-0001OU per acre PP dollar amount is \$146.25.

The insured also has soybeans and grain sorghum on the policy and has another policy for winter wheat for the same crop year.

Per-acre PP guarantee dollar amounts (without regard to share)		
Soybeans Units	Grain Sorghum Units	Winter Wheat Units
0001-0001OU - \$112.50	0001-0001OU - \$44.10	0001-0001OU - \$35.88
0001-0002OU - \$101.25	0001-0002OU - \$53.75	0001-0002OU - \$32.48
0001-0003OU - \$123.75	0001-0002OU - \$58.50	0001-0003OU - \$40.50

The maximum eligible PP acres for each crop			
<u>Crop</u>	<u>Acres</u>	<u>Crop</u>	<u>Acres</u>
Corn	75.0	Grain Sorghum	42.0
Soybeans	47.0	Wheat	105.4

Remaining Eligible Acres					
<u>Eligible Acres</u>	<u>Share</u>	<u>Planted Acres</u>		<u>PP Acres</u>	<u>Remaining Eligible Acres</u>
Corn – 75.0	1.000	75.0	-	25.0	= 0.0 Acres
Soybeans – 47.0	1.000	32.0	-	0.0	= 15.0 Acres
Grain Sorghum – 42.0	.750	30.0	-	7.0	= 5.0 Acres
Fall Wheat – 105.4	1.000	100.4	-	0.0	= 5.0 Acres

- 1 Unit 0001-0003OU soybeans per-acre PP payment of \$123.75 is the closest amount to the corn per-acre PP payment of \$146.25.
- 2 Since there are not enough eligible soybean acres, the next similar (closest) per-acre PP payment is Unit 0001-0002OU grain sorghum at \$58.50 per acre. (share will be the same as corn).
- 3 Since there are not enough eligible grain sorghum acres remaining, the next most similar (closest) per-acre PP payment is on unit 0001-0003OU wheat at \$40.50 per-acre.

Since all of the crops with remaining eligible acres and closest per-acre PP payment would result in a lower PP payment than the corn, these crops will be used to make the PP payment, as follows:

Prevented Planting Payment Calculation							
<u>Crop/Unit</u>	<u>Acres</u>	<u>x</u>	<u>\$ PP Guarantee</u>	<u>x</u>	<u>Share*</u>	<u>=</u>	<u>PP Payment</u>
Soybean – 0001-0003OU	15.0	x	\$123.75	x	1.000	=	\$1,856.25
Grain Sorghum - 0001-0002OU	5.0	x	\$58.50	x	1.000	=	\$292.50
Wheat – 0001-0003OU	5.0	x	\$40.50	x	1.000	=	\$202.50
Total	25.0						\$2,351.25

* Share will be the same as unit 001-0001OU corn.

The actual PP claim for grain sorghum for the 7 acres in this unit will be the share reported for this grain sorghum unit (i.e. .750). This would require two separate lines on the claim form and the revised acreage report to show the two separate shares; i.e., the .750 share for the 7.0 acres of PP grain sorghum, and the 5.0 acres of grain sorghum eligible acres used for the corn PP acres at 1.000 share.

- (b) **EXAMPLE 2** – The insured is claiming 75.0 acres PP for pinto beans on unit 0001-0001OU.

The insured has 50.0 maximum eligible PP acres history for pinto beans on all units of dry beans in the county. However, the insured has other insured dry bean types, as well as other crops, in the county that have remaining eligible acreage.

Since the 75 acres claimed for PP exceed the 50 maximum eligible PP acres for pinto beans, the remaining 25 acres must be paid based on the remaining acres from another dry bean type(s).

Eligible PP Acres and PP Dollar Guarantee			
Crop	Unit	Eligible PP Acres	\$ Per Acre PP Guarantee
Pinto Beans	0001-0001OU	50 Acres	\$81.00
Navy Beans	0001-0002OU	25 Acres	\$66.00
Cranberry Beans	0001-0003OU	30 Acres	\$85.00
Wheat	0001-0001OU	25 Acres	\$40.00
Soybeans	0001-0002OU	25 Acres	\$124.00

The \$85.00 per-acre guarantee for cranberry beans is the closest to the \$81.00 per acre dollar guarantee for pinto beans, but would result in a higher payment than pinto beans.

Therefore, the PP payment and premium for the 25.0 PP acres of pinto beans prevented from planting will be based on the pinto bean per acre PP dollar guarantee, using the 25 acres of PP eligibility from cranberry beans.

- (c) **EXAMPLE 3** - Same situation as in (b) above except the insured has planted 25 acres of navy beans and 30 acres of cranberry beans. No types of dry beans have remaining eligible PP acres.

However, the insured does have unit 0001-0001OU wheat and unit 0001-0002OU soybeans that each has 25.0 acres of remaining eligible acres. The crop/unit having the most similar payment to the pinto beans will be compared to what the pinto bean PP payment would be.

The wheat would have a per-acre PP payment of \$40.00 and the soybeans would have a per-acre PP payment of \$124.00. The \$40.00 per-acre guarantee for wheat is the closest to the \$81.00 per acre dollar guarantee for pinto beans, and also results in a lower payment than pinto beans.

Therefore, the PP payment and premium for the 25.0 PP acres of pinto beans prevented from planting will be paid as wheat per acre.

Prevented Planting Payment Calculation							
Crop/Unit	Acres	x	\$ PP Guarantee	x	Share*	=	Indemnity
Wheat – 0001-0001OU	25.0	x	\$40.00	x	1.000	=	\$1000.00

- (d) **EXAMPLE 4** – The insured is claiming 75.0 acres PP for soybeans on unit 0001-0001OU.

The insured has 50.0 maximum eligible PP acres history for soybeans. Since the 75 acres claimed for PP exceed the 50 maximum eligible PP acres for soybeans, the remaining 25 acres must be paid based on the remaining eligible PP acres from another crop.

Eligible PP Acres by Crop and Per Acre Guarantee			
Crop	Unit	Eligible PP Acres	\$ Per Acre PP Guarantee
Soybeans	0001-0001OU	50 Acres	\$60.00
Wheat	0001-0002OU	25 Acres	\$40.00
Corn	0001-0003OU	25 Acres	\$80.00

The adjuster must first determine which crop with remaining eligible PP acres would have a PP payment most similar to soybeans.

The \$40.00 per-acre guarantee for wheat and the \$80.00 per-acre guarantee for corn are an equal amount above and below the \$60.00 per acre dollar guarantee for soybeans. In this situation, remaining eligible PP acres from the crop with the higher payment will be used first. In this case, corn will be used.

Next, the adjuster must compare the PP payment for soybeans to the PP payment for corn. Since the \$60.00 per acre guarantee for soybeans results in a lower payment than the \$80.00 per acre guarantee for corn, the PP payment and premium for the 25.0 PP acres of soybeans prevented from planting will be based on the soybean per acre PP dollar guarantee, using the 25 acres of PP eligibility from corn.

- (e) **EXAMPLE 5** - The insured turns in a Durum wheat PP claim. The insured has a total of 825 eligible PP acres for all crops. The insured has 710 eligible PP acres for Durum, and he plants all 710 acres to durum. He intended to plant all 825 acres to durum but was prevented from planting 115 acres.

Eligible PP Acres by Crop and Per Acre Guarantee			
Crop	Unit	Eligible PP Acres	\$ Per Acre PP Guarantee
Durum Wheat	0001-0001OU	710 Acres	\$244.00
Mustard	0001-0002OU	200 Acres	\$76.00
Lentils	0001-0003OU	200 Acres	\$137.00

The insured has history of planting mustard and lentils in the past four years. Durum was the only crop the insured planted in 2011. Since the insured has no remaining eligible PP acres for wheat, the eligible acres from lentils and mustard must be used.

The insured does not have a mustard contract this year and must have one to be able to insure the mustard. This was the insured's own choice because he was intending to plant all of his acreage to durum. The eligible acres for the mustard that is in the insured's data base can be used even though there was no contract in effect with a processor. The last processor mustard contract price per acre will be used to determine what the PP payment for mustard would have been.

The projected price per acre for lentils will be used to determine what the PP payment for lentils would have been.

The crop/unit having the most similar payment to the Durum will be compared to what the Durum PP payment would be. Whichever crop's PP payment is the closest to the Durum payment will be the crop/unit used to make the PP payment for Durum.

The lentils would have a per-acre PP payment of \$137.00 and the Mustard would have a per-acre PP payment of \$76.00. The \$137.00 per-acre guarantee for lentils is the closest to the \$244.00 per acre dollar guarantee for Durum.

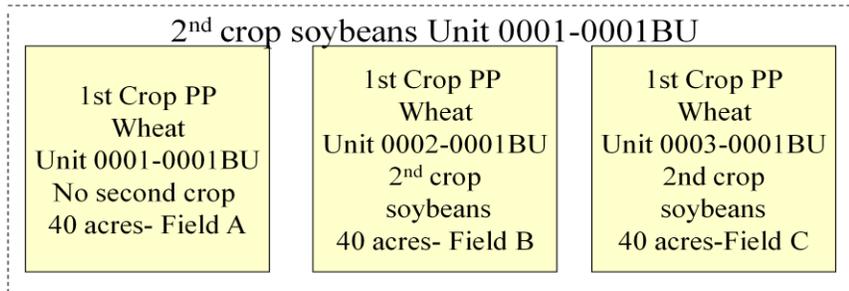
The PP payment for each of these crops will be compared to what the PP payment for wheat would have been. The remaining acres from each of these crops will be used to make the PP payments.

If the PP wheat was lower than lentils or mustard, then the PP payment for wheat will be used to process the PP payment using the mustard and lentil acres. If either of these crops had a lower payment than the wheat, then the wheat PP payment will be processed under those crops

Prevented Planting Payment Calculation							
Crop/Unit	Acres	x	\$ PP Guarantee	x	Share*	=	Indemnity
Lentils- 0001-0002OU	115.0	x	\$137.00	x	1.000	=	\$15,755.00

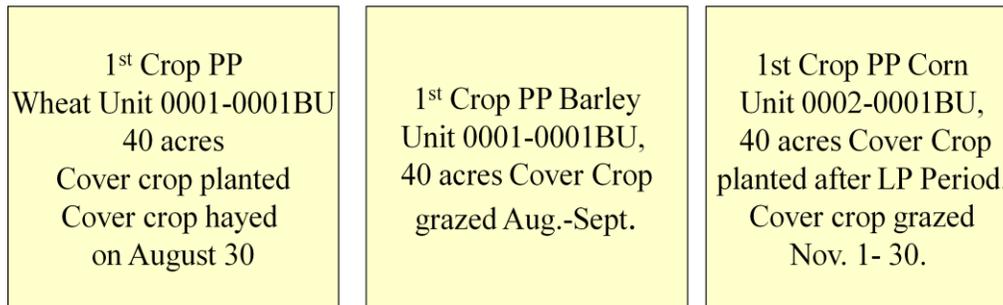
12. EXAMPLES AND ILLUSTRATIONS OF 1ST AND 2ND CROPS

EXAMPLE 1



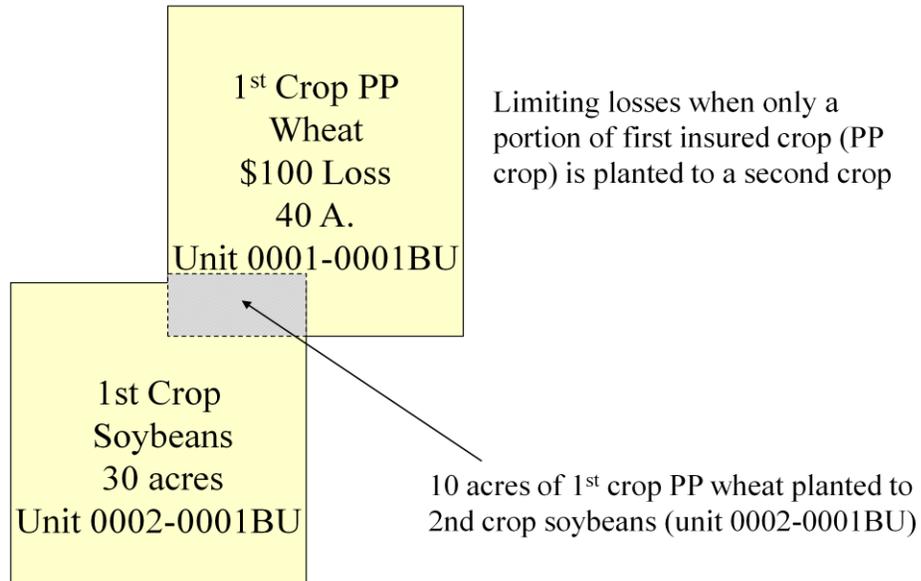
80 acres of soybeans were planted in fields B and C of unit 0001-0001BU soybeans. Only unit 0001-0001BU PP wheat will receive a 100% PP payment. Unit 0002-0001BU and unit Unit 0003-0001BU PP wheat will receive 35 % of the PP payment.

EXAMPLE 2



Unit 00100 wheat will receive 35% of the PP payment since the cover crop was hayed prior to November 1. Unit 0001-0001BU barley also will receive only 35% prevented planting payment since the cover crop was grazed prior to November 1. Unit 0002-0001BU corn will receive 100% PP payment since the cover crop was grazed November 1 and later.

EXAMPLE 3



For unit 00100 wheat, 30 acres of the PP wheat will receive 100% of the PP payment. However, the 10 acres on which the soybeans (second crop) was planted is limited to 35% of the PP payment for the 10 acres of PP wheat.

All of Unit 0002-0001BU soybean acreage will receive 100% of any indemnity due.

13. REFERENCE MATERIAL

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES

In accordance with the instructions in the CIH, AIPs are to provide a copy of the following Irrigated Practice Guidelines to all insureds for whom the irrigated practice may apply.

The following guidelines are provided to enable insureds to properly report planted or perennial crop acreage to be insured under the irrigated practice in order to receive maximum protection under their crop insurance policy. It is very important that these guidelines be utilized to document whether, at the time insurance attaches; there is a reasonable expectation of receiving adequate water to carry out a good irrigation practice for acreage reported under the irrigated practice. The guidelines, in entirety, are substantive and are to be given to the insured in administration of their crop insurance policy.

1 Definitions

The following definitions are provided to facilitate a uniform understanding of the standards and guidelines for the irrigated practice for planted or perennial crop acreage.

- A** Adequacy of Irrigation Facilities – Irrigation facilities are considered adequate if it is determined that, at the time insurance attaches, they will be available and usable at the times needed and have the capacity to timely deliver water in sufficient quantities to carry out a good irrigation practice for the acreage insured under the irrigated practice.
- B** Irrigation Equipment and Facilities – The physical resources, other than water, used to regulate the flow of water from a water source to the acreage. This includes pumps, valves, sprinkler heads, and other control devices. It also includes pipes or pipelines which: (1) are under the control of the insured or (2) routinely deliver water only to acreage which is owned or operated by the insured. A center pivot system is considered irrigation equipment and facilities.
- C** Irrigation Water Supply – The water source and means for supplying irrigation water, without regard to the equipment or facilities. This includes the water source and dams, canals, ditches, pipelines, etc., which contain the water for movement from the source to the acreage and (1) are not under the control of the insured or (2) routinely deliver water to acreage in addition to that which is owned or operated by the insured. It DOES NOT INCLUDE any irrigation equipment or facilities.
- D** Water Source – The source from which water is made available. This includes wells, lakes, reservoirs, streams, aquifers, etc.

2 Guidelines for Annual or Perennial Crop Acreage

To report planted or perennial crop acreage insured under the irrigated practice, the following requirements must be met.

- A** Insured must be able to demonstrate, to the approved insurance provider's satisfaction, that adequate facilities and water existed, at the time insurance attached, to carry out a good irrigation practice for the insured crop. Some factors that the insured should be able to document and/or demonstrate would include, but are not limited to the following:

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES (Continued)

- Water source history, trends, and forecasting reliability
- Water supply availability and usage.
- Pump efficiency and capacity
- Water requirements (amount and timing) of all crops to be irrigated;
- Water rights (primary, secondary, urban versus agricultural use, etc.)
- Contingency plans to handle shortages
- Acres to be irrigated
- Ownership of the water (state or federal versus landowner)
- Meters, measuring devices and methods used
- Soil types, soil moisture levels, and pre-plant irrigation needs
- Water conservation methods, devices used, and plans utilized (if applicable)
- Past crop planting history and tillage methods
- Quantity and quality of the water supply
- Supplemental water availability and usage (including return flow)
- Recommendations from local County Extension Service (CES) or National Resource Conservation Service (NRCS), and other source recognized by CES or NRCS to be an expert in this area) regarding irrigation and crop production
- Factors considered in reporting acreage to be insured under an irrigated practice.
- Information the insured knew (or should have known) and when the insured knew (or should have known) such information pertinent to supporting a good irrigation practice.

B Insured should have reasonable expectations, at the time coverage begins, of receiving adequate water to carry out a good irrigation practice. If the insured knew or had reason to know that the amount of his/her irrigation water may be reduced before coverage begins, no reasonable expectation existed.

Decreased water allocation resulting from the diversion of water for environmental or other reasons is not an insurable cause of loss unless the diversion is made necessary due to an insured cause of loss.

C Insured needs to be able to document and/or demonstrate good irrigation practices, showing the application of adequate water in an acceptable manner at the proper times to allow for normal crop production, measured as the Approved APH yield for the unit.

D The determination of the adequacy of water will be based upon;

- (1) The water available (at the time insurance attaches) from the irrigation water supply, soil moisture levels, and, as applicable, snow pack storage levels;
- (2) Supplementary precipitation which would normally be received, after insurance attaches, during the period that a good irrigation practice is normally carried out.

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES (Continued)

(3) Consideration will also be given to the factors identified in Item A above, including the legal entitlement or rights to water.

E Insured must demonstrate that they have the physical resources, other than water, used to regulate the flow of water from a water source to the acreage. This includes pumps, valves, sprinkler heads, and other control devices. It also includes pipes or pipelines which (1) are under the control of the insured or (2) routinely deliver water only to acreage which is owned or operated by the insured. A center pivot system is considered irrigation equipment and facilities.

F Irrigation facilities are considered adequate if it is determined that, at the time insurance attaches to planted or perennial acreage, they will be available and usable at the times needed and have the capacity to timely deliver water in sufficient quantities to carry out a good irrigation practice for the acreage insured under the irrigated practice.

G If the acreage fails to qualify for insurance under the irrigated practice, it will result in such acreage being insured under a practice other than irrigated. If no other appropriate practice is available for the acreage, insurance will not be considered to have attached on the acreage.

H Failure to carry out a good irrigation practice on acreage properly insured under the irrigated practice will result in an appraisal for uninsured causes against such acreage, unless the failure was caused by unavoidable failure of the irrigation water supply after insurance attached or failure or breakdown of the irrigation equipment or facilities due to an insured cause of loss provided all reasonable efforts to restore the irrigation equipment facilities to proper working order within a reasonable amount of time were taken by the insured, unless the AIP determines it is not practical to do so. Cost will not be considered when determining whether it is practical to restore the equipment or facilities.

If a loss is evident, acreage reported as an irrigated practice that qualified as an irrigated practice at the time insurance attached cannot be revised to a non-irrigated practice after the acreage reporting date even if liability stays the same or decreases, even if the insured never applied any water.

*****I** Insureds are required to keep separate production records for acreage insured under the irrigated practice from acreage insured under a practice other than irrigated (or with no practice applicable) and uninsured acreage.

EXHIBIT 1 (Continued)

IRRIGATED PRACTICE GUIDELINES (Continued)

3 Guidelines for Prevented Planting Coverage

*** Insureds may be able to receive a prevented planting payment for acreage historically grown under an irrigated practice if there is not a reasonable expectation of having adequate water (due to an insured cause of loss occurring in the prevented planting insurance period) on the final planting date (or within the late planting period if the insured elects to try to plant the crop) to carry out an irrigated practice, provided all other prevented planting provisions have been met.

A Insureds are expected to be prepared to provide documentation of the factors which were considered in reporting that there was no reasonable expectation of receiving adequate irrigation water for the acreage reported as prevented planting under an irrigated practice.

B Acreage historically grown under an irrigated practice for which the insured had no reasonable expectation of having adequate irrigation water by the final planting date (or within the late planting period, if applicable), may be eligible for an irrigated prevented planting payment even if the acreage could have been planted with a non-irrigated practice and the producer elects not to plant.

EXHIBIT 2

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

Final Agency Determination: FAD-040

Subject: Request dated November 16, 2004, requesting a Final Agency Determination for the 2004 crop year, regarding the interpretation of section 17(e)(1)(i)(A) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 17(e)(1)(i)(A) of the Basic Provisions states, as here pertinent:

17. Prevented Planting.

* * * * *

(e) The maximum number of acres that may be eligible for a prevented planting payment for any crop will be determined as follows:

(1) The total number of acres eligible for prevented planting coverage for all crops cannot exceed the number of acres of cropland in your farming operation for the crop year, unless you are eligible for prevented planting coverage on double cropped acreage in accordance with section 17(f)(4). The eligible acres for each insured crop will be determined in accordance with the following table.

Eligible acres if, in any of the 4 most recent crop years, you have planted any crop in the county for which prevented planting insurance was available or have received a prevented planting insurance guarantee

(i) The crop is not required to be contracted with a processor to be insured:

(A) The maximum number of acres certified for APH purposes or reported for insurance for the crop in any one of the 4 most recent crop years (not including reported prevented planting acreage that was planted to a second crop unless you meet the double cropping requirements in section 17(f)(4)). The number of acres determined above for a crop may be increased by multiplying it by the ratio of the total cropland acres that you are farming this year (if greater) to the total cropland acres that you farmed in the previous year, provided that you submit proof to us that for the current crop year you have purchased or leased additional land or that acreage will be released from any USDA program which prohibits harvest of a crop. Such acreage must have been purchased, leased, or released from the USDA program, in time to plant it for the current crop year using good farming practices. No cause of loss that will or could prevent planting may be evident at the time the acreage is purchased, leased, or released from the USDA program.

* * * * *

EXHIBIT 2 (Continued)

FADS

FAD-040 (Continued)

The requestor indicated that the specific question posed by this request is related to the increase of the number of acres eligible for prevented planting ("prevented planting database") by virtue of the added land ratio discussed in the policy provisions quoted above. Specifically, the requestor asks whether an increase in non-irrigated acreage in the current crop year can be used to increase the prevented planting database for a crop insured under an irrigated practice if that crop is not insurable in the county under a non-irrigated practice. The requestor provided the following example:

Assume an insured has only 300.0 acres of irrigated potatoes in his or her 4-year prevented planting database. The insured had 300.0 acres in his or her farming operation the prior year, all of which were capable of being irrigated and on which the insured raised irrigated potatoes.

For the current crop year, the insured retains the 300 irrigated acres and also adds another 600 acres to his or her farming operation. None of the added 600.0 acres are capable of being irrigated. The insured intended to raise non-irrigated wheat on the new acreage.

In accordance with section 17(e)(1)(i)(A), the "added land" ratio would be 3.0 (900 acres divided by 300 acres). Potatoes are not insurable in this county under a non-irrigated practice.

The requestor also stated that the following provisions contained in section 17(f)(10) of the Basic Provisions may arguably be applicable:

17. Prevented Planting.

* * * * *

(f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:

(10) Based on an irrigated practice production guarantee or amount of insurance unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented you from planting. Acreage with an irrigated practice production guarantee will be limited to the number of acres allowed for that practice under sections 17(e) and (f);

Interpretation Submitted

The requestor interprets the above policy provisions to mean only that an insured cannot apply for a prevented planting payment for a crop based on an irrigated practice if adequate irrigation facilities are not in place on the land claimed to have been prevented from planting. For instance, an insured is not allowed to claim prevented planting potatoes on an irrigated basis if the land on which he or she intended to plant the potatoes lacks adequate irrigation facilities. The requestor does not believe section 17(f)(10) has any application to the establishment of the

EXHIBIT 2 (Continued)

FADS

FAD-040 (Continued)

maximum number of acres eligible for prevented planting coverage determined in accordance with section 17(e)(1)(i)(A).

The requestor also stated that section 17(e)(1)(i)(A) speaks only to crops and total cropland acres and does not in any way reference to or make any distinction based on a practice such as irrigated or non-irrigated. Based on the policy language, the requestor does not believe there is any basis which would prevent the application of the "added land" ratio to an irrigated practice in this instance." Therefore, the requestor's interpretation is that the added land ratio (based on an increase of non-irrigated acreage) should be used to increase a crop's irrigated prevented planting database in instances where the crop is not insurable under a non-irrigated practice.

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) disagrees with the requested interpretation. The requestor is correct that section 17(e)(1) of the Basic Provisions would permit a total of 900 acres to be eligible for prevented planting. However, once the total number of eligible acres is determined, there must be a determination of the eligible acres for each "insured crop."

Based on the scenario presented by the requestor, the insured crop is limited to irrigated potatoes because non-irrigated potatoes are not insurable in the county. Therefore, there must be a determination of how many acres of irrigated potatoes are eligible for prevented planting.

Contrary to the assertion of the requestor, section 17(f)(10) of the Basic Provisions is applicable in making this determination. Section 17(f)(10) states that acreage with an irrigated production guarantee will be limited to the number of acres allowed **for that practice** under sections 17(e) and (f). This means the database is limited to the acreage eligible for the practice. With respect to an irrigated practice, under section 17(f)(10), the prevented planting acreage is limited to the number of acres where there is adequate irrigation facilities in place to carry out an irrigated practice.

In the scenario presented by the requestor, the producer only has irrigation facilities for 300 of the 900 acres. Therefore, the number of acres eligible for prevented planting under an irrigated practice would be limited to 300 acres.

The request asked that the Final Agency Determination explicitly provide that the decision is applicable to the provisions of Crop Revenue Coverage (04-CRC-Basic) and Revenue Assurance (04-RA) since the language is identical or nearly identical. Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and the CRC and RA have not yet been codified in the C.F.R., to the extent these provisions are identical or nearly identical, the Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

EXHIBIT 2 (Continued)

FADS

FAD-040 (Continued)

In accordance with 7 C.F.R. 400.765(c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2004 crop year. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: February 14, 2005

EXHIBIT 3

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-72

Subject: Request dated December 20, 2006, requesting a Final Agency Determination for the 2005 crop year regarding the interpretation of section 17 of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 1 of the Basic Provisions states, as here pertinent:

1. Definitions.

Good farming practices. The production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late planted acreage, which are: (1) For conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by the organic agricultural industry for the area or contained in the organic plan. We may, or you may request us to, contact FCIC to determine whether or not production methods will be considered to be “good farming practices.”

Prevented planting. Failure to plant the insured crop with proper equipment by the final planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented planting payment if you failed to plant the insured crop with the proper equipment within the late planting period. You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics.

Section 12 of the Basic Provisions states, as here pertinent:

12. Causes of Loss.

The insurance provided is against only unavoidable loss directly caused by specific causes of loss contained in the Crop Provisions. All specified causes of loss, except where the Crop

EXHIBIT 3 (Continued)

FADS

FAD-72 (Continued)

Provisions specifically cover loss of revenue due to a reduced price in the marketplace, must be due to a naturally occurring event. All other causes of loss, including but not limited to the following, are NOT covered:

(b) Failure to follow recognized good farming practices for the insured crop;

Section 17 of the Basic Provisions states, as here pertinent:

17. Prevented Planting.

(a) Unless limited by the policy provisions, a prevented planting payment may be made to you for eligible acreage if:

(1) You were prevented from planting the insured crop (Failure to plant when other producers in the area were planting will result in the denial of the prevented planting claim) by the insured cause that occurs:

(2) You include any acreage of the insured crop that was prevented from being planted on your acreage report; and

(3) You did not plant the insured crop during or after the late planting period. If such acreage was planted to the insured crop during or after the late planting period, it is covered under the late planting provisions.

(f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:

(9) For which you cannot provided proof that you had the inputs available to plant and produce a crop with the expectation of at least producing the yield used to determine the production guarantee or amount of insurance (Evidence that you have previously planted the crop on the unit will be considered adequate proof unless your planting practices or rotational requirements show that the acreage would have remained fallow or been planted to another crop);

EXHIBIT 3 (Continued)

FADS

FAD-72 (Continued)

(10) Based on an irrigated practice production guarantee or amount of insurance unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented you from planting. Acreage with an irrigated practice production guarantee will be limited to the number of acres allowed for that practice under sections 17(e) and (f);

Interpretation Submitted

The requestor interprets section 17 of the policy provisions to be complete in itself for prevented planting claims, and, therefore, if a producer meets the requirements for a prevented planting payment under section 17, the prevented planting claim cannot be denied for failure to follow good farming practices under section 12 of the Basic Provisions.

Prevented planting claims under section 17 have specific requirements, which, if met, constitute good farming practices. One example of this is section 17(f)(9) which excludes prevented planting coverage on any acreage for which the insured cannot provide proof that the insured had the inputs available to plant and produce a crop with the expectation of at least producing the yield used to determine the production guarantee or amount of insurance. A second example is the requirement in section 17(f)(10) for having adequate irrigation facilities in place for crops raised under an irrigated practice.

The requestor's interpretation rests on two primary bases. Both "good farming practices" and "prevented planting" are defined terms in section 1 of Basic Provisions. The definition of "good farming practices" is incompatible with the definition of "prevented planting." By its plain language, "failure to plant with proper equipment" could not constitute "production methods utilized to produce the insured crop." Under section 17 of the Basic Provisions, coverage is available for prevented planting as defined in the policy. If failure to follow good farming practices under section 12(b) is applied to prevented planting claims, no prevented planting claim could ever be allowed.

Further, the requirements in section 17 for prevented planting are very specific, while "good farming practices" is a general term that covers largely unspecified acts. Under any insurance policy, specific provisions are deemed to control over general provisions.

Under the requestor's interpretation, any acreage for which the insured fails to meet the requirements in section 17 would not qualify for prevented planting; however, the "failure to follow good farming practices" provision in section 12(b) has no relationship to prevented planting claims and therefore cannot be an additional ground for denial of prevented planting claims.

EXHIBIT 3 (Continued)

FADS

FAD-72 (Continued)

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) disagrees with the requestor's interpretation. Section 508(a)(3)(A) of the Federal Crop Insurance Act expressly states that insurance cannot cover losses due to the failure of the producer to follow good farming practices. Therefore, producers are always required to follow good farming practices. This means that the provisions contained in section 17 of the Basic Provisions are not mutually exclusive of other applicable policy provisions. The producer must comply with all provisions of the policy, including those related to good farming practices and insurability.

The provisions contained in sections 17(f)(9) and (10) are not the only good farming practices required. For example, there may be situations where it is possible to prepare and plant a portion of the acreage during the planting period, either before or after an insurable cause of loss has occurred. The producer's failure to plant the crop when, using good farming practices, planting is possible would constitute a failure to follow good farming practices and the producer would not be eligible for prevented planting on such acreage.

Further, following farming practices generally recognized by agricultural experts does not mean the producer will automatically qualify for a prevented planting payment. For example, there may be a situation where a producer has used a particular farming practice which is generally recognized as a good farming practice and is unable to plant the crop using that farming method. However, there may be other farming practices that are also generally recognized as good farming practices used by other producers in the area with acreage with similar characteristics that allow them to plant the acreage. In such case, the producer who did not plant would not qualify for prevented planting.

In addition, the definition of "prevented planting" states "the failure to plant the **insured crop**." (Emphasis added). This means that before the crop can qualify as prevented planting, it must qualify as an insured crop. Section 8(b)(1) of the Basic Provisions contains the circumstances under which a crop would not be insured, which includes a crop not grown on planted acreage or a crop that is a type, class or variety or where the conditions under which the crop is planted are not generally recognized for the area. These circumstances are generally referring to good farming practices but because they occur before or at planting, they are considered factors in insurability not an uninsured cause of loss. Further, while these provisions refer to crops that have been planted, they are also applicable to prevented planting, except as stated therein. This means that if a producer intended to plant a crop in a manner that would make the crop uninsurable if it was planted, the crop is also uninsurable if the producer fails to plant it.

FCIC also disagrees that the definition of "good farming practices" is incompatible with the definition of "prevented planting." The definition of "good farming practices" refers to the production methods used to produce the crop and would include the preparation of the land through the subsequent harvest of the crop. "Prevented planting" refers to the failure to plant the crop with the proper equipment. This is consistent with the definition of "good farming

EXHIBIT 3 (Continued)

FADS

FAD-72 (Continued)

practices” because it requires the proper equipment. Further, the definition of “prevented planting” just refers to the failure to plant. A producer is eligible for a prevented planting payment only if the producer is prevented from planting an insured crop due to an insured peril occurring during the prevented planting insurance period and complies with all other policy provisions. Section 12 of the Basic Provisions lists causes of loss that are NOT covered by the policy and specifies that covered causes of loss are contained in the Crop Provisions. A prevented planting claim will be denied if planting is prevented by any excluded cause of loss, such as failure to follow good farming practices, or if any other applicable policy requirements are not met.

This Final Agency Determination has referred to particular policy provisions as illustrations to support FCIC’s position of why the provisions in section 17 of the Basic Provisions are not mutually exclusive, as alleged by the submitter. These illustrations are not exhaustive and there may be others that are also applicable. Each situation must be examined in light of all the policy provisions to determine which policy provisions are applicable.

The requestor asked that the Final Agency Determination explicitly provide that the decision is applicable to the provisions of Revenue Assurance (04-RA) since the language is identical or nearly identical. Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and RA has not yet been codified in the Code of Federal Regulations, to the extent these provisions are identical or nearly identical, the Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

In accordance with 7 C.F.R. 400.765(c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2005 crop year. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: March 7, 2007

EXHIBIT 4

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-84

Subject: By request dated December 6, 2007, the Risk Management Agency was asked for a Final Agency Determination for the 2007 and succeeding crop years, regarding the interpretation of section 9(a) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8, and a Special Provisions statement regarding peanuts planted into existing vegetation. This request is pursuant to 7 C.F.R. part 400 subpart X.

Background

Section 9(a) of the Basic Provisions as here pertinent states:

9. Insurable Acreage

(a) Acreage planted to the insured crop in which you have a share is insurable except acreage: (1) That has not been planted and harvested or insured (including insured acreage that was prevented from being planted) in at least one of the three previous crop years unless you can show that:

(ii) The Crop Provisions or a written agreement specifically allow insurance for such acreage; or

A statement on the Special Provisions for peanuts in Georgia states:

A peanut crop which is properly planted, using a machine designed for such purpose, into existing vegetation, i.e. grass or legumes, small grains, or other cover crops recommended by the Cooperative Extension Service, will be insurable provided that prior to emergence of the peanut crop, the existing vegetation is treated with a herbicide which is labeled and recommended for the purpose of killing the existing vegetation.

Interpretation Submitted

The submitter interprets the provisions to mean prevented planting is allowed on pasture land if the grass was destroyed prior to the planting period. For example, the pasture has not been planted in a row crop for several years but it was destroyed by chemical and plow five to six months in advance of normal planting of peanuts. The requestor asked if this acreage is eligible for prevented planting since it was a prior pasture.

EXHIBIT 4 (Continued)

FADS

FAD-84 (Continued)

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) does not agree with the proposed interpretation. Section 9(a) of the Basic Provisions states acreage is insurable if it has been planted and harvested or insured in one of the three previous years or if one of the listed exceptions is applicable (e.g. a written agreement specifically allows insurance). Insurability of the acreage has to do with the risks associated with the land.

The Special Provisions statement modifies section 8 of the Basic Provisions and section 8 of the Peanut Crop Provisions, which involve the insurability of the crop. These provisions generally involve the farming practices used to produce the crop.

Simply because the “crop” meets the insurability requirements of the Basic Provisions and Crop Provisions does not mean the “acreage” has met insurability requirements. For the acreage on which the crop is grown to be insurable, it must meet the conditions in section 9 of the Basic Provisions and section 9 of the Peanut Crop Provisions. Further, unless the acreage meets these insurability requirements, it is not eligible for a prevented planting payment.

While it is possible for a Special Provisions statement to allow insurance for acreage not planted and harvested in one of the three previous crop years, the Special Provisions statement in question does not allow for such. Therefore, in the example provided, pasture that was destroyed by chemical and plow five to six months in advance of normal planting of peanuts is not eligible for a prevented planting payment in 2007 unless it was planted and harvested or insured in the 2004, 2005 or 2006 crop year or unless one of the exceptions specified in the policy applies.

In accordance with 7 C.F.R. 400.765 (c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2007 and succeeding crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: January 31, 2008

EXHIBIT 5

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-89

Subject: Request dated June 16, 2008, requesting a Final Agency Determination for the 2007 crop year regarding the interpretation of section 17(f)(3) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. § 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 17(f)(3) of the Basic Provisions states:

17. Prevented Planting

(f) Regardless of the number of eligible acres determined in section 17(e), Prevented Planning coverage will not be provided for any acreage:

(3) Used for conservation purposes, intended to be left unplanted under any program administered by the USDA or other government agency, or required to be left unharvested under the terms of the lease or any other agreement (The number of acres eligible for prevented planting will be limited to the number of acres specified in the lease for which you are required to pay either cash or share rent);

Interpretation Submitted

The requestor interprets these provisions to mean if an insured entered into a cash rent agreement that provided for the tenant to pay the landlord cash rent on the basis of planted acres only, with acres that “received” a prevented planting payment being considered planted for the lease purposes, such acreage would not be eligible for prevented planting coverage. Since a cash rent payment is due and payable contingent only upon receiving a prevented planting payment, the insured is not required to “pay either cash or share rent” on those acres if they do not receive prevented planting payments—hence they do not meet the requirements of section 17(f)(3).

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) agrees that, under the terms of the policy, unless a producer is required to pay cash rent for acreage, it does not qualify for prevented planting. However, the basis for this interpretation is the definition of “share” in section 1 of the Basic

EXHIBIT 5 (Continued)

FADS

FAD-89 (Continued)

Provisions and section 9(a) of the Basic Provisions. Section 9(a) states in part that “Acreage planted to the insured crop in which you have a share is insurable . . .” Therefore, unless the producer has a share in the acreage, it is not insurable. If the acreage is not insurable, it cannot be eligible for a prevented planting payment.

“Share” is defined in section 1 of the Basic Provisions as “Your percentage of interest in the insured crop as an owner, operator, or tenant at the time insurance attaches. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the earlier of the time of loss or the beginning of harvest.”

Under normal circumstances, insurance attaches with the seeding of a crop. In the case of prevented planting, there is no seeding to trigger the attachment of insurance. As such, it is reasonable to identify some event which supports a transfer of interest from the landowner to the tenant. Many cash lease arrangements require one half of the cash rent up front, with the remainder paid at harvest. Thus, the initial cash rent payment could be considered the transfer of interest from the landowner to the tenant.

As previously specified in an Informational Memorandum released on May 18, 2001, and available on the RMA Web site at <http://www.rma.usda.gov>, when cash rent lease provisions apply, the requirement for the payment of cash rent is necessary to provide a legitimate insurable interest to receive prevented planting indemnity payments. Terms of cash rent leases vary and a review of the cash rent lease is necessary to determine the insurable interest.

Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and the Crop Revenue Coverage and Revenue Assurance policies have not yet been codified in the Code of Federal Regulation, to the extent those provisions are identical or nearly identical, this Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

In accordance with 7 C.F.R. 400.765 (c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2007 and succeeding crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: Aug 28, 2008

EXHIBIT 6

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-101

Subject: Request dated August 14, 2009, requesting a Final Agency Determination for the 2009 and succeeding crop years regarding the interpretation of section 15(h)(4) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. § 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

The submitter requests that the Risk Management Agency (RMA) provide an interpretation that clarifies whether the producer is required to maintain separate records for acres that were or were not double cropped according to section 15(h)(4) of the Basic Provisions.

Section 15 of the Basic Provisions states, as here pertinent:

(h) You may receive a full indemnity, or a full prevented planting payment for a first insured crop when a second crop is planted on the same acreage in the same crop year, regardless of whether or not the second crop is insured or sustains an insurable loss, if each of the following conditions are met:

(1)***

(2)***

(3)***

(4) You provide records acceptable to us of acreage and production that show you have double cropped acreage in at least two of the last four crop years in which the first insured crop was planted, or that show the applicable acreage was double cropped in at least two of the last four crop years in which the first insured crop was grown on it; and

Interpretation Submitted

In regards to section 15(h)(4) above stating “records acceptable to us of acreage and production” the requestor interprets the section as requiring the approved insurance provider (AIP) to obtain acreage and production records to verify double cropping history. The Basic Provisions are silent as to whether double crop records must be separately maintained for each crop. The requestor interprets the policy to mean the acreage and production records are not required to be crop specific, and that records from the acreage that was double cropped can be combined with records from acreage that was not double cropped. The requestor stated they have received

EXHIBIT 6 (Continued)

FADS

FAD-101 (Continued)

previous documents and perceived agreement from RMA regarding the documentation requirements, and therefore, the requestor is seeking a Final Agency Determination.

The requestor provided an example where the producer provides records from the previous two years of onion crops. Each year, onions were planted on a 40-acre field; however end rows (turn rows) and every 20th row (to allow for farming equipment to be transported through the field) were skipped. As a result, only 32 actual acres of onions were planted. The producer then plants the entire field (40 acres) with soybeans. The producer provides a satisfactory record of acres and production from the 32 acres of onions, but is unable to provide separate soybean production records for the 32 acres planted to onions and the remaining eight acres that were not double cropped. In this scenario, the requestor interprets the producer to be eligible for 32 acres of double crop insurance coverage.

A second example was provided by the requestor where the producer planted and harvested 40 acres of wheat and intended to plant the full 40 acres with soybeans; however, due to weather conditions was only able to plant 32 acres of soybeans. Due to the original intent of planting the full 40 acres with soybeans, the producer did not maintain and is unable to provide wheat production records for the 32 acres planted with soybeans and the remaining eight acres where soybeans were not planted. However, based on the review of acreage and production records the requestor is able to verify that 32 acres were successfully double cropped. Therefore, the requestor interprets the producer to be eligible for 32 acres of double crop insurance coverage.

A third example was provided by the requestor in which a producer has a wheat policy with an enterprise unit consisting of two farms located several miles apart from each other. The producer's intent was to plant all wheat acres to soybeans, and therefore the producer does not maintain separate wheat production records for the two farm locations. However, due to a weather event the producer was prevented from planting the second soybean crop on one of the farming locations and cannot provide separate wheat production from the crop acreage that was not double cropped. The requestor interprets that due to the producer's intent to plant all wheat acres to soybeans, the corresponding records provided for both crops will be acceptable records for double crop history.

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) agrees in part with the requestor's interpretation. Normally separate production records for first crop and second crop acreage must be provided to prove double cropping history for the acreage on which double cropping practice is claimed. However, there are exceptions. FCIC has previously provided an informal interpretation stating that the first example was an exception.

In the first example provided by the requestor, the producer provides satisfactory records of acreage and production from the 32 acres of onions. However, the producer is unable to provide separate soybean production records broken down by the 32 acres previously planted to onions

EXHIBIT 6 (Continued)

FADS

FAD-101 (Continued)

and the remaining eight acres that were not originally planted to onions. Consistent with onion planting practices, leaving a reasonable amount of acreage in end rows is a recognized cultural or management practice. In this case, FCIC agrees that it is impractical and unreasonable to expect the producer to keep soybean production on the double cropped acreage separate from production associated with the end rows and equipment lanes where no onions were previously planted. Therefore, past records showing onion production on 32 acres and soybean production from 40 acres will qualify as acceptable double cropping records in this specific example. FCIC agrees acceptable records were provided for 32 double cropped acres in the first example. With regard to the second example provided by the submitter, FCIC agrees it may provide another exception to the rule that separate records must be provided for first crop and second crop acreage. However, the records for 32 acres where both a first crop and a second crop were planted and harvested are acceptable only if the AIP determines there are acceptable records showing the entire 40 acres were double cropped in one of the past four crop years. Such documentation is necessary to determine the producer usually has a history of planting the entire 40 acres to both wheat and soybeans, but due to weather conditions was unable to do so for the year in question. In this case, the producer planted and harvested 40 acres of wheat and began to plant 40 acres of soybeans following the wheat, but was only able to plant 32 acres of soybeans. The producer is unable to provide separate wheat production records for the 32 acres planted to soybeans and the remaining eight acres where it was not possible to plant soybeans due to weather. If the producer can provide records for one of the past four years showing that all 40 acres were double cropped, FCIC agrees that it is again impractical and unreasonable to require the producer to maintain separate records for the 32 wheat acres considered double cropped from the 8 wheat acres where no second crop was planted so the production records for the 32 acres are considered acceptable.

With respect to the third example, it presents a similar scenario to the second example. Separate production records are normally required for acreage that is double cropped. However, similar to the second example, due to weather conditions the producer was unable to plant soybeans on all acreage previously planted to wheat in the third situation provided by the requestor. Therefore, if the AIP can determine there are acceptable records which show all acreage in both fields were double cropped in one of the past four crop years, the AIP may determine the records for the year in question satisfy the records requirement for proving double cropping history as stated in the Basic Provisions. If both fields were not double cropped in one of the past four crop years, the records provided in example three cannot be used to prove double cropping history.

In accordance with 7 C.F.R. 400.765(c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2009 and succeeding crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: Oct 2, 2009

EXHIBIT 7

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-103

Subject: Request dated July 31, 2009, requesting a Final Agency Determination for the 2009 and succeeding crop years regarding the interpretation of section 15(h)(4) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 15 of the Basic Provisions states, as here pertinent:

15. Production Included in Determining an Indemnity and Payment Reductions.

(h) You may receive a full indemnity, or a full prevented planting payment for a first insured crop when a second crop is planted on the same acreage in the same crop year, regardless of whether or not the second crop is insured or sustains an insurable loss, if each of the following conditions are met:

(4) You provide records acceptable to us of acreage and production that show you have double cropped acreage in at least two of the last four crop years in which the first insured crop was planted, or that show the applicable acreage was double cropped in at least two of the last four crop years in which the first insured crop was grown on it; and

Section 21 of the Basic Provisions states, as here pertinent:

21. Access to Insured Crop and Records, and Record Retention.

(b) You must retain, and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance:

(1) Complete records of the planting, replanting, inputs, production, harvesting, and disposition of the insured crop on each unit for three years after the end of the crop year (This requirement also applies to all such records for acreage that is not insured); and

EXHIBIT 7 (Continued)

FADS

FAD-103 (Continued)

The Risk Management Agency (RMA) is requested to provide an interpretation to clarify whether or not the requirement to provide acreage and production records to prove double cropping history contained in section 15(h)(4) of the Basic Provisions is intended to require an approved insurance provider (AIP) to obtain actual records of acreage and production records beyond the three year record retention standard outlined in section 21(b)(1) of the Basic Provisions.

Interpretation Submitted

Regarding the "records acceptable to us of acreage and production" referenced above, the requestor interprets section 15(h)(4) of the Basic Provisions as requiring AIPs to obtain verifiable historical evidence of production from two of the last four years for both the first and second crops. As regards production records, the requestor interprets section 15 of the Basic Provisions to require more than a review of the insured's Actual Production History (APH) and Form FSA-578. More specifically, an AIP must obtain and verify actual, third party production records. In this regard, there is a different reporting and documentation standard for verifying eligibility for double cropping as opposed to APH. However, as regards acreage records, the requestor interprets section 15 of the Basic Provisions to permit the use of Form FSA-578s.

However, section 21(b)(1) of the Basic Provisions requires "complete records of the planting, replanting, inputs, production, harvesting, and disposition of the insured crop on each unit for three years after the end of the crop year." The requestor interprets the combination of these two sections to mean an AIP is required to obtain actual verification of acreage and production if the documents are within the three year record retention standard. In addition, the requestor interprets the three-year standard to be three calendar years following the end of the crop year period. Therefore, if the successful double-crop production was from more than three calendar years ago, an insured is no longer required to retain the complete records. Consequently, in the instance of any acreage and production documentation more than three years old, an AIP may rely solely on the insured's APH records.

For example, in the scenario outlined below, the insured can demonstrate double-cropping for crop years (CY) 2002, 2003, 2006, and 2008, the last four years of wheat planting. However, since the insured is only required to retain complete records for three calendar years following the end of the crop-year, when determining double-crop eligibility the requestor interprets the required documentation to be the 2008 CY APH, FSA-578 and verifying records (i.e., Sales Records or independent crop appraisal) and only the APH and FSA-578 for the 2003 CY.

EXHIBIT 7 (Continued)

FADS

FAD-103 (Continued)

2002 CY 100 acres of wheat harvested	2002 CY 100 acres of soybeans planted on wheat acreage
2003 CY 200 acres of wheat harvested	2003 CY 200 acres of soybeans planted on wheat acreage
2004 CY 0 acres of wheat planted	2004 CY 300 acres of soybeans planted
2005 CY 0 acres of wheat planted	2005 CY 250 acres of soybeans planted
2006 CY 300 acres of wheat planted; not harvest/not appraised	2006 CY 300 acres of soybeans planted on wheat acreage
2007 CY 0 acres of wheat planted	2007 CY soybeans planted
2008 CY 100 acres of wheat planted	2008 CY 100 acres of soybeans planted

An alternate scenario would be as detailed below. If an insured's double-crop records were as follows, the applicable successful production records for the last two of four years would be CYs 2002 and 2003. However, based on section 21(b)(1) of the Basic Provisions an insured would not have been required to retain the complete records for CYs 2002 and 2003 beyond calendar year 2006 and 2007 respectfully. Therefore, since the record retention policy does not require documents beyond three years, the requestor interprets verification solely through the APH as acceptable.

2002 CY 100 acres of wheat harvested	2002 CY 100 acres of soybeans planted on wheat acreage
2003 CY 200 acres of wheat harvested	2003 CY 200 acres of soybeans planted on wheat acreage
2004 CY 0 acres of wheat planted	2004 CY 300 acres of soybeans planted
2005 CY 0 acres of wheat planted	2005 CY 250 acres of soybeans planted
2006 CY 300 acres of wheat planted; not harvest/not appraised	2006 CY 300 acres of soybeans planted on wheat acreage
2007 CY 0 acres of wheat planted	2007 CY soybeans planted
2008 CY 0 acres of wheat planted	2008 CY soybeans planted

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) does not agree with the requestor's interpretation. To prove double-cropping history, the provisions in section 15(h)(4) require records of acreage and production, which are acceptable to the AIP, for at least two of the last four years in which the first insured crop was planted. Such records must be provided for both the first insured crop and the crop subsequently planted. In accordance with section 4.D(8)(c)4 of the Crop Insurance Handbook, acceptable records that may be used to support past double-cropping include, but are not limited to:

EXHIBIT 7 (Continued)

FADS

FAD-103 (Continued)

- Elevator ledger sheets showing the amount of production from double-cropped acreage (using farm management or trucking records, producers can designate which loads were from double-cropped acreage if production from both double-cropped and single cropped acreage is on the same ledger);
- Crop insurance records, including records used for APH, claims, appraisals, bin measurements, etc.
- FSA documents, maps, or bin measurements showing the amounts of production or acreage that was double-cropped;

Section 1 of the Basic Provisions states:

Production report - A written record showing your annual production and used by us to determine your yield for insurance purposes (see section 3). The report contains yield information for previous years, including planted acreage and harvested production. This report must be supported by written verifiable records from a warehouseman or buyer of the insured crop or by measurement of farm-stored production, or by other records of production approved by us on an individual case basis.

7 C.F.R. 400.52 (Definitions) states:

(q) Verifiable records-Contemporaneous records of acreage and production provided by the insured, which may be verified by FCIC through an independent source, and which are used to substantiate the acreage and production that have been reported on the production report.

Therefore, in accordance with section 15(h)(4) of the Basic Provisions and section 4.D(8)(c)4 of the Crop Insurance Handbook, the production report may be considered acceptable documentation of acreage and production to prove a double cropping history, provided the producer retains written verifiable records supporting the production report. Such supporting records must be provided upon request. However, such records can only be used to prove double-cropping history if they include only production from acreage that was double-cropped (certain exceptions may be allowed as provided in FAD-101). If the record contains a combination of acreage/production for double-cropped acreage and acreage that was not double-cropped, other records must be provided to separate it.

Provisions in section 21(b)(1) of the Basic Provisions require a producer to keep complete records of planting, production, etc. for three years after the end of the crop year. Under the basic tenets of statutory and regulatory interpretation, the provisions must be reconciled to the extent possible. With respect to sections 21(b)(1) and 15(h)(4), these provisions are reconciled by interpreting the record keeping requirement as normally three years unless additional years of records are necessary to satisfy the requirements of section 15(h)(4). This means that if records from more than three crop years ago are necessary to establish that the producer double cropped in at least two of the last four years crop years, such records must be retained and provided or the producer will not qualify for double cropping. As stated above, if the record being used is a

EXHIBIT 7 (Continued)

FADS

FAD-103 (Continued)

production report, the producer must retain written verifiable records supporting the production report and such records must be provided upon request. Therefore, in each of the scenarios presented above, the same type of records that qualify as acceptable in accordance with the procedures are required for each of the years the producer is using to establish double cropping.

In accordance with 7 C.F.R. 400.765 (c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2009 and succeeding crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: November 16, 2009

EXHIBIT 8

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-105

Subject: Request dated November 24, 2009, requesting a Final Agency Determination for the 2005 through 2009 crop years regarding the interpretation of section 1 definition of “prevented planting” of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

The submitter requests the Risk Management Agency (RMA) provide an interpretation of the definition of prevented planting to clarify the factors considered in determining whether acreage has “similar characteristics.”

Section 1 definition of “prevented planting” states, as here pertinent:

1. Definitions

Prevented planting- Failure to plant the insured crop with proper equipment by the final planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented planting payment if you failed to plant the insured crop with the proper equipment within the late planting period. You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics. (Emphasis added.)

Interpretation Submitted

The requestor interprets the definition of prevented planting to mean a producer’s chosen production method should not be a factor in considering whether acreage has “similar characteristics.” In many instances, a producer will take the position that his land should not be compared to that of neighboring producers because he is a no-till producer while his neighbors generally use a minimum till or conventional till practice. The requestor does not believe this position is consistent with the Federal Crop Insurance Corporation (FCIC) policy or procedure.

The requestor states a producer’s tillage practice is a farm management decision made by the producer. It is not a characteristic of the land. FCIC procedure does not include a producer’s management decision as to tillage practice within the concept of “acreage with similar characteristic.” FCIC addressed this issue in a Final Agency Determination (FAD)-012. FAD-012 clearly limits “characteristics” of the land to those items intrinsic to the soil itself, (i.e., geography, topography, and soil type). A management decision is not a “characteristic” of the

EXHIBIT 8 (Continued)

FADS

FAD-105 (Continued)

land. The requestor interprets FCIC policy to mean a producer is not entitled to a prevented planting payment if the reason he was prevented from planting was due to his management decision to employ a no-till farming practice.

The requestor stated that identical or nearly identical language is set forth in the Crop Revenue Coverage (CRC) and the Revenue Assurance (RA) insurance policies. Accordingly, they request this Final Agency Determination explicitly be made applicable to the CRC and RA policies as well.

Final Agency Determination

FCIC agrees with the requestor's interpretation that a farm management decision to no-till acreage is not a "characteristic" of the acreage or a factor considered when determining if the acreage has characteristics similar to other acreage in the area.

RMA posted FAD-012 on its website on February 27, 2002. In FAD-012, RMA interpreted the term "area" to be the area affected by the cause of loss. Once the area is determined, acreage with similar characteristics within the area would be compared to determine whether the producer is prevented from planting. RMA also stated in FAD-012 that acreage would be considered to have similar characteristics if it had comparable geography, topography, soil types, the same weather conditions and exposure. Therefore, the management decision to no-till the acreage is not a "characteristic" of the acreage.

Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated hereunder, and the CRC and RA policies have not yet been codified in the Code of Federal Regulations, to the extent those provisions are identical or nearly identical, this Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

In accordance with 7 C.F.R. 400.765(c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2005 through 2009 crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: Jan 7, 2010

EXHIBIT 9

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-110

Subject: Two requests dated December 3, 2009, and December 14, 2009, requesting a Final Agency Determination for the 2008 and succeeding crop years regarding the interpretation of section 17(a)(1) and 17(f) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. These requests are pursuant to 7 C.F.R. part 400, subpart X.

Background

The preamble to the Basic Provisions states, as here pertinent:

This insurance policy is reinsured by the Federal Crop Insurance Corporation (FCIC) under the provisions of the Federal Crop Insurance Act (Act) (7 U.S.C. 1501 et seq.). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the Act. The provisions of the policy may not be waived or varied in any way by us, our insurance agent or any other contractor or employee of ours or any employee of USDA unless the policy specifically authorizes a waiver or modification by written agreement. We will use the procedures (handbooks, manuals, memoranda and bulletins), as issued by FCIC and published on the RMA Web site at <http://www.rma.usda.gov/> or a successor Web site, in the administration of this policy, including the adjustment of any loss or claim submitted hereunder. In the event that we cannot pay your loss because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy and FCIC will be responsible for any amounts owed. No state guarantee fund will be liable for your loss.

Throughout this policy, “you” and “your” refer to the named insured shown on the accepted application and “we,” “us,” and “our” refer to the insurance company providing insurance. Unless the context indicates otherwise, use of the plural form of a word includes the singular and use of the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the payment of the premium, and subject to all of the provisions of this policy, we agree with you to provide the insurance as stated in this policy. If there is a conflict between the Act, the regulations published at 7 CFR chapter IV, and the procedures as issued by FCIC, the order of priority is as follows: (1) The Act; (2) the regulations; and (3) the procedures as issued by FCIC, with (1) controlling (2), etc. If there is a conflict between the policy provisions published at 7 CFR part 457 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 457 control. If a conflict exists among the policy provisions, the order of priority is: (1) The Catastrophic Risk Protection Endorsement, as applicable; (2) the Special Provisions; (3) the Crop Provisions; and (4) these Basic Provisions, with (1) controlling (2), etc.

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

Section 1 of the Basic Provisions states, as here pertinent:

1. Definitions

Prevented Planting- Failure to plant the insured crop with proper equipment by the final planting date designated in the Special Provisions for the insured crop in the county. You may also be eligible for a prevented planting payment if you failed to plant the insured crop with the proper equipment within the late planting period. You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics.

Section 9 of the Basic Provisions states, as here pertinent:

9. Insurable Acreage

(a) Acreage planted to the insured crop in which you have a share is insurable except acreage:

(1) That has not been planted and harvested or insured (including insured acreage that was prevented from being planted) in at least one of the three previous crop years unless you can show that:

(i) Such acreage was not planted:

- (A) In at least two of the previous three crop years to comply with any other USDA program;
- (B) Because of crop rotation, (e.g., corn, soybeans, alfalfa; and the alfalfa remained for four before the acreage was planted to corn again); or
- (C) Because a perennial tree, vine, or bush crop was grown on the acreage;

Section 14 of the Basic Provisions states, as here pertinent:

14. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop Acreage

Our Duties

(d) We recognize and apply the loss adjustment procedures established or approved by the Federal Crop Insurance Corporation.

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

Section 17 of the Basic Provisions states, as here pertinent:

17. Prevented Planting

(a) Unless limited by the policy provisions, a prevented planting payment may be made to you for eligible acreage if:

(1) You were prevented from planting the insured crop (Failure to plant when other producers in the area were planting will result in the denial of the prevented planting claim) by an insured cause that occurs:

(f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:

(8) That exceeds the number of eligible acres physically available for planting;

Section 20 of the Basic Provisions states, as here pertinent:

20. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review.

(b) ***

(4) In any suit, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, an interpretation must be obtained from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC. Such interpretation will be binding.

Section 4F of the 2008 Prevented Planting Loss Adjustment Standards Handbook (PP LASH) defines eligible acres as meeting all of the following conditions:

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

F. ELIGIBLE ACRES

(1) Acreage eligible for PP must be:

(a) Insurable. The adjuster (and/or other contractor or AIP employee designated by the AIP) must verify that the acreage claimed as PP is NOT any of the uninsurable acreage listed below:

(b) Available for planting. Available for planting means land is free of trees, rocky outcroppings, or other factors that would prevent proper and timely preparation of the seedbed for planting and harvest of the crop for the crop year. Acreage not considered available for planting includes, but is not limited to, the following:

1 acreage enrolled in CRP;

2 perennial crop acreage; i.e., trees or vines still on the acreage or not removed in time to plant;

3 pasture or forage acreage is in place (established). Refer to section 4 I and 4 K(2) (a) for what constitutes established pasture or forage acreage that is in place; and

4 Acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions. Because of the normally wet conditions from year to year on such acreage, this acreage is likely to have well established cattails, perennial weeds, and perennial grasses that increase the likelihood of the acreage being unavailable for planting even in the driest year. Unavailability of such land increases in this situation because of the time, expense, and labor needed to remove the well-established cattails, weeds, and grasses in time to plant the insured crop.

On May 29, 2007, the Risk Management Agency (RMA) issued Informational Memorandum IS-07-007 which states, as here pertinent:

Acreage that is not available for planting according to FCIC-issued procedure, or does not otherwise comply with policy provisions, is not considered eligible acreage.

RMA is requested to provide an interpretation of the eligibility for prevented planting criteria defined in section 17(a)(1) specifically the exclusions from eligible prevented planting acres defined in section 17(f) of the Basic Provisions that clarifies whether or not a field is "available for planting" would exclude a policyholder from being eligible for prevented planting coverage.

Interpretation Submitted

As stated above, RMA received two requests for a Final Agency Determination for the 2008 and succeeding crop years regarding the interpretation of section 17(a)(1) and 17(f) of the Basic

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

Provisions. The second request for the Final Agency Determination was a joint request submitted by two parties. Both parties submitted their interpretation of the provisions. Therefore, a total of three interpretations were submitted as follows:

The first requestor understands the Basic Provisions supersede the PP LASH and published Informational Memorandum IS-07-007. However, since the Basic Provisions are silent as to whether the “available for planting” requirement impacts a policyholder’s eligibility for prevented planting coverage and based on the specific direction received from RMA that acreage that is not available to plant is not eligible for prevented planting coverage, the first requestor is seeking a Final Agency Determination clarifying the meaning of “available for planting.” The first requestor specifically requests an interpretation of section 17 of the Basic Provisions based on the conflicting standards in section 17 of the Basic Provisions, the PP LASH, and IS-07-007. The first requestor states the policy does not mention the “available for planting” standard; the PP LASH and IS-07-007 do.

Based on the specific direction previously received from RMA regarding the “available to plant” standards and the language from section 9(a) of the Basic Provisions regarding insurable acreage, the first requestor interprets section 17(f) of the Basic Provisions as requiring approved insurance providers (AIPs) to exclude acres from prevented planting coverage if the acres have not been available to plant.

Based on the above, the first requestor interprets the “available to plant” definition as acreage that has not been planted or harvested in one of the three previous crop years. Furthermore, based on past RMA direction, the first requestor interprets the availability to plant standard to be an exclusion to prevented planting eligibility even though it is not included in section 17(f) of the Basic Provisions. The first requestor believes because the policy incorporates RMA handbooks by reference, coverage exclusions in such handbooks apply regardless of whether they also are stated in the policy.

The second requestor maintains section 4F(1)(b)4 of the PP LASH is entirely consistent with section 17(f)(8) of the Basic Provisions which does not allow for prevented planting coverage on acreage that is not “physically available for planting.” Merriam-Webster’s Online Dictionary defines the term “available” as “present or ready for immediate use.” Acreage which, in normal weather patterns, is normally wet throughout the final and late planting period cannot be said to be acreage that is present or ready for the immediate use of planting. Therefore, section 4F(1)(b)4 of the PP LASH does not conflict with the policy. As a result, under the second requestor’s interpretation of section 17(f)(8), “acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions,” is not acreage that is “available for planting.”

The second requestor believes the interpretation above is entirely consistent with Informational Memorandum (IS-07-007). The fact that section 17(f)(8) of the Basic Provisions was not cited in this memo in no way suggests section 4F(1)(b)4 of the PP LASH conflicts with the policy. The

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

purpose of an Informational Memorandum is simply to convey information. As a result, RMA routinely issues Informational Memorandums that quote loss adjustment procedures without also quoting every policy provision that may be related to the procedure. Furthermore, given that section 4F(1)(b)4 was added to the version of the PP LASH released on November 29, 2005, the suggestion that section 4F(1)(b)4 of the PP LASH was created solely to address drought conditions existing in the summer and fall of 2006 is clearly misplaced.

The second requestor disagrees with the contention that section 17(f)(8) of the Basic Provisions only addresses non-cropland acres, such as acreage that is used for conservation purposes, intended to be left unplanted under any program administered by the USDA or other government agency (i.e. CRP) or required to be left unharvested under the terms of the lease or any other agreement; or acreage that is pasture land or land with forage crop in place or land for which planting history or conservation plans indicate would remain fallow for crop rotation purposes. Sections 17(f)(3) and 17(f)(6) of the Basic Provisions contain limitations on prevented planting coverage that specifically address the examples of acreage which the insureds characterize as non-cropland. The Basic Provisions clearly set forth section 17(f)(8) as a limitation on prevented planting coverage that is separate and distinct from the limitations contained in sections 17(f)(3) and 17(f)(6). Furthermore, in order to qualify for prevented planting coverage, it is not enough for the acreage to simply be characterized as cropland. Instead the acreage must be cropland which also meets the specific criteria established by FCIC for determining whether the cropland is available for planting. See e.g., PP LASH page 59, which states, “The term “cropland” as used in this example includes ONLY cropland that is available for planting. Also, see subsection 4F(1)(b) for more information regarding cropland acreage that is available for planting.”

Finally, the second requestor also disagrees with the suggestion that this proposed interpretation would somehow eliminate all prevented planting claims. The only acreage affected by the second requestor’s proposed interpretation would be acreage that does not satisfy the specific criteria for availability set forth in section 4F(1)(b)4 of the PP LASH.

The third requestor contends section 4F(1)(b)4 of the PP LASH conflicts with the terms of the Basic Provisions by imposing a stricter standard through additional terms and requirements which are not included or required by the policy.

The definition of “prevented planting” in section 1 of the Basic Provisions and section 17 does not include an “available for planting” requirement. The insurance policy is clean and unambiguous that prevented planting is the failure to plant the “insured crop” by the final planting date due to an insured cause of loss that is general in the area and prevents other producers from planting. Section 17(e) of the Basic Provisions identifies the maximum number of acres that may be eligible for a prevented planting payment.

FAD-051 addresses the issue of how to determine the total number of acres that may be eligible for prevented planting. FCIC, in FAD-051 explained that:

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

Section 17(e)(1) of the Basic Provisions clearly states that the total number of acres that may be eligible for prevented planting is the “number of acres of cropland in your farming operation”. Under this provision it is immaterial how the insured acquired the acreage or **whether it had a previous history of prevented planting. If the acreage qualifies as cropland and is included in the insured’s farming operation, it may be included in the total number of acres eligible for prevented planting (emphasis added).** The actual amount of eligible acreage for each insured crop is determined by the table in section 17(e)(1) of the Basic Provisions. The third requestor states, there is no mention of section 17(f)(8) of the Basic Provisions in FAD-051, because section 17(f)(8) addresses non-cropland, whereas section 17(e) addresses “eligible prevented planting acres.”

The third requestor believes it is unreasonable to interpret section 17(f)(8) of the Basic Provisions to require prevented planting acreage to be “physically available for planting” because, by definition, prevented planting is a failure to plant. If the acreage was “physically available to plant”, the insured is required to plant by the final planting date. Therefore, there would never be a prevented planting claim under the interpretation that section 17(f)(8) requires all prevented planting acreage to be “physically available to plant.”

Section 4F(1)(b) of the PP LASH is not an interpretation of section 17(f)(8) of the Basic Provisions. Section 17(f)(8) addresses non-cropland acres, such as acreage that is used for conservation purposes, intended to be left unplanted under any program administered by the USDA or other government agency (i.e. CRP), or required to be left unharvested under the terms of the lease or any other agreement (section 17(f)(3)); or acreage that is pasture land or land with a forage crop in place or land for which planting history or conservation plans indicate would remain fallow for crop rotation purposes (section 17(f)(6)). RMA has taken the position in the past that section 17(f)(8) is non-cropland such as roads and farmsteads.

Moreover, the third requestor states section 17(f)(8) of the Basic Provisions has existed since 1998 to present. Section 4F(1)(b) of the PP LASH was recently created in 2006. It is therefore illogical to say that section 4F(1)(b) of the PP LASH is related to section 17(f)(8) of the Basic Provisions. If it is, the third requestor questioned what section 17(f)(8) meant all the years prior to 2006. This would be an interpretation that is contrary to law or reason.

There is no language in the Basic Provisions that requires prevented planting acreage to first be “available for planting” as identified in paragraph 4F(1)(b) of the PP LASH before it is eligible for a prevented planting payment. The PP LASH conflicts with the insurance policy by creating an additional requirement for a prevented planting payment. When there is a conflict between the terms of the policy and the loss adjustment procedures, the terms of the policy control. See FAD-05 and Davidson v. Glickman, 169 F.3d 996 (5th Cir. 1999).

Informational Memorandum (IS-07-007) clearly explains the purpose behind section 4F (eligible acres) of the PP LASH as a response to the abnormally dry to moderate drought conditions that

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

have been experienced in Minnesota, North Dakota, and South Dakota. The background of memo explains, “The continued dry/drought conditions allowed farmers to perform tillage and/or chemical fallow during the summer or fall in 2006 on acreage that is generally too wet to till and plant (i.e., potholes in low lying areas). Approved Insurance Provider(s) (AIP) and the Risk Management Agency (RMA) have been informed that these acres may have been specifically worked up in order to claim spring 2007 prevented planting when normally occurring precipitation fills the potholes in low lying areas.” The third requestor believes there is absolutely no reference to section 17(f)(8) of the Basic Provisions in Informational Memorandum IS-07-007 for section 4F of the PP LASH. This is because section 4F of the PP LASH is not interpreting section 17(f)(8) of the Basic Provisions, but instead was created to address the recent dry/drought conditions identified in Informational Memorandum IS-07-007.

The preamble to the Basic Provisions clearly states, “The provisions of the policy may not be waived or modified in any way by us, your insurance agent or any employee of the USDA unless the policy specifically authorizes a waiver or modification by written agreement” 7 CFR §457.8. “We agree with you to provide the insurance as stated in this policy. If there is a conflict between the Act, the regulations published at 7 CFR Chapter IV, and the procedures issued by us, the order of priority is as follows: (1) The Act; (2) the regulations; and (3) the procedures... If there is a conflict between the policy provisions and regulations, “the policy provisions published at 7 CFR part 457 control.” Accordingly, section 17 of the policy controls over section 4F of the PP LASH.

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) agrees with the interpretation that the Basic Provisions control any procedures or bulletins, including the PP LASH and Informational Memorandum IS-07-007. However, FCIC does not agree there are conflicting standards between section 17 of the Basic Provisions, section 4F of the PP LASH, and Informational Memorandum IS-07-007. In accordance with section 17(f)(8) of the Basic Provisions, prevented planting coverage will not be provided for any acreage that exceeds the number of eligible acres physically available for planting. There is nothing in this provision that suggests that it is limited to non-cropland acreage. FCIC is giving the language its plain meaning by interpreting it to mean that the number of acres eligible for prevented planting is limited to the number of acres that are physically available for planting.

However, section 17(f)(8) of the Basic Provisions does not define acres “physically available for planting.” Therefore, clarification was necessary and section 4F(1)(b) of the PP LASH provides that clarification. It provides a basic definition and examples regarding when acreage is not considered physically available for planting. Even the list of examples is not exclusive, as demonstrated by the use of the phrase “includes, but not limited to” One specific example of acreage not considered to be available for planting contained in the PP LASH is “acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions,” is not acreage that is “available

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

for planting”. Such acreage is not considered “available for planting” because under normal weather conditions it remains too wet to plant. Therefore, section 4F(1)(b) of the PP LASH is not in conflict with the Basic Provisions. It is merely a clarification of section 17(f)(8) of the Basic Provision. This clarification of acreage “available for planting” is also consistent with the definition of “prevented planting” contained in section 1 of the Basic Provisions, which requires an insured cause of loss that occurred within the insurance period to have prevented planting, and section 508(a)(1) the Federal Crop Insurance Act (Act), which states in part “To qualify for coverage under a plan of insurance, the losses of the insured commodity must be due to drought, flood, or other natural disaster (as determined by the Secretary).” Normal weather conditions are not a covered cause of loss.

FCIC does not agree with the first requestor’s interpretation that “available to plant” means acreage that has not been planted or harvested in one of the three previous crop years as stated in section 9 of the Basic Provisions. The provisions of section 9 must be met for acreage to qualify as insurable. To accept the first requestor’s interpretation that section 9 determines available to plant would make section 17(f)(8) of the Basic Provisions meaningless because if the acreage is not insurable, certainly it would not be eligible for prevented planting. Section 17(f)(8) provides a distinction between the insurability of the acreage versus the availability of a particular coverage. To be covered for prevented planting, the acreage must be physically available for the planting. Further, as stated above, section 4F(1)(b) of the PP LASH merely provides a clarification of section 17(f)(8) of the Basic Provisions.

Further, the fact that neither the Informational Memorandum nor the definition of “prevented planting” specifically references section 17(f)(8) or the phrase “physical availability to plant” has no significance. Section 17(f)(8) of the Basic Provisions is part of the policy and specifically refers to acreage physically “available for planting.” The clarification, as stated above, is fully consistent with the policy and the Act.

FCIC does not agree with the third requestor’s interpretation which states “there is no language in the Basic Provisions that requires prevented planting acreage to first be “available for planting” and that “The PP LASH conflicts with the insurance policy by creating an additional requirement for a prevented planting payment.” As stated above, section 17(f)(8) of the Basic Provisions limits prevented planting acreage to acreage that is physically available for planting and the PP LASH specifically addresses the meaning of available for planting. There is no conflict between the PP LASH and the policy provisions.

Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and the Crop Revenue Coverage (CRC) and Revenue Assurance (RA) policies have not yet been codified in the Code of Federal Regulations, to the extent those provisions are identical or nearly identical, this Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

EXHIBIT 9 (Continued)

FADS

FAD-110 (Continued)

In accordance with 7 C.F.R. 400.765 (c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2008 and succeeding crop years. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: Feb 25, 2010

EXHIBIT 10

FADS

Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-114

Subject: Request dated March 5, 2010, requesting a Final Agency Determination for the 2009 crop year regarding the interpretation of section 15(g)(3)(i) and 17(f)(5)(ii) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 15 of the Basic Provisions states, in relevant part:

15. Production Included in Determining an Indemnity and Payment Reductions.

(g) The reduction in the amount of indemnity or prevented planting payment and premium specified in sections 15(e) and 15(f), as applicable, will apply:

(3) For prevented planting only:

(i) If a volunteer crop or cover crop is hayed or grazed from the same acreage, after the late planting period (or after the final planting date if a late planting period is not applicable) for the first insured crop in the same crop year, or is otherwise harvested anytime after the late planting period (or after the final planting date if a late planting period is not applicable); or

Section 17 of the Basic Provisions states, as here pertinent:

17. Prevented Planting.***

(f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:

(5) On which the insured crop is prevented from being planted, if:

(ii) Any volunteer or cover crop is hayed, grazed or otherwise harvested within or prior to the late planting period or on or prior to the final planting date if no late planting period is applicable;

EXHIBIT 10 (Continued)

FADS

FAD-114 (Continued)

The requestor asks that this Final Agency Determination (FAD) be made applicable to the Revenue Assurance (RA) policies.

Interpretation Submitted

The requestor states the following as an interpretation of sections 15(g)(3)(i) and 17(f)(5)(ii):

a. That a volunteer crop for purpose of the regulations cited is a cultivated plant, i.e., a crop plant that can be grown and harvested extensively for profit or subsistence, which grows without having been intentionally sown or planted, but grows from an unintentionally included seed; a seed that is shed or dropped by a previous crop; and that it does not include weeds, like foxtail.

b. That the only activity related to a volunteer or cover crop that will require a reduction in the amount of the indemnity or prevented planting payment is if the volunteer or cover crop is hayed or grazed.

c. That for purposes of the regulations cited, grazing means allowing farm animals to eat vegetation on the affected acreage and does not apply to any use by wild animals.

d. That for purposes of the regulations cited, haying means cutting or otherwise harvesting a volunteer or cover crop for use as animal feed.

Final Agency Determination

The Federal Crop Insurance Corporation (FCIC) agrees in part with the requestor's interpretation as follows:

a. "Volunteer crop" is not defined in the Basic Provisions. Therefore, the term must be given the common usage meaning. FCIC agrees that for the purpose of sections 15(g)(3)(i) and 17(f)(5)(ii), a volunteer crop is a crop or plant that was either planted in a previous crop year on the acreage or planted on other acreage and the seed migrated but it was not intentionally sown or planted on the acreage in the current crop year. Further, a volunteer crop does not include plants that would be considered weeds. However, there is no restriction that the plant be grown extensively for profit or subsistence. The question is whether the producer receives a benefit from it by either haying or grazing the crop. If the acreage in question has 100 percent weeds growing on it with NO volunteer crop plants, there is no reduction in the prevented planting payment when the acreage is hayed or grazed. However, if there are ANY volunteer crop plants in the stand and the policyholder bales, stores, or grazes it, the 65 percent reduction would apply.

b. FCIC does not agree the only activity related to a volunteer or cover crop that will require a reduction in the amount of the indemnity or prevented planting payment is if the volunteer or

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cover crop is hayed or grazed. The provision specifically refers to “otherwise harvested,” which can include something other than haying or grazing.

c. FCIC agrees grazing means allowing farm animals to eat vegetation on the affected acreage. Wild animals eating the vegetation on the acreage would not be considered grazing for the purposes of sections 15(g)(3)(i) and 17(f)(5)(ii).

d. FCIC does not agree haying means cutting or otherwise harvesting a volunteer or cover crop for use as animal feed. Haying means cutting or otherwise harvesting a volunteer or cover crop that is put up in any manner (e.g., baled) or put into storage. The use of the crop is not limited to animal feed.

Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and the CRC and RA policies have not yet been codified in the Code of Federal Regulations, to the extent those provisions are identical or nearly identical, this Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all policyholders insured under the same policy provisions.

In accordance with 7 C.F.R. 400.765(c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2009 crop year. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: Apr 22, 2010

EXHIBIT 11

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Although the policy language in this FAD may not be exactly the same as is in the 2011 BP, the language is similar, and therefore, the FCIC interpretation is applicable.

FAD-119

Subject: Request dated April 9, 2010, requesting a Final Agency Determination for the 2009 crop year regarding the interpretation of section 17(f) of the Common Crop Insurance Policy Basic Provisions (Basic Provisions), published at 7 C.F.R. 457.8. This request is pursuant to 7 C.F.R. part 400, subpart X.

Background

Section 17(f)(8) of the Basic Provisions states:

17. Prevented Planting.

(f) Regardless of the number of eligible acres determined in section 17(e), prevented planting coverage will not be provided for any acreage:

(8) That exceeds the number of eligible acres physically available for planting;

The Risk Management Agency is requested to provide an interpretation of the phrase “acres physically available for planting.”

Section 4F of the 2008 Prevented Planting Loss Adjustment Standards Handbook (PP LASH) states, in relevant part:

F. ELIGIBLE ACRES

(b) Available for planting. Available for planting means land is free of trees, rocky outcroppings, or other factors that would prevent proper and timely preparation of the seedbed for planting and harvest of the crop for the crop year. Acreage not considered available for planting includes, but is not limited to, the following:

1 acreage enrolled in CRP;

2 perennial crop acreage; i.e., trees or vines still on the acreage or not removed in time to plant;

3 pasture or forage acreage is in place (established). Refer to section 4 I and 4 K (2) (a) for what constitutes established pasture or forage acreage that is in place; and

4 Acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions. Because of the normally wet conditions from year to year on such acreage, this acreage is likely to have well established cattails, perennial weeds, and perennial grasses that increase the likelihood of the

EXHIBIT 11 (Continued)

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acreage being unavailable for planting even in the driest year. Unavailability of such land increases in this situation because of the time, expense, and labor needed to remove the well-established cattails, weeds, and grasses in time to plant the insured crop.

Interpretation Submitted

The requestor states because the regulation does not define “acres physically available for planting,” the requestor believes the term must be interpreted in accordance with section 4 of the Prevented Planting Loss Adjustment Standards Handbook (PP LASH). Section 4 defines eligible acres for prevented planting as being “available for planting “as follows: “land free of trees, rocky outcroppings, or other factors that would prevent proper and timely preparation of the seedbed for planting and harvest of the crop for the crop year.”

Section 4F(1)(b) of the PP LASH goes on to give examples of acreage not considered available for planting, including in subsection (4) “Acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions. Because of the normally wet conditions from year to year on such acreage, this acreage is likely to have well established cattails, perennial weeds, and perennial grasses that increase the likelihood of the acreage being unavailable for planting even in the driest year. Unavailability of such land increases in this situation because of the time, expense, and labor needed to remove the well-established cattails, weeds, and grasses in time to plant the insured crop.”

The requestor interprets the phrase “acres available for planting“ in section 17(f), to mean the land must be “crop land acres“ as defined by the Farm Service Agency (FSA) as well as meeting the definition of available for planting in section 4F(1)(b) of the PP LASH. This requires the land be “currently being tilled to produce a harvest“ or if not currently tilled, “has been tilled in a prior year and is suitable to be tilled for crop production.”

The requestor interprets section 17(f), as clarified through section 4 of the PP LASH, as providing that acreage would not be considered to be available for planting if in normal weather patterns the acreage is not available to plant because precipitation fills the low-lying areas and potholes, and the acreage is wet throughout the final and late planting periods, and as a result the acreage would only be available to plant in abnormally dry years. The requestor further interprets this section as requiring that before a decision is made that the acreage is not available for planting due to the clarification in section 4F(1)(b)4 of the PP LASH, an inspection of the acreage would need to be made to determine the conditions in that section actually exist. Further, the requestor believes the condition of the acreage in “normal weather patterns“ would need to be documented by the approved insurance provider (AIP), prior to reaching a determination that any specific acreage is not available for planting due to these circumstances.

The requestor believes it would be improper to interpret the term “acreage unavailable for planting” to allow for a determination that specific acreage is unavailable based solely on that

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acreage's qualifying for prevented planting payments for a set number of prior years. If the acreage qualified for prevented planting payments in each of the prior years, the requestor believes that such qualifying cannot be used as the sole basis for determining the acreage is now "unavailable for planting" and therefore does not qualify as eligible acres for prevented planting.

The requestor further believes a review of the normal weather patterns needs to be made based on a thirty-year average data for the particular area where the prevented planting claims are made and cannot be based on statewide normal weather for a brief period of time. Likewise, the determination of whether the acreage has been planted or available for planting must be based on the use of FSA maps showing plantings over the same thirty-year time span.

Final Agency Determination

FCIC agrees the phrase "acres physically available for planting" in section 17(f)(8) of the Basic Provisions must be interpreted in accordance with section 4 of the 2008 PP LASH. RMA posted FAD-110 on its website on February 25, 2010, which states section 17(f)(8) of the Basic Provisions does not define acres "physically available for planting." Therefore, clarification was necessary and section 4F(1)(b) of the PP LASH provides a basic definition and examples regarding when acreage is not considered physically available for planting.

FCIC does not agree the phrase "acres available for planting" in section 17(f) means the land must be "cropland acres" as defined by FSA. FSA's classification of cropland is used for FSA program purposes and is not used for crop insurance purposes. The Basic Provisions do not define "cropland." However, section 12C of the 2008 PP LASH contains examples of the maximum number of eligible acres for prevented planting coverage and clarifies the term "cropland" for crop insurance purposes. Footnote 1/ under the first example states the following:

1/The term "cropland" as used in this example (and for crop insurance purposes) includes ONLY cropland that is available for planting. (Including the CRP acres in the example, there are 100 total acres. Although FSA or others might consider this farmland/cropland, it would not be considered cropland for insurance purposes since it is not available for planting.

Therefore, it is possible that acreage considered as "cropland" by FSA may not be considered as "cropland" acres for the purposes of insurance. The key is whether the acreage is available for planting.

FCIC also does not agree the phrase "acres available for planting" requires the land to be "currently being tilled to produce a harvest" or if not currently tilled, "has been tilled in a prior year and is suitable to be tilled for crop production." Just because a producer could till the land does not mean it is available for planting. For example, acreage that in normal weather patterns is too wet to plant in the spring may be dry enough to till the previous summer or fall. Such

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acreage would not be available for planting a spring crop even though such acreage may have been tilled the previous summer or fall.

As stated in FAD-110, one reason acreage may not be considered to be available for planting is “acreage that in normal weather patterns is normally wet throughout the final and late planting period and that would only be available to plant in abnormally dry conditions.” Therefore, prevented planting coverage is not provided because the reason the acreage could not be planted was due to normal amounts of precipitation, which is not an insured cause of loss.

FCIC agrees an inspection may be made to determine acreage is not available for planting. However, FCIC does not agree the procedure in section 4F(1)(b)4 of the PP LASH means an inspection of the acreage must be made prior to making the determination that the conditions in section 4F(1)(b)4 actually exist and the acreage is not available for planting. AIPs may use other information available, such as the Natural Resources Conservation Service (NRCS) Web Soil Survey maps, FSA information, and weather data, as verification that such acreage is only planted in abnormally dry years and, therefore, in accordance with section 4F(1)(b)4 of the PP LASH, not available for planting. In accordance with section 14(e) of the Basic Provisions, it is the policyholder’s responsibility to prove the loss was due to an insured cause of loss. Approved loss adjustment procedures require the AIP to verify that an insured cause of loss prevented planting. Therefore, FCIC agrees the documentation provided by the policyholder and verified by the AIP used in the determination of eligible acreage must be maintained in the policyholder’s file.

FCIC agrees it would be improper to interpret the term “acreage unavailable for planting” to allow for a determination that specific acreage is not available for planting based solely on the acreage qualifying for prevented planting payments for a set number of prior years. There may be legitimate circumstances where there is excess moisture at or before planting that would prevent planting for a number of years in a row. To deny prevented planting because the acreage is not available for planting, it must be established that the inability to plant was not due to an insured cause of loss and that the only time the acreage is available for planting is when the area is abnormally dry.

FCIC does not agree a review of the normal weather patterns needs to be made based on a thirty year average data for the particular area where prevented planting claims are made. As stated above, other information such as NRCS Web Soil Survey maps could be used, or other information such as FSA information and weather data could be used to document the acreage was only planted in abnormally dry years. Further, acreage that may have been planted in years past may no longer be available for planting because weather patterns can change from one decade to the next. There have been increased moisture levels in some areas of the United States that has left acreage that was once planted in a perpetual state of inundation (Class V Permanent Ponds and Lakes), and other land in a cyclic state of inundation (Class IV Semi-Permanent.

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Wetland). Consistent with the Federal Crop Insurance Act, the prevented planting provisions contained in the crop insurance policy, section 4F(1)(b)4 of the PP LASH, Informational Memorandums IS-07-007 and IS-10-002.1 and FAD-110, such acreage is not available for planting. Therefore, such acreage is not eligible for prevented planting coverage. FCIC does not agree the determination of whether the acreage has been planted or is available for planting must be based on the use of FSA maps showing plantings over the same thirty-year time span. As stated above, weather patterns are changing and what was available to plant in the past may not be available to plant today. AIPs must independently determine eligible acreage and prevented planting eligibility based on each policyholder's individual circumstances and FCIC issued crop insurance policies, procedures, information provided by the policyholder, and other generally available supporting evidence such as weather records, FSA information and aerial photographs, and NRCS maps, as outlined above.

The requestor stated identical or nearly identical language is set forth in the Revenue Assurance policy. Accordingly, they request this Final Agency Determination explicitly be made applicable to the Revenue Assurance policy. Even though 7 C.F.R. part 400, subpart X is only applicable to provisions of the Federal Crop Insurance Act and the regulations promulgated thereunder, and the Crop Revenue Coverage and Revenue Assurance policies have not yet been codified in the C.F.R., to the extent these provisions are identical or nearly identical, the Final Agency Determination applies accordingly to assure consistent, uniform, and equitable treatment to all producers insured under the same policy provisions.

In accordance with 7 C.F.R. 400.765 (c), this Final Agency Determination is binding on all participants in the Federal crop insurance program for the 2009 crop year. Any appeal of this decision must be in accordance with 7 C.F.R. 400.768(g).

Date of Issue: July 15, 2010

