

<p style="text-align: center;">APPENDIX 1 REGGULATORY PROVISIONS</p> <p>The definitions in the Agreement apply to this Appendix unless otherwise indicated herein.</p>	<p style="text-align: center;">APPENDIX 1 STANDARD REINSURANCE AGREEMENT PROGRAM INTEGRITY STATEMENT</p> <p>The definitions in the Agreement apply to this Appendix unless otherwise indicated herein.</p>
<p>I. PROCUREMENT INTEGRITY</p> <p>“FCIC official” means an officer or employee of FCIC or the Risk Management Agency.</p>	<p>SECTION I. PROCUREMENT INTEGRITY</p> <p>“FCIC official” means an officer or employee of FCIC or the Risk Management Agency.</p>
<p>(a) During this Agreement, the Company shall not knowingly:</p> <ol style="list-style-type: none"> (1) Make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any FCIC official; (2) Offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any FCIC official; or (3) Solicit or obtain, directly or indirectly, from any FCIC official, prior to FCIC's acceptance of this Agreement any proprietary or source selection information regarding the Agreement. 	<p>A. During this Agreement, the Company shall not knowingly:</p> <ol style="list-style-type: none"> 1. Make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any FCIC official; 2. Offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any FCIC official; or 3. Solicit or obtain, directly or indirectly, from any FCIC official, prior to FCIC's acceptance of this Agreement any proprietary or source selection information regarding the Agreement.

<p>(b) During this Agreement, no FCIC official shall knowingly:</p> <ol style="list-style-type: none"> (1) Solicit or accept, directly or indirectly, any promise of future employment or business opportunity from, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any officer, employee, representative, agent, consultant, or affiliate of the Company; (2) Ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from any officer, employee, representative, agent, consultant or affiliate of the Company; or (3) Disclose any proprietary or source selection information regarding the Agreement directly or indirectly to any person other than a person authorized by FCIC to receive such information. 	<p>B. During this Agreement, no FCIC official shall knowingly:</p> <ol style="list-style-type: none"> 1. Solicit or accept, directly or indirectly, any promise of future employment or business opportunity from, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any officer, employee, representative, agent, consultant, or affiliate of the Company; 2. Ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, directly or indirectly, any money, gratuity, or other thing of value from any officer, employee, representative, agent, consultant or affiliate of the Company; or 3. Disclose any proprietary or source selection information regarding the Agreement directly or indirectly to any person other than a person authorized by FCIC to receive such information.
<p>(c) During this Agreement, no person who is given authorized or unauthorized access to proprietary information regarding the Agreement, shall knowingly disclose such information, directly or indirectly, to any person other than a person authorized by FCIC to receive such information.</p>	<p>C. During this Agreement, no person who is given authorized or unauthorized access to proprietary information regarding the Agreement, shall knowingly disclose such information, directly or indirectly, to any person other than a person authorized by FCIC to receive such information.</p>

<p>(d) No Government official or employee who has participated personally and substantially in the deliberation of the Agreement with the Company shall:</p> <p>(1) Participate in any manner, as an officer, employee, agent, representative, or affiliate of another party to this Agreement, in any negotiations regarding such an Agreement; or</p> <p>(2) Participate personally and substantially on behalf of another party to this Agreement in the performance of such Agreement, during the period ending 2 years after the last date such individual participated personally and substantially in the conduct of activities associated with this and any future Agreements.</p>	<p>D. No Government official or employee who has participated personally and substantially in the deliberation of the Agreement with the Company shall:</p> <p>1. Participate in any manner, as an officer, employee, agent, representative, or affiliate of another party to this Agreement, in any negotiations regarding such an Agreement, or</p> <p>2. Participate personally and substantially on behalf of another party to this Agreement in the performance of such Agreement, during the period ending 2 years after the last date such individual participated personally and substantially in the conduct of such Agreement.</p>
<p>(e) The definitions at 48 C.F.R. § 3.104-1 are incorporated in this Agreement for the purposes of this subsection.</p>	<p>E. The definitions at 48 C.F.R. § 3.104-4 are incorporated in this Agreement for the purposes of this subsection.</p>
<p>(f) If the Company fails to comply with this subsection, FCIC may terminate this Agreement for cause.</p>	<p>F. If the Company fails to comply with this subsection, FCIC may terminate this Agreement for cause.</p>
<p>(g) For the purpose of this section, the term "FCIC Official" has the same meaning as the term "Procurement Official" in section 6 of the Office of Federal Procurement Policy Act Amendments of 1988 (Public Law 100-379).</p>	<p>G. For the purpose of this section, the term "FCIC Official" has the same meaning as the term "Procurement Official" in section 6 of the Office of Federal Procurement Policy Act Amendments of 1988 (Public Law 100-379).</p>

<p>II. DRUG FREE WORKPLACE</p> <p>(a) For the purposes of this section the following definitions apply:</p> <ol style="list-style-type: none"> (1) "Controlled Substance" has the meaning provided in 7 C.F.R. § 3021.610. (2) "Conviction" has the meaning provided in 7 C.F.R. § 3021.615. (3) "Criminal Drug Statute" has the meaning provided in 7 C.F.R. § 3021.625. (4) "Drug-free Workplace" has the meaning provided in 7 C.F.R. § 3021.635. (5) "Employee" has the meaning provided in 7 C.F.R. § 3021.640. 	<p>SECTION II. DRUG FREE WORKPLACE</p> <p>A. For the purposes of this section the following definitions apply:</p> <ol style="list-style-type: none"> 1. "Controlled Substance" means a controlled substance contained in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. § 812) and as further defined at 21 C.F.R. §§ 1308.11-1308.15. 2. "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or state criminal drug statutes. 3. "Criminal Drug Statute" means a Federal or non-federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance. 4. "Drug-free Workplace" means a site for the performance of work done by the Company in connection with the Agreement at which employees of the Company are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance. 5. "Directly Engaged" is defined to include all direct cost employees and any other contract employee who has other than a minimal impact or involvement in the Company's performance. 6. "Employee" means an employee of a Company or a service provider directly engaged in the performance of work under the Agreement.
<p>(b) The Company agrees that it will make a good faith effort, on a continuing basis, to maintain a drug-free workplace and identify all known workplaces.</p>	<p>[refer to B.7 below]</p>

<p>(c) The Company certifies and agrees it will, no later than thirty (30) days after the date the Agreement goes into effect; complete the following:</p> <p>(1) Publish a statement that:</p> <p>(A) Tells your employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in your workplace;</p> <p>(B) Specifies the actions that you will take against employees for violating that prohibition; and</p> <p>(C) Lets each employee know that, as a condition of employment under any award, he or she:</p> <p>(i) Will abide by the terms of the statement; and</p> <p>(ii) Must notify you in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace and must do so no more than five calendar days after the conviction.</p> <p>(2) Provide all employees with a copy of the statement required by subsection C(1);</p> <p>(3) Establish an ongoing drug-free awareness program to inform employees about:</p> <p>(A) The dangers of drug abuse in the workplace;</p> <p>(B) Your policy of maintaining a drug-free workplace;</p> <p>(C) Any available drug counseling, rehabilitation, and employee assistance programs; and</p> <p>(D) The penalties that you may impose upon them for drug abuse violations occurring in the workplace.</p>	<p>B. The Company certifies and agrees, that with respect to all employees, it will, no later than thirty (30) days after the date the Agreement goes into effect; complete the following:</p> <ol style="list-style-type: none"> 1. Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Company's and service providers' workplace and specifying actions that will be taken against employees for violations of such prohibition; 2. Establish an ongoing drug-free awareness program to inform employees about the dangers of drug abuse in the workplace, the Company's policy of maintaining a drug-free workplace, the availability of drug counseling, rehabilitation, employee assistance programs, and penalties that may be imposed upon employees for drug abuse violations occurring in the workplace; 3. Provide all employees with a copy of the statement required by paragraph (2); 4. Notify employees in writing of the statement required by paragraph (2) of this provision that, as a condition of continued employment or contracting with the Company or its managing general agent to perform a function required by the Agreement resulting from this solicitation, the employee will abide by the terms of this statement, and notify the Company or service provider in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than five (5) days after such conviction; 5. Notify FCIC in writing within ten (10) days after receiving notice under paragraph (4), from any employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee; and 6. Within 30 days after receiving notice under paragraph (4) of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace: a) take appropriate personnel action against such employee, up to and including termination; or b) require that such employee satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency. 7. Make a good faith effort to maintain a drug free workplace through the implementation of this provision.
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<p>(d) The Company certifies and agrees that it will identify all known workplaces and that failure to do so is a violation of the drug-free workplace requirements.</p> <p>(1) The Company may provide a list of workplaces at the time of execution of the Agreement or maintain a list in the Company offices and make such information available for inspection upon the request by any United States Department official or designated representatives.</p> <p>(2) The list of workplaces must include the actual address of buildings (or parts of buildings) or other sites where work under the award takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).</p> <p>(3) If you identified at the time of execution of the Agreement, and any workplace that you identified changes during the reinsurance year, you must inform FCIC.</p>	<p><i>[expansion of section II to include some elements from current Appendix I]</i></p>
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<p>(e) The Company certifies and agrees that if an employee is convicted of a drug violation in the workplace it will:</p> <p>(1) Notify FCIC in writing within ten (10) days after receiving notice from any employee or otherwise learning of such conviction. The notice shall include the position/title of the employee; and</p> <p>(2) Within 30 days after receiving notice from any employee or otherwise learning of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:</p> <p>(A) Take appropriate personnel action against such employee, up to and including termination; or</p> <p>(B) Require that such employee satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.</p>	<p><i>[expansion of section II to include some elements from current Appendix I]</i></p>
<p>(f) The Company certifies and agrees that it will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this Agreement.</p>	<p>C. The Company certifies and agrees that it will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this Agreement.</p>
<p>III. ANTI-LOBBYING</p> <p>(a) The following definitions apply only to the provisions of this section.</p> <p>(1) "Agency," as used in this section, means executive agency as defined in 7 C.F.R. § 3018.105.</p>	<p>SECTION III. ANTI-LOBBYING</p> <p>A. The following definitions apply only to the provisions of this section.</p> <p>1. "Agency," as used in this section, means executive agency as defined in 48 C.F.R. § 2.101.</p>

<p>(2) "Covered Federal Action," means any of the following Federal actions:</p> <p>(A) The awarding of any Federal contract;</p> <p>(B) The making of any Federal grant;</p> <p>(C) The making of any Federal loan;</p> <p>(D) The entering into of any cooperative agreement; and</p> <p>(E) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.</p>	<p>2. "Covered Federal Action," means any of the following Federal actions:</p> <p>a. The awarding of any Federal contract.</p> <p>b. The making of any Federal grant.</p> <p>c. The making of any Federal loan.</p> <p>d. The entering into of any cooperative agreement.</p> <p>e. The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.</p>
<p>(3) "Indian Tribe" and "Tribal Organization", has the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450B) and includes Alaskan Natives.</p>	<p>3. "Indian Tribe" and "Tribal Organization", has the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450B) and includes Alaskan Natives.</p>
<p>(4) "Influencing or attempting to influence," means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.</p>	<p>4. "Influencing or attempting to influence," means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.</p>
<p>(5) "Local government," means a unit of government in a state and, if chartered, established, or otherwise recognized by a state for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.</p>	<p>5. "Local government," means a unit of government in a state and, if chartered, established, or otherwise recognized by a state for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.</p>

<p>(6) "Officer or employee of an agency," includes the following individuals who are employed by an agency:</p> <p>(A) An individual who is appointed to a position in the Government under title 5, United States Code, including a position under a temporary appointment.</p> <p>(B) A member of the uniformed services, as defined in subsection 101(3), title 37, United States Code.</p> <p>(C) A special Government employee, as defined in section 202, title 18, United States Code.</p> <p>(D) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, United States Code, appendix.</p>	<p>6. "Officer or employee of an agency," includes the following individuals who are employed by an agency:</p> <p>a. An individual who is appointed to a position in the Government under title 5, United States Code, including a position under a temporary appointment.</p> <p>b. A member of the uniformed services, as defined in subsection 101(3), title 37, United States Code.</p> <p>c. A special Government employee, as defined in section 202, title 18, United States Code.</p> <p>d. An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, United States Code, appendix.</p>
<p>(7) "Person," means an individual, corporation, company, association, authority, firm, partnership, society, state, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.</p>	<p>7. "Person," means an individual, corporation, company, association, authority, firm, partnership, society, state, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.</p>
<p>(8) "Reasonable compensation," means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.</p>	<p>8. "Reasonable compensation," means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.</p>
<p>(9) "Reasonable payment," means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.</p>	<p>9. "Reasonable payment," means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.</p>

<p>(10) "Recipient," includes the Company and all related Company representatives. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.</p>	<p>10. "Recipient," includes the Company and all related Company representatives. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.</p>
<p>(11) "Regularly employed," means, with respect to an officer or employee of a person requesting or receiving a federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.</p>	<p>11. "Regularly employed," means, with respect to an officer or employee of a person requesting or receiving a federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.</p>
<p>(12) "State," means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a state, and multi-state, regional, or interstate entity having governmental duties and powers.</p>	<p>12. "State," means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a state, and multi-state, regional, or interstate entity having governmental duties and powers.</p>
<p>[removed]</p>	<p>B. The definitions and prohibitions contained in the Federal Acquisition Regulation, at 48 C.F.R. § 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, are hereby incorporated by reference herein.</p>

<p>(b) The prohibitions contained in section 1352 of title 31, United States Code, are incorporated by reference. No appropriated funds may be expended by the Company to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Agreement and the extension, continuation, renewal, amendment, or modification of this Agreement.</p>	<p>E. The prohibitions contained in section 1352 of title 31, United States Code, are incorporated by reference and prohibit a recipient of a federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract; the making of any federal grant; the making of any federal loan; the entering into of any cooperative agreement; or the modification of any federal contract, grant, loan, or cooperative agreement. The Company is also required to furnish a disclosure if any funds other than federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a federal contract, grant, loan, or cooperative agreement.</p>
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<p>(c) Disclosure</p> <p>(1) The Company shall file with FCIC a certification and disclosure form, OMB Standard Form LLL, Disclosure of Lobbying Activities, if required, with the execution of the Agreement.</p> <p>(2) The disclosure form, OMB Standard Form LLL, is required if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered federal action), which would be prohibited, if paid for with appropriated funds.</p> <p>(3) The Company shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by the Company under this section. An event that materially affects the accuracy of the information reported includes—</p> <p>(A) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;</p> <p>(B) A change in the person or individual influencing or attempting to influence a covered federal action; or</p> <p>(C) A change in the officer, employee, or Member contacted to influence or attempt to influence a covered federal action.</p>	<p>C. The Company hereby certifies to the best of his or her knowledge and belief that:</p> <p>1. No federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement;</p> <p>2. If any funds other than federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this Agreement, the Company shall complete and submit OMB standard form LLL, Disclosure of Lobbying Activities, to the FCIC; and</p> <p>3. The Company will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.</p>
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<p>(4) The Company shall require the submittal of a certification and, if required, a disclosure form, by any person who requests or received any subcontract exceeding \$100,000 to perform any work under the Agreement.</p>	<p>D. Submission of this certification and disclosure is a prerequisite for making or entering into this Agreement as imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.</p>
<p>(5) All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the Company. The Company shall submit all disclosures to FCIC at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor. Each subcontractor certification shall be retained in the subcontract file of the Company.</p>	<p><i>[new]</i></p>
<p>(6) Any certification or disclosure form filed under paragraph (5) of this section shall be treated as a material representation of fact upon which all receiving tiers shall rely. All liability arising from an erroneous representation shall be borne solely by the tier filing that representation and shall not be shared by any tier to which the erroneous representation is forwarded. Submitting an erroneous certification or disclosure constitutes a failure to file the required certification or disclosure, respectively. If a person fails to file a required certification or disclosure, the United States may pursue all available remedies, including those authorized by section 1352, title 31, U.S. Code.</p>	<p><i>[new]</i></p>
<p>(7) No reporting is required for an activity paid for with appropriated funds if that activity is allowable under subsection (d).</p>	<p><i>[new]</i></p>

- (d) The prohibitions of subsection B. do not apply under the following conditions:
- (1) Agency and legislative liaison by own employees
- (A) The prohibition on the use of appropriated funds, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action if the payment is for agency and legislative liaison activities not directly related to a covered federal action.
- (B) Providing any information specifically requested by an agency or Congress is permitted at any time.
- (C) The following agency and legislative liaison activities are permitted at any time where they are not related to a specific solicitation for any covered federal action:
- (i) Discussing with an agency the qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities; and
- (ii) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.
- (D) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered federal action:
- (i) Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered federal action;
- (ii) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and
- (iii) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.
- (E) Only those services expressly authorized by subsection D(1) are permitted.

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- F.** The prohibitions of subsection E. do not apply under the following conditions:
- 1.** *Agency and legislative liaison by own employees*
- a.** The prohibition on the use of appropriated funds, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action if the payment is for agency and legislative liaison activities not directly related to a covered federal action.
- b.** Providing any information specifically requested by an agency or Congress is permitted at any time.
- c.** The following agency and legislative liaison activities are permitted at any time where they are not related to a specific solicitation for any covered federal action: (i) discussing with an agency the qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities; and (ii) technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.
- d.** The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered federal action: (i) providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered federal action; (ii) technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and (iii) capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.
- e.** Only those services expressly authorized by subsection F.1 are permitted.

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<p>(2) Professional and technical services</p> <p>(A) The prohibition on the use of appropriated funds, in subsection (c), does not apply in the case of:</p> <p>(i) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a covered federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action;</p> <p>(ii) Any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a covered federal action, if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action. Persons other than officers or employees of a person requesting or receiving a covered federal action include consultants and trade associations.</p>	<p>2. <i>Professional and technical services</i></p> <p>a. The prohibition on the use of appropriated funds, in subsection F.1.a, does not apply in the case of: (i) a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a covered federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action; (ii) any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a covered federal action, if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action. Persons other than officers or employees of a person requesting or receiving a covered federal action include consultants and trade associations.</p>
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<p>(B) For purposes of the provisions of paragraph (2), "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission, or negotiation of a covered federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission, or negotiation of a covered federal action.</p>	<p>b. For purposes of the provisions of (i) of the preceding paragraph, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission, or negotiation of a covered federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission, or negotiation of a covered federal action.</p>
<p>(C) Requirements imposed by or pursuant to law as a condition for receiving a covered federal award include those required by law or regulation and any other requirements in the actual award documents.</p>	<p>c. Requirements imposed by or pursuant to law as a condition for receiving a covered federal award include those required by law or regulation and any other requirements in the actual award documents.</p>

<p>(D) Only those services expressly authorized by subsection (d)(2) are permitted under this article.</p>	<p>d. Only those services expressly authorized by subsection F.2.a.(i) are permitted under this article.</p>
<p>(3) No reporting is required with respect to payments of reasonable compensation made to regularly employed officers or employees of the Company.</p>	<p>e. The reporting requirements of 48 C.F.R. § 3.803(a) shall not apply with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.</p>
<p>(e) Penalties.</p>	<p><i>[new]</i></p>
<p>(1) Any person who makes an expenditure prohibited herein shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.</p>	<p><i>[new]</i></p>
<p>(2) Any person who fails to file or amend the disclosure form to be filed or amended if required herein, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.</p>	<p><i>[new]</i></p>
<p>(3) A filing or amended filing on or after the date on which an administrative action for the imposition of a civil penalty is commenced does not prevent the imposition of such civil penalty for a failure occurring before that date. An administrative action is commenced with respect to a failure when an investigating official determines in writing to commence an investigation of an allegation of such failure.</p>	<p><i>[new]</i></p>
<p>(4) In determining whether to impose a civil penalty, and the amount of any such penalty, by reason of a violation by any person, the agency shall consider the nature, circumstances, extent, and gravity of the violation, the effect on the ability of such person to continue in business, any prior violations by such person, the degree of culpability of such person, the ability of the person to pay the penalty, and such other matters as may be appropriate.</p>	<p><i>[new]</i></p>

(5)	First offenders under paragraphs (1) or (2) of this subsection shall be subject to a civil penalty of \$10,000, absent aggravating circumstances. Second and subsequent offenses by persons shall be subject to an appropriate civil penalty between \$10,000 and \$100,000, as determined by the agency head or his or her designee.	[new]
(6)	An imposition of a civil penalty under this section does not prevent the United States from seeking any other remedy that may apply to the same conduct that is the basis for the imposition of such civil penalty.	[new]
(7)	Agencies shall impose and collect civil penalties pursuant to the provisions of the Program Fraud and Civil Remedies Act, 31 U.S.C. sections 3803 (except subsection (c)), 3804, 3805, 3806, 3807, 3808, and 3812, insofar as these provisions are not inconsistent with the requirements herein.	[new]
(8)	FCIC shall take such actions as are necessary to ensure that the provisions herein are vigorously implemented and enforced.	[new]
(f)	The Company agrees not to make any payment prohibited by this Agreement.	H. The Company agrees not to make any payment prohibited by this Agreement.
(g)	Cost allocability. Nothing in this section makes allowable or reasonable any costs which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this section will not be made allowable under any other provision.	I. <i>Cost allocability.</i> Nothing in this section makes allowable or reasonable any costs which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this section will not be made allowable under any other provision.

<p>(h) Certification</p> <p>The Company shall provide a certification that states the following:</p> <p>The Company hereby certifies to the best of his or her knowledge and belief that:</p> <p>(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Company, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement;</p>	<p>G. Disclosure</p> <p>1. The Company shall file with FCIC a disclosure form, OMB Standard Form LLL, Disclosure of Lobbying Activities, if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered federal action), which would be prohibited, if paid for with appropriated funds.</p> <p>2. The Company shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by the Company under this section. An event that materially affects the accuracy of the information reported includes--(i) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action; or (ii) A change in the person or individual influencing or attempting to influence a covered federal action; or (iii) A change in the officer, employee, or Member contacted to influence or attempt to influence a covered federal action.</p>
<p>(2) If any funds other than Federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Agreement, the Company shall complete and submit OMB standard form LLL, Disclosure of Lobbying Activities, to the FCIC in accordance with its instructions; and</p>	<p><i>[new]</i></p>

<p>(3) The Company will include the language of this certification in all subcontract awards at all tiers and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.</p>	<p>3. The Company shall require the submittal of a certification, and if required, a disclosure form by any person who requests or received any subcontract exceeding \$100,000 to perform any work under the Agreement.</p> <p>4. All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the Company. The Company shall submit all disclosures to FCIC at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor. Each subcontractor certification shall be retained in the subcontract file of the Company.</p>
<p>This certification is a material representation of fact upon which reliance was placed then the Agreement was entered into. Submission of this certification and disclosure is a prerequisite for making or entering into this Agreement as imposed by section 1352, title 31, United States Code. Any person who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.</p>	<p><i>[new]</i></p>
<p>IV. LARGE CLAIMS</p> <p>As a condition of reinsurance, prior to commencing any loss adjustment activities, the Company must notify FCIC upon receiving notice of a potential claim on an eligible crop insurance contract that is likely to exceed \$500,000, or such other amount as determined by FCIC.</p>	<p><i>[moved from Appendix IV, section V]</i></p> <p>V. LARGE CLAIMS REVIEWS</p> <p>A. The Company must immediately notify FCIC of a potential claim on an eligible crop insurance contract, which is likely to exceed \$500,000, or such other amounts as determined by FCIC, and the production losses under such claim are likely to exceed such amount.</p>
<p>(a) FCIC, at its discretion, retains the right to participate in loss determinations in accordance with FCIC approved procedures and may, at its option, review or determine the losses for potential claims that are equal to or greater than the amount of \$500,000; however, FCIC reserves the right to select any potential claim, regardless of the amount for review or to participate in the loss determination of such claim.</p>	<p>B. FCIC may, at its option, review or determine the losses for potential claims that are equal to or greater than the amount specified in subsection A. FCIC reserves the right to select any potential claim for review or to participate in the loss determination. Within 3 business days of notice by the Company of a potential claim under this subsection, FCIC will notify the Company whether it will review or participate in the loss determination.</p>

(b) Within 3 business days of notice by the Company of a potential claim under this subsection, FCIC will notify the Company whether it will review or participate in the loss determination; however, FCIC reserves the right to delay the decision to review or participate in the loss determination if FCIC determines additional information is needed to make that decision.	<i>[new]</i>
(c) If FCIC elects to review a potential claim, the Company is required to provide a copy of all documents associated with the claim as specified by FCIC.	C. If FCIC elects to review a potential claim, the Company is required to provide a copy of all documents associated with the claim as specified by FCIC.
(d) If FCIC decides to participate in the loss determinations, FCIC will make arrangements to coordinate efforts, if FCIC determines such arrangements are required.	
(e) If FCIC elects to participate in the loss determination, the Company must notify FCIC of and give FCIC the opportunity to participate in all aspects of the loss adjustment process, including field inspections or gathering evidence and documentation.	D. If FCIC elects to participate in the loss determination, the Company must notify FCIC of and give FCIC the opportunity to participate in all aspects of the loss adjustment process, including field inspections.
(f) Company loss payments approved by FCIC will relieve the Company of further review by FCIC.	<i>[new]</i>
(g) In the event FCIC participates in the field inspection, in accordance with FCIC approved procedures and loss determination, or determines, revises, modifies or corrects any claim for loss, FCIC shall be responsible for all subsequent disputes by the policyholder under the eligible crop insurance contract that relate to the actions of FCIC. The Company shall provide FCIC with cooperation and assistance as needed in any dispute.	<i>[new]</i>
(h) If there is a dispute between FCIC and the Company with respect to FCIC's determination of a loss under this subsection, the Company will pay the claim in accordance with FCIC's approval, but retains the rights to dispute FCIC's actions in accordance with the administrative appeals procedures found in 7 C.F.R. § 400.169.	E. If there is a dispute between FCIC and the Company with respect to FCIC's determination of a loss under this subsection, the Company will pay the claim in accordance with FCIC's approval, but retains the right to dispute FCIC's actions in accordance with the administrative appeals procedures found in 7 C.F.R. part 400.169.
(i) With respect to any claim where FCIC participates in the loss determination, or revised, modifies or corrects any claim for loss under this subsection, any dispute by the eligible producer regarding the amount of the claim must be brought against FCIC.	F. With respect to any claim where FCIC participates in the loss determination, or revises, modifies or corrects any claim for loss under this subsection, any dispute by the eligible producer regarding the amount of the claim must be brought against FCIC.

(j) For the purposes of this paragraph, the term “potential claim” means receipt of a notice of loss on an eligible crop insurance contract that may result in the payment of an indemnity.	<i>[new]</i>
V. COMPLIANCE WITH STATE INSURANCE LAWS (a) Unless preempted in accordance with the Act or section IV(o), the Company and its affiliates shall comply with applicable State law.	[moved from SRA IV.F.3] 3. Compliance with State Insurance Laws a. Unless preempted in accordance with the Act or subsection P., the Company and its affiliates shall comply with applicable State law.
(b) If a State Insurance Department determines that the Company or any of its affiliates are in non-compliance with an applicable State law and FCIC determines that the non-compliance materially affects the Company’s ability to meet its obligations under this Agreement, such non-compliance shall be considered a breach of this Agreement unless remedial action by the Company or affiliate to correct the non-compliance is approved by FCIC.	b. If a State Insurance Department determines that the Company or any of its affiliates are in non-compliance with an applicable State law and FCIC determines that the non-compliance materially affects the Company’s ability to meet its obligations under this Agreement, such non-compliance shall be considered a breach of this Agreement, unless remedial action by the Company or affiliate to correct the non-compliance is approved by FCIC.
(c) Upon the request of FCIC, the Company shall submit to FCIC information or documentation the Company is required to submit to the State Insurance Department under an applicable State law related to the business conducted under this Agreement.	c. Upon the request of FCIC, the Company shall submit to FCIC information or documentation the Company is required to submit to the State Insurance Department under an applicable State law related to the business conducted under this Agreement.
(d) If a State Insurance Department notifies the Company or its affiliates that it is taking, or proposes to take, an action against the Company or its affiliates or directs the Company to take an action, the Company must immediately notify FCIC of such action and any remedial action proposed to be taken by the Company or directed by the State Insurance Department that directly or indirectly affects the Company’s ability to perform its obligations under this Agreement.	d. If a State Insurance Department notifies the Company or its affiliates that it is taking, or proposes to take, an action against the Company or its affiliates or directs the Company to take an action, the Company must immediately notify FCIC of such action and any remedial action proposed to be taken by the Company or directed by the State Insurance Department that directly or indirectly affects the Company’s ability to perform its obligations under this Agreement.

<p>VI. CONFLICT OF INTEREST</p> <p>(a) Loss Adjustment</p> <p>(1) In accordance with Appendix IV, the Company and its affiliates shall not permit:</p> <p>(A) Its sales agents, agency employees, sales supervisors, to be involved in loss adjustment activities in a county or adjoining county where the sales agent, agency employee or sales supervisor performs sales functions (except receipt and transfer to the Company of a notice of loss) on behalf of any AIP.</p> <p>(B) A relative of a sales agent, agency employee, or sales supervisor to be involved in loss adjustment activities in a county or adjoining county where the sales agent, agency employee or sales supervisor performs sales functions (except receipt and transfer to the Company of a notice of loss) on behalf of the Company.</p> <p>(2) Prohibited loss adjustment activities for all individuals referenced in paragraphs (1)(A) and (B) include the following:</p>	<p><i>[moved from SRA IV.F.4, expanded by guidance from MGR-05-019]</i></p> <p>4. Conflict of Interest</p> <p>a. The Company and its service providers shall not permit their sales agents, agency employees, sales supervisors, or any relative of its sales agent, agency employee or sales supervisor, to be involved in loss adjustment activities in a county or adjoining county where the sales agent, agency employee or sales supervisor performs sales functions (except receipt and transfer to the Company of a notice of loss), including the following:</p>
<p>(A) The supervision, control, or adjustment of a claim. The Company is solely responsible for the supervision and control of the loss adjustment process for a loss determination and all loss adjustment oversight. The agent’s prohibition in loss adjustment activities is not intended to preempt the duty and responsibility of the agent to provide guidance and advice to the policyholder on his or her policy options, duties, rights, and responsibilities.</p>	<p>i. The supervision, control, or adjustment of a claim;</p>

<p>(B) Obtaining sales or production records for the purposes of loss adjustment on behalf of the policyholder (other than simply collecting information directly from the policyholder and providing it to the Company).</p> <p>(i) The agent may receive a notice of loss from the policyholder and transfer it to the Company; provide a copy of the Company’s official file folder, as applicable, to the loss adjuster or reviewer; provide the loss adjuster or reviewer with any information provided by the policyholder related to the loss; facilitate the loss adjuster’s gathering of information directly from other parties; and assist the loss adjuster in locating the policyholder or vice versa.</p> <p>(ii) Loss adjusters and reviewers are directly responsible for the verification and validation of the information from the third party source of such information and nothing in the facilitation of such interactions or information gathering permits activities that may allow the agent to influence the loss adjustment process or the loss adjuster’s or reviewer’s independent determination of loss.</p>	<p>ii. Obtaining sales or production records for the purposes of loss adjustment on behalf of the policyholder (other than simply collecting information directly from the policyholder and providing it to the Company);</p>
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<p>(C) A loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss.</p> <p>(i) An agent shall not influence the policyholder or loss adjuster in the preparation or presentation of information associated with a claim; the determination or verification of facts or information associated with a claim, or the determination of the cause of loss or the amount of a claim, other than to facilitate the loss adjuster or reviewer’s gathering of information from the policyholder.</p> <p>(ii) Prohibited agent activities include, but are not limited to, riding with the loss adjuster to the field or being present with the loss adjuster during the loss inspection and related processes; accompanying the loss adjuster or reviewer in their independent verification and validation of claim information from third parties; offering the use of or allowing a loss adjuster to use the agent’s or agency’s office, computer, or other similar resources to prepare the claim and related documentation.</p> <p>(iii) Prohibited agent and loss adjuster contact does not include social interactions; checking on the status of a claim or claim payment; facilitating follow up contact between the policyholder and loss adjuster; the normal course of business contact on other crop insurance matters not related to a specific open claim; and interaction on a claim after the loss adjuster has filed the appropriate claim documentation with the Company (the agent shall not engage the loss adjuster directly on a claim dispute).;</p>	<p>iii. A loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss;</p>
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<p>(D) Verification of yields for the purpose of validating insurance coverage or the guarantee. The agent must not be present during any field inspections performed by the Company for the purposes of determining insurability of the crop or the amount of the crop to be insured.</p>	<p>iv. Verification of yields for the purpose of validating insurance coverage or the guarantee;</p>
<p>(E) After a notice of loss is filed by the policyholder, advising or assisting the policyholder in any manner regarding the preparation of the claim and the determination of the indemnity, including, but not limited to, whether the loss adjuster correctly applied loss adjustment procedures.</p> <p>(i) The agent is permitted to consult with the policyholder to explain crop insurance terms and conditions, insurance processes, and the implications of decisions or actions that may be taken by the policyholder under the policy. However, such consultation must not include opinions, influence, or coercion as to the facts of a claim on policies written by the agent or the determinations of the loss adjuster on a claim.</p> <p>(ii) If the agent suspects that a claim has been adjusted improperly or contains factual errors, the agent may contact the Company’s field supervisor or claims manager for review and assistance, but must not discuss the matter directly with the loss adjuster.</p>	<p>v. After a notice of loss is filed by the policyholder, advising or assisting the policyholder in any manner regarding the preparation of the claim and the determination of the indemnity, including, but not limited to, whether the loss adjuster correctly applied loss adjustment procedures; or</p>
<p>(F) Any other function reserved for loss adjusters in the procedures.</p>	<p>vi. Any other function reserved for loss adjusters in the procedures.</p>

<p>(3) If the Company elects to allow the same loss adjuster to work claims on which an indemnity was paid for more than two consecutive years for the same policyholder, the Company shall be required to review claims identified by FCIC as required in Appendix IV.</p>	<p>c. If the Company elects to allow the same loss adjuster to work claims on which an indemnity was paid for more than two consecutive years for the same policyholder, the Company shall be required to review claims identified by FCIC as required in Appendix IV.</p>
<p>(4) The Company and its service providers shall not permit any person involved in the loss adjustment determination or verification required to complete a claim, or the determination or verification of a cause of loss, to adjust a loss for:</p>	<p>d. The Company and its service providers shall not permit any person involved in the loss adjustment determination or verification required to complete a claim, or the determination or verification of a cause of loss, to adjust a loss for:</p>
<p>(A) A policyholder with whom they have a business, financial or legal relationship (Business, financial and legal interests include but are not limited to lending money, custom farming, leasing land or other property, selling other goods or services besides insurance, or activities of a similar nature. The sale and purchase of crop insurance does not constitute a business, financial or legal relationship with the policyholder that must be reported);</p>	<p>i. A policyholder with whom they have a business, financial or legal relationship (Business, financial and legal interests include but are not limited to lending money, custom farming, leasing land or other property, selling other goods or services besides insurance, or activities of a similar nature. The sale and purchase of crop insurance does not constitute a business, financial or legal relationship with the policyholder that must be reported);</p>
<p>(B) A policyholder, or a person with a substantial beneficial interest in the policyholder, whose eligible crop insurance contract was sold by a relative of the person; or</p>	<p>ii. A policyholder, or a person with a substantial beneficial interest in the policyholder, whose eligible crop insurance contract was sold by a relative of the person; or</p>
<p>(C) A relative of the person.</p>	<p>iii. A relative of the person.</p>

<p>(b) Sales, Solicitation and Brokering</p> <p>(1) The Company and its affiliates shall not permit any person involved in the loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss, to be involved with the sales, solicitation or brokering of an eligible crop insurance contract or with any other function reserved for the agent in the procedures approved by FCIC in a county or adjoining county where the claims supervisor, employee or contractor performs claims functions on behalf of any AIP.</p> <p>(2) The Company and its affiliates shall not permit a relative of any person involved in the loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss, to be involved with the sales, solicitation or brokering of an eligible crop insurance contract or with any other function reserved for the agent in the procedures approved by FCIC in a county or adjoining county where the claims supervisor, employee or contractor performs claims functions on behalf of the Company.</p>	<p>b. The Company and its service providers shall not permit any person, or any relative of such person, involved in the loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss, to be involved with the sales, solicitation or brokering of an eligible crop insurance contract or with any other function reserved for the agent in the procedures approved by FCIC in a county or adjoining county where the claims supervisor, employee or contractor performs claims functions.</p>
<p>(c) Underwriting</p> <p>The Company and its service providers shall not permit their sales agents, the owners or employees of their sales agencies, their sales supervisors, or any relative to be involved in the acceptance and verification of underwriting data relating to eligibility and coverage for an eligible crop insurance contract written by such person.</p>	<p>e. The Company and its service providers shall not permit their sales agents, the owners or employees of their sales agencies, their sales supervisors, or any relative to be involved in the acceptance and verification of underwriting data relating to eligibility and coverage for an eligible crop insurance contract written by such person.</p>

<p>(d) Supervision</p> <p>A person employed by the Company or its service provider for the general supervision of the sales and service of eligible crop insurance contracts, as identified by the Company in section C. of Appendix II may supervise those activities associated with the general administration of such contracts, which may include the management of training, servicing, underwriting, and loss adjusting.</p>	<p>f. A person employed by the Company or its service provider for the general supervision of the sales and service of eligible crop insurance contracts may supervise those activities associated with the general administration of such contracts, which may include the management of training, servicing, underwriting, and loss adjusting.</p>
<p><i>[included in Appendix IV]</i></p>	<p>g. Consistent with subparagraphs a. through f., all quality control reviews must be conducted by objective and unbiased persons who were not involved in establishing the guarantee, sales, adjusting the loss, or the direct supervision of sales or loss adjustment activities for the eligible crop insurance contracts reviewed.</p>
<p>(e) Disclosure</p> <p>(1) The Company must notify all of its employees and affiliates, including agents, agencies, and loss adjusters, in writing of the duty to disclose to the Company and in turn FCIC any business, financial, or legal relationship with a policyholder, is a relative of the policyholder, or a person with a substantial beneficial interest in the policyholder, in accordance with Appendix IV and FCIC procedures.</p> <p>(2) In addition to any other sanctions in this Agreement, if the Company fails to follow the provisions of this subsection, Appendix IV, and FCIC procedures, eligible crop insurance contracts sold or serviced by the person who failed to disclose a business, financial, or legal relationship with a policyholder or is a relative of the policyholder may not, at FCIC's discretion, be reinsured or receive A&O subsidy, CAT LAE, or risk subsidies for the reinsurance year for which such disclosure was not provided.</p>	<p>h. The Company must notify all of its employees and affiliates, including agents, agencies, and loss adjusters, in writing of the duty to disclose to the Company and in turn FCIC any business, financial, legal or familial relationship with a policyholder, or a person with a substantial interest in the policyholder, in accordance with Appendix IV. In addition to any other sanctions in this Agreement, if the Company fails to follow the provisions of this subparagraph and Appendix IV, eligible crop insurance contracts sold or serviced by the person who failed to disclose business, financial, legal or familial relationship with a policyholder may not, at FCIC's discretion, be reinsured or receive A&O or risk subsidies for the reinsurance year for which such disclosure was not provided.</p>

2011 Appendix I – First Draft	Current Appendix I (including other selective SRA sections)
<p>(A) Disclosure and Notification Requirements</p> <p>(i) The Company must notify in writing all employees and affiliates who are involved in the sale, service, or delivery of eligible crop insurance contracts, loss adjustment of eligible crop insurance contracts, or the supervision of either, of the rules regarding conflicts of interest contained in the Agreement and applicable procedure.</p>	<p><i>[moved from Appendix IV, section III.C.(3) Conflict of Interest Reviews]</i></p> <p>(a) The Company must conduct inspections for eligible crop insurance contract claims of persons directly associated with the Federal crop insurance program (i.e., employees or affiliates of the Company or employees of FCIC).</p> <p>(b) The Company must notify in writing its employees and affiliates who are involved in the sale, service, or delivery of eligible crop insurance contracts, loss adjustment of eligible crop insurance contracts, or the supervision of either, of the rules regarding conflicts of interest contained in the Agreement and applicable procedure.</p>
<p>(ii) Applicable employees and affiliates will be required each year to submit a signed statement that verifies awareness of the conflict of interest rules and an agreement to abide by them.</p>	<p>(c) Applicable employees and affiliates will be required each year to submit a signed statement that verifies awareness of the conflict of interest rules and an agreement to abide by them.</p>
<p>(iii) Applicable employees and affiliates must annually disclose the required information by the applicable acreage reporting date. Such disclosure must include the name of the policyholder or person with a substantial beneficial interest in the policyholder, and the type of relationship.</p>	<p>(d) In addition to the requirement in (c), and in accordance with the requirements of section IV.F.4.h. of the Agreement, applicable employees and affiliates must annually disclose the required information by the applicable acreage reporting date. Such disclosure must include the name of the policyholder or person with a substantial beneficial interest in the policyholder, and the type of relationship.</p>
<p>(iv) If the applicable employee or affiliate enters into a business, financial legal or familial relationship with the policyholder after the annual disclosure, the applicable employee or affiliate must disclose the information required in subparagraph (D) within 15 days of the entering the relationship.</p>	<p>(e) If the applicable employee or affiliate enters into a business, financial legal or familial relationship with the policyholder after the annual disclosure, the applicable employee or affiliate must disclose the information required in subparagraph (d) within 15 days of the entering the relationship.</p>

<p>(v) The Company must evaluate the business, financial or legal relationship to determine whether the applicable employee or affiliate is in violation of subsection (a), (b), or (c) or whether a conflict of interest review is necessary to determine if such violation has occurred. At a minimum, such reviews will be necessary when:</p> <p>(I) The applicable employee or affiliate has a familial relationship with the policyholder or a person with a substantial interest in the policyholder; or</p> <p>(II) The business, financial relationship or legal relationship with the policyholder has the potential to produce an incentive to create or inflate a loss because the applicable employee or affiliate, or a relative of the employee or affiliate, is entitled to a portion of the proceeds of the crop or the crop insurance payment or would otherwise receive a benefit from the policyholder based on the existence of crop insurance and their relationship.</p>	<p>(f) The Company must evaluate the business, financial or legal relationship to determine whether the applicable employee or affiliate is in violation of section IV.F.4.d. of the Agreement or whether a conflict of interest review is necessary to determine if such violation has occurred. At a minimum, such reviews will be necessary when:</p> <p>i. The applicable employee or affiliate has a familial relationship with the policyholder or a person with a substantial interest in the policyholder; or</p> <p>ii. The business, financial relationship or legal relationship with the policyholder has the potential to produce an incentive to create or inflate a loss because the applicable employee or affiliate, or a relative of the employee or affiliate, is entitled to a portion of the proceeds of the crop or the crop insurance payment or would otherwise receive a benefit from the policyholder based on the existence of crop insurance and their relationship.</p>
<p>(f) Notification</p> <p>The Company shall notify FCIC within 3 business days in writing when it discovers that a Company employee or affiliate of the Company has violated the requirements of this paragraph.</p>	<p><i>[moved from SRA IV.F.4.i]</i></p> <p>i. The Company shall notify FCIC within 3 business days when it discovers that a Company employee or affiliate of the Company has violated the requirements of this paragraph.</p>

VII. CONTROLLED BUSINESS	<i>[moved from SRA IV.F.5]</i>
(a) No individual (including a subagent) may receive directly, or indirectly through a Company or its affiliates, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale and service of an eligible crop insurance contract if:	5. Controlled Business a. No individual (including a subagent) may receive directly, or indirectly through a Company or its affiliates, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale and service of an eligible crop insurance contract if:
(1) The individual has a substantial beneficial interest, or a member of the individual's immediate family has a substantial beneficial interest, in the eligible crop insurance contract; and	i. The individual has a substantial beneficial interest, or a member of the individual's immediate family has a substantial beneficial interest, in the eligible crop insurance contract; and
(2) The total compensation to be paid to the individual with respect to the sale or service of the eligible crop insurance contract that meets the condition described in paragraph 1 exceeds 30 percent, or the percentage specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the reinsurance year.	ii. The total compensation to be paid to the individual with respect to the sale or service of the eligible crop insurance contract that meets the condition described in subclause (i) exceeds 30 percent, or the percentage specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the reinsurance year.
(b) Not later than 90 days after the annual settlement date following the end of the reinsurance year, any individual that received directly or indirectly any compensation through a Company or its affiliates for the service or sale of any eligible crop insurance contract in the prior reinsurance year shall certify to the applicable Company, in format approved by FCIC, that the compensation that the individual received was in compliance with this paragraph.	b. Not later than 90 days after the annual settlement date of the reinsurance year, any individual that received directly or indirectly any compensation through a Company or its affiliates for the service or sale of any eligible crop insurance contract in the prior reinsurance year shall certify to the applicable Company, in format approved by FCIC, that the compensation that the individual received was in compliance with this paragraph.

<p>(c) Not later than 120 days after the annual settlement date following the end of the reinsurance year, the Company shall provide FCIC a list of individuals who either failed to timely provide the required certification or whose certification demonstrated non-compliance with the requirements of this paragraph. If the Company fails to comply with this provision, FCIC may deny all or a portion of A&O subsidy or CAT LAE.</p>	<p>c. Not later than 120 days after the annual settlement date, the Company shall provide FCIC a list of individuals who either failed to timely provide the required certification or whose certification demonstrated non-compliance with the requirements of this paragraph.</p>
<p>(d) Non-compliance</p> <p>(1) The following individuals are subject to disqualification and civil fines under the procedures implementing section 515(h) of the Act (7 U.S.C. § 1508(h)) and any other procedures approved by FCIC implementing section 515(h):</p> <p>(A) Individuals who failed to timely provide the required certification;</p> <p>(B) Individuals who certified non-compliance with the requirements of this paragraph, except where non-compliance results from circumstances beyond the control of the individual; or</p> <p>(C) Individuals who certified compliance but who have been determined to not be in compliance.</p> <p>(2) Reinsurance will not be denied for the eligible crop insurance contracts associated with any violation with respect to paragraph (1).</p>	<p>d. Individuals who failed to timely provide the required certification, certified that the individual was not in compliance with the requirements of this paragraph, or certified the individual as being in compliance when they were not are subject to disqualification and civil fines under the procedures implementing section 515(h) of the Federal Crop Insurance Act and any other procedures approved by FCIC implementing section 515(h). Reinsurance will not be denied for the eligible crop insurance contracts associated with any failure to timely provide the required certification, certification that the individual was not in compliance with the requirements of this paragraph, or certification of the individual as being in compliance when they were not.</p>

2011 Appendix I – First Draft	Current Appendix I (including other selective SRA sections)
<p>VIII. TRAINING REQUIREMENTS</p> <p>The Company shall ensure that all of its employees, agents, agency employees, loss adjusters and contractors that act on behalf of the Company with respect to the selling, servicing, and adjusting of eligible crop insurance contracts meet all the requirements contained in the Appendices and procedures issued by FCIC.</p>	<p><i>[moved from SRA IV.F.6, as amended (Amendment 2)]</i></p> <p>6. The Company shall ensure that all of its employees, agents, agency employees, loss adjusters and contractors that act on behalf of the Company with respect to the selling, servicing, and adjusting of eligible crop insurance contracts meet all the requirements contained herein in accordance with procedures issued by FCIC.</p>
<p>(a) All applicable employees, agents, agency employees, loss adjusters and contractors must be trained in accordance with Appendix IV.</p>	<p>a. All applicable employees, agents, agency employees, loss adjusters and contractors must be trained in accordance with Appendix IV. In addition, such training shall include curricula concerning the requirements under applicable Federal civil rights statutes, and methods to encourage participation of limited resource, women, minority, and under-served producers;</p>
<p>(b) All employees, agents, and agency employees, who are involved in the selling and servicing (except loss adjustment) of eligible crop insurance contracts must be licensed in the State in which they are doing business if required by the State; and</p>	<p>b. All employees, agents, and agency employees, who are involved in the selling and servicing (except loss adjustment) of eligible crop insurance contracts must be licensed in the State in which they are doing business if required by the State; and</p>
<p>(c) All loss adjusters adjusting eligible crop insurance contracts must be certified by FCIC before they can conduct any loss adjustment. Certification of loss adjusters may be obtained by completing their training requirements in subsection (a) and:</p>	<p>c. All loss adjusters adjusting eligible crop insurance contracts must be certified by FCIC before they can conduct any loss adjustment. Certification of loss adjusters by FCIC may be obtained by:</p>
<p>(1) If any State in which the loss adjuster performs loss adjustment activities requires the loss adjuster to take a test which is directly related to crop insurance to obtain a license to adjust an eligible crop insurance contract, taking an passing the State test and obtaining the license required by the State;</p>	<p>i. If any State in which the loss adjuster performs loss adjustment activities requires the loss adjuster to take a test which is directly related to crop insurance to obtain a license to adjust an eligible crop insurance contract, taking an passing the State test and obtaining the license required by the State;</p>

<p>(2) If any State in which the loss adjuster performs loss adjustment activities does not require the loss adjuster to obtain a license to adjust an eligible crop insurance contract (including those cases where the loss adjuster is a company employee and the State excludes company employees from licensing requirements), taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under procedures issued by FCIC or, if such FCIC-approved proficiency testing program is not available in the State, completing the training required by the Company under section II.C. of Appendix IV; or</p>	<p>ii. If any State in which the loss adjuster performs loss adjustment activities does not require the loss adjuster to obtain a license to adjust an eligible crop insurance contract (including those cases where the loss adjuster is a company employee and the State excludes company employees from licensing requirements), taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under procedures issued by FCIC or, if such FCIC-approved proficiency testing program is not available in the State, completing the training required by the Company under section II.C. of Appendix IV; or</p>
<p>(3) If any State in which the loss adjuster performs loss adjustment activities requires a test which is not crop insurance-specific (as determined by FCIC) to obtain a license to adjust an eligible crop insurance contract, taking and passing the State test and obtaining the license required by the State. [Beginning with the 2012 reinsurance year the provision will read: "...taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under procedures issued by FCIC in lieu of obtaining a license in such State, or, if such FCIC-approved proficiency testing program is not available in the State, taking and passing the State test and obtaining the license required by the State."]</p>	<p>iii. If any State in which the loss adjuster performs loss adjustment activities requires a test which is not crop insurance-specific (as determined by FCIC) to obtain a license to adjust an eligible crop insurance contract:</p> <ul style="list-style-type: none"> I. For the 2010 through 2011 reinsurance years only, taking and passing the State test and obtaining the license required by the State; and II. Beginning with the 2012 reinsurance year, taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under procedures issued by FCIC in lieu of obtaining a license in such State, or, if such FCIC-approved proficiency testing program is not available in the State, taking and passing the State test and obtaining the license required by the State.

<p>(d) The Company shall not permit a loss adjuster to conduct any loss adjustment activity for the reinsurance year until he or she has been certified. FCIC will consider the loss adjuster to be certified after:</p> <p>(1) The loss adjuster provides to the Company verifiable documentation showing that he or she has completed the required training, obtained the proper license or has taken and completed with a passing grade the applicable test or testing program specified in subsection (c); and</p> <p>(2) The Company submits proper written or electronic verification to FCIC, as directed by FCIC.</p>	<p>d. Loss adjusters must provide documentary proof showing that they have obtained the proper license or took and completed with a passing grade the applicable test or testing program specified in paragraph c. to each Company for which they expect to conduct loss adjustment before the Company permits them to conduct any loss adjustment activity. The Company must retain such documentary proof and provide written or electronic verification to FCIC, as directed by FCIC. The loss adjuster is considered certified by FCIC when the Company submits proper written or electronic verification to FCIC, as directed by FCIC.</p>
<p>(e) Loss adjusters may be required to periodically retake the required FCIC-approved proficiency testing program referenced in subsection (c)(2) and (3), as determined by FCIC.</p> <p>(f) Any person who has been found in noncompliance with any loss adjustment policy, procedure, or training requirement approved by FCIC may be de-certified by FCIC. In such case, FCIC will provide written notification to the Company and the Company shall not permit that person to perform loss adjustment activities until he or she has received the training specified by FCIC, has retaken and completed with a passing grade the required proficiency testing program, and has been certified by FCIC.</p>	<p>e. Loss adjusters may be required to periodically retake the required FCIC-approved proficiency testing program referenced in subparagraph c.ii and c. iii.II, as determined by FCIC. Any person who has been found in noncompliance with any loss adjustment policy, procedure, or training requirement approved by FCIC may be de-certified by FCIC. In such case, FCIC will provide written notification to the Company and the Company shall not permit that person to perform loss adjustment activities until he or she has received the training specified by FCIC, has retaken and completed with a passing grade the required proficiency testing program, and has been certified by FCIC.</p>
<p>(g) Allowing a loss adjuster to conduct any loss adjustment activity on a policy before he or she is properly certified or after he or she has been de-certified may result in the denial of reinsurance, A&O subsidy, CAT LAE, or risk subsidy for all policies upon which such activity occurred.</p>	<p>f. Allowing a loss adjuster to conduct any loss adjustment activity on a policy before he or she is properly certified or after he or she has been de-certified may result in the loss of reinsurance for all policies upon which such activity occurred.</p>

IX. OVERSIGHT AND CUT-THROUGH	<i>[moved from SRA IV.O]</i> O. Oversight and Cut-Through
(a) Whenever FCIC determines that the Company is unable to substantially fulfill an obligation that materially affects its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business, FCIC may impose one or more of the following on the Company:	1. Whenever FCIC determines that the Company is unable to substantially fulfill an obligation that materially affects its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business, FCIC may impose one or more of the following on the Company:
(1) Require additional reporting to FCIC of financial or operational information related to business conducted under the Agreement.	a. Require additional reporting to FCIC of financial or operational information related to business conducted under the Agreement.
(2) Allow the placement of representatives of FCIC at any location of the Company and its service providers to monitor activities that directly or indirectly affect the performance of the Company's obligations under this Agreement.	b. Allow the placement of representatives of FCIC at any location of the Company and its service providers to monitor activities that directly or indirectly affect the performance of the Company's obligations under this Agreement.
(3) Require the Company to obtain approval from FCIC of some or all decisions or actions (including but not limited to any transaction, payment, agreement, and servicing of eligible crop insurance contracts) taken or contemplated by the Company or its service providers that could directly or indirectly affect the performance of the Company's obligations under this Agreement.	c. Obtain approval of FCIC of some or all decisions or actions (including but not limited to any transaction, payment, agreement, and servicing of eligible crop insurance contracts) taken or contemplated by the Company or its service providers that could directly or indirectly affect the performance of the Company's obligations under this Agreement.
(4) Take all reasonable steps to preserve the assets and financial and operating capabilities of the Company to perform its obligations under this Agreement.	d. Take all reasonable steps to preserve the assets and financial and operating capabilities of the Company to perform its obligations under this Agreement.
(5) Transfer to FCIC, or its designee, without further action of the Company, any or all eligible crop insurance contracts. With respect to any eligible crop insurance contract transferred to FCIC:	e. Transfer to FCIC, or its designee, without further action of the Company, any or all eligible crop insurance contracts. With respect to any eligible crop insurance contract transferred to FCIC:

<p>(A) FCIC will assume all obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, and the Company must pay FCIC all funds in possession of the Company and its affiliates with respect to all such eligible crop insurance contracts transferred including, but not limited to, premiums collected or any payments from commercial reinsurers related to the book of business.</p>	<p>i. FCIC will assume all obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, and the Company must pay FCIC all funds in possession of the Company and its affiliates with respect to all such eligible crop insurance contracts transferred including, but not limited to, premiums collected or any payments from commercial reinsurers related to the book of business.</p>
<p>(B) FCIC, or its designee, will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.</p>	<p>ii. FCIC, or its designee, will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.</p>
<p>(C) FCIC has the right to all uncollected premiums on all eligible crop insurance contracts.</p>	<p>iii. FCIC has the right to all uncollected premiums on all eligible crop insurance contracts.</p>
<p>(D) Any uncollected debts owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.</p>	<p>iv. Any uncollected debts owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.</p>
<p>(E) To the extent that FCIC contracts for an AIP or other entity to service the transferred eligible crop insurance contracts, the AIP or other entity will receive A&O subsidy for service the AIP or other entity must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.</p>	<p>v. To the extent that FCIC contracts for an AIP or other entity to service the transferred eligible crop insurance contracts, the AIP or other entity will receive A&O subsidy for service the AIP or other entity must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.</p>

<p>(6) With respect to eligible crop insurance contracts that are transferred to FCIC and when another AIP agrees to assume the eligible crop insurance contracts:</p> <p>(A) The AIP will assume the obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, unless otherwise determined by FCIC;</p> <p>(B) FCIC will remit to the AIP any premium or any applicable payments from commercial reinsurers collected from the Company; and</p> <p>(C) The AIP will receive A&O subsidy for services the AIP must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.</p>	<p>f. With respect to eligible crop insurance contracts that are transferred to FCIC and when another AIP agrees to assume the eligible crop insurance contracts:</p> <p>i. The AIP will assume the obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, unless otherwise determined by FCIC;</p> <p>ii. FCIC will remit to the AIP any premium or any applicable payments from commercial reinsurers collected from the Company; and</p> <p>iii. The AIP will receive A&O subsidy for services the AIP must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.</p>
<p>(b) A Company in supervision, rehabilitation, liquidation, or any equivalent action by a State, is presumed to be unable to substantially fulfill obligations that materially affect its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business for the purposes of subsection (a).</p>	<p>2. A Company in supervision, rehabilitation, liquidation, or any equivalent action by a State, is presumed to be unable to substantially fulfill obligations that materially affect its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business for the purposes of paragraph 1.</p>
<p>(c) If either subsection (a)(4) or (5) is implemented with respect to another AIP, the Company, within the limits of its financial and operational resources, agrees to cooperate with FCIC in the transferring and servicing of such eligible crop insurance contracts.</p>	<p>3. If either paragraph 1.e. or 1.f. is implemented with respect to another AIP, the Company, within the limits of its financial and operational resources, agrees to cooperate with FCIC in the transferring and servicing of such eligible crop insurance contracts.</p>
<p>X. SUPERVISION, REHABILITATION, AND LIQUIDATION</p> <p>If the Company is placed in supervision, rehabilitation, liquidation, or any equivalent action by the State Insurance Department:</p>	<p><i>[moved from SRA IV.Q]</i></p> <p>Q. Supervision, Rehabilitation, and Liquidation</p> <p>If the Company is placed in supervision, rehabilitation, liquidation, or any equivalent action by the State Insurance Department:</p>

(a) The Company shall take all reasonable steps to facilitate a working relationship between FCIC and the State Insurance Department during the period the Company is in supervision, rehabilitation, liquidation, or any equivalent action.	1. The Company shall take all reasonable steps to facilitate a working relationship between FCIC and the State Insurance Department during the period the Company is in supervision, rehabilitation, liquidation, or any equivalent action.
(b) The Company shall take all reasonable steps to ensure that FCIC has access to information and use of the operating systems, records, equipment, or other property used in the administration of the Company’s book of business for as long as necessary to service the book of business.	2. The Company shall take all reasonable steps to ensure that FCIC has access to information and use of the operating systems, records, equipment, or other property used in the administration of the Company’s book of business for as long as necessary to service the book of business.
(c) In liquidation (or equivalent situation): (1) If FCIC has expended funds to keep the Company operational, including the payment of expenses already included in the A&O subsidy, or to pay other expenses not included in the A&O subsidy, when the Company was in supervision, rehabilitation liquidation, or any equivalent situation, with respect to the repayment of such funds, FCIC shall have priority over all other creditors except for expenses of the state supervisor, rehabilitator, liquidator, or equivalent person; and (2) If the Company owes any other funds to FCIC not included in paragraph (1) with respect to the repayment of such funds, FCIC shall have priority over all other nonfederal creditors.	3. In liquidation (or equivalent situation): a. If FCIC has expended funds to keep the Company operational, including the payment of expenses already included in the A&O subsidy, or to pay other expenses not included in the A&O subsidy, when the Company was in supervision, rehabilitation liquidation, or any equivalent situation, with respect to the repayment of such funds, FCIC shall have priority over all other creditors except for expenses of the state supervisor, rehabilitator, liquidator, or equivalent person; and b. If the Company owes any other funds to FCIC not included in subparagraph a., with respect to the repayment of such funds, FCIC shall have priority over all other nonfederal creditors.
(d) FCIC will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.	4. FCIC will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.
(e) The Company and its affiliates must pay to FCIC all funds in their possession with respect to all eligible crop insurance contracts including, but not limited to, premiums collected or any applicable payments from commercial reinsurers.	5. The Company and its affiliates must pay to FCIC all funds in their possession with respect to all eligible crop insurance contracts including, but not limited to, premiums collected or any applicable payments from commercial reinsurers.
(f) Any uncollected debts or premiums owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.	6. Any uncollected debts or premiums owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.

<p>(g) The Company and its affiliates shall:</p> <ol style="list-style-type: none"> (1) Properly and fully service all eligible crop insurance contracts until transferred or the applicable cancellation date, whichever is the later; (2) Take all reasonable efforts to ensure that the Company's commercial reinsurance applicable to its book of business remains in effect; and (3) Not delay any payment to FCIC or the policyholder related to an eligible crop insurance contract. (4) Those persons found not in compliance with subsection (g)(3) shall be subject to debarment from participating in the programs of FCIC and USDA. 	<p>7. The Company and its affiliates shall:</p> <ol style="list-style-type: none"> a. Properly and fully service all eligible crop insurance contracts until transferred or the applicable cancellation date, whichever is the later; b. Take all reasonable efforts to ensure that the Company's commercial reinsurance applicable to its book of business remains in effect; and c. Not delay any payment to FCIC or the policyholder related to an eligible crop insurance contract. <p>8. Those persons found not in compliance with paragraph 7.c. shall be subject to debarment from participating in the programs of FCIC and USDA.</p>
<p>XI. MEDIATION, ARBITRATION, LITIGATION AND ASSISTANCE</p> <p>(a) The Company's expenses incurred as a result of litigation are covered by the A&O subsidy. FCIC has no obligation to provide other funds to reimburse the Company for litigation costs.</p>	<p><i>[moved from SRA IV.R]</i></p> <p>R. Mediation, Arbitration, Litigation and Assistance</p> <p>1. The Company's expenses incurred as a result of litigation are covered by the A&O subsidy. FCIC has no obligation to provide other funds to reimburse the Company for litigation costs.</p>

<p>(b) In accordance with procedures, the Company may request FCIC to provide non-monetary assistance, including witnesses, documents, and direction or such other assistance for mediation, arbitration or litigation. FCIC will only consider the Company's request for assistance if the Company:</p> <ol style="list-style-type: none"> (1) Reports the matter in accordance with subsection (c); (2) Immediately notifies FCIC in writing of the requested action setting forth the reasons such action would be in the best interests of FCIC; (3) Presents all legal arguments favorable to its defense including those suggested by FCIC; and (4) Does not join FCIC as a party to the action unless FCIC agrees in writing to be joined as a party. 	<p>2. In accordance with procedures, the Company may request FCIC to provide non-monetary assistance, including witnesses, documents, and direction or such other assistance for mediation, arbitration or litigation. FCIC will only consider the Company's request for assistance if the Company:</p> <ol style="list-style-type: none"> a. Reports the matter in accordance with paragraph 3; b. Immediately notifies FCIC in writing of the requested action setting forth the reasons such action would be in the best interests of FCIC; c. Presents all legal arguments favorable to its defense including those suggested by FCIC; and d. Does not join FCIC as a party to the action unless FCIC agrees in writing to be joined as a party.
<p>(c) The Company shall report to FCIC in accordance with established procedures, disputes with policyholders in mediation, arbitration, litigation or legal action, within 30 days after the Company has been notified of such dispute.</p>	<p>3. The Company shall report to FCIC in accordance with established procedures, disputes with policyholders in mediation, arbitration, litigation or legal action, within 30 days after the Company has been notified of such dispute.</p>
<p>(d) FCIC will, at its sole discretion, determine if the requested action under this section will be granted. The criteria to determine such action will be whether such action is in the best interest of FCIC and the Federal crop insurance program.</p>	<p>4. FCIC will, at its sole discretion, determine if the requested action under this section will be granted. The criteria to determine such action will be whether such action is in the best interest of FCIC and the Federal crop insurance program.</p>
<p>(e) Unless otherwise provided in this Agreement, FCIC will pay ultimate net losses for eligible crop insurance contracts of the Company in accordance with the provisions of section II.B of the Agreement:</p>	<p>5. Unless otherwise provided in this Agreement, FCIC will pay ultimate net losses for eligible crop insurance contracts of the Company in accordance with the provisions of section II.B.:</p>

<p>(1) In addition to the amount of the claim, ultimate net loss may include interest owed to policyholders related to the eligible crop insurance contract that is included:</p> <p>(A) In a final judgment against the Company by an arbitrator or a court of competent jurisdiction if FCIC determines that:</p> <p>(i) Such interest resulted from the Company's substantial compliance with all applicable procedures in the selling and servicing of the eligible crop insurance contract; and</p> <p>(ii) The award of such interest did not involve negligence or culpability on the part of the Company or its affiliates; and</p>	<p>a. In addition to the amount of the claim, ultimate net loss may include interest owed to policyholders related to the eligible crop insurance contract that is included:</p> <p>i. In a final judgment against the Company by an arbitrator or a court of competent jurisdiction if FCIC determines that:</p> <p>I. Such interest resulted from the Company's substantial compliance with all applicable procedures in the selling and servicing of the eligible crop insurance contract; and</p> <p>II. The award of such interest did not involve negligence or culpability on the part of the Company or its affiliates; and</p>
<p>(B) In the settlement of any claim if FCIC, in addition to the determinations included above, determines that the settlement should be approved.</p>	<p>ii. In the settlement of any claim if FCIC, in addition to the determinations included above, determines that the settlement should be approved.</p>
<p>(2) In all arbitration and mediation cases or any other case that has been settled by the Company and policyholder:</p> <p>(A) The Company must provide to FCIC all written statements from the arbitrator describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award;</p>	<p>b. In all arbitration and mediation cases or any other case that has been settled by the Company and policyholder:</p> <p>i. The Company must provide to FCIC all written statements from the arbitrator describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award;</p>
<p>(B) The Company must provide to FCIC all settlement agreements that contain at a minimum, a statement of the issues in dispute and the amount of the settlement;</p>	<p>ii. The Company must provide to FCIC all settlement agreements that contain at a minimum, a statement of the issues in dispute and the amount of the settlement;</p>

<p>(C) The Company must provide to FCIC all written opinions of the court, all pleadings filed in the case, and other documentation requested by FCIC; and</p>	<p>iii. The Company must provide to FCIC all written opinions of the court, all pleadings filed in the case, and other documentation requested by FCIC; and</p>
<p>(D) Failure of the Company to provide the required information in this subparagraph for an eligible crop insurance contract will result in denial of reinsurance for such contract.</p>	<p>iv. Failure of the Company to provide the required information in this subparagraph for an eligible crop insurance contract will result in denial of reinsurance for such contract.</p>
<p>(f) Under no circumstance are any punitive or consequential damages, attorney fees or any other costs, including court costs, included in the calculation of ultimate net loss.</p>	<p>6. Under no circumstance are any punitive or consequential damages, attorney fees or any other costs, including court costs, included in the calculation of ultimate net loss.</p>
<p>(g) For the purposes of this subsection only, the term “settlement” means the compromise or resolution of a dispute under an eligible crop insurance contract between the Company and a policyholder.</p>	<p>7. For the purposes of this subsection only, the term “settlement” means the compromise or resolution of a dispute under an eligible crop insurance contract between the Company and a policyholder.</p>
<p>XII. SANCTIONED PERSONS</p> <p>The Company and its affiliates shall not use any person who has been debarred or suspended, or voluntarily excluded under 2 CFR part 417 or any successor regulation by FCIC or any other U.S. Government Agency or disqualified by FCIC under section 515(h) (7 U.S.C. § 1515(h)), as applicable, in any manner which involves performance under this Agreement. Use of a disqualified, debarred, suspended or voluntarily excluded person or entity may subject the Company and affiliate to suspension and debarment in accordance with 2 CFR part 417 or any successor regulation.</p>	<p><i>[moved from SRA IV.S]</i></p> <p>S. Sanctioned persons</p> <p>The Company and its affiliates shall not use any person who has been debarred or suspended, or voluntarily excluded under 7 C.F.R. part 3017 by FCIC or any other U.S. Government Agency or disqualified by FCIC under 7 U.S.C. 1506(n) or 1515(h), as applicable, in any manner which involves performance under this Agreement. Use of a disqualified, debarred, suspended or voluntarily excluded person or entity may subject the Company and affiliate to suspension and debarment in accordance with 7 C.F.R. part 3017.</p>

XIII. MEMBER - DELEGATE

No member of or delegate to Congress nor any resident commissioner will be permitted to have any share or part of this Agreement or receive any benefit that may arise therefrom, except that this provision will not be construed to apply to a benefit from this Agreement that accrues to a member of or delegate to Congress nor any resident commissioner as a result of an interest in a corporation and the benefit is for the corporation's general benefit. Members of or delegates to Congress or any resident commissioner are eligible to purchase a crop insurance contract for any crop in which they have an insurable interest.

[moved from SRA IV.T]

T. Member - Delegate

No member of or delegate to Congress nor any resident commissioner will be permitted to have any share or part of this Agreement or receive any benefit that may arise therefrom, except that this provision will not be construed to apply to a benefit from this Agreement that accrues to a member of or delegate to Congress nor any resident commissioner as a result of an interest in a corporation and the benefit is for the corporation's general benefit. Members of or delegates to Congress or any resident commissioner are eligible to purchase a crop insurance contract for any crop in which they have an insurable interest.