RMA

Side by Side Comparison

<table>
<tr><th colspan="3">2011 SRA – Financial Terms</th></tr>
<tr><th>Current SRA</th><th>First Draft (Dec. 4, 2009)</th><th>Second Draft (Feb. 23, 2010)</th></tr>
</table>

<table>
<tr><th colspan="3">I. A&O Subsidy</th></tr>
<tr>
<td>A&O subsidy established as a fixed percentage of Net Book Premium.

(Net Book Premium determined by annual price of commodity; can vary substantially from year to year)</td>
<td>A&O subsidy established as a Percentage of “Adjusted Net Book Premium”

(Adjusted Net Book Premium uses fixed prices based on 10-year NASS average (1999-2008) for 7 major commodities representing about 85% of FCIC business)

<table>
<tr><th>Commodity</th><th>2011…</th></tr>
<tr><td>Wheat ($/bu.)</td><td>3.92</td></tr>
<tr><td>Corn ($/bu.)</td><td>2.56</td></tr>
<tr><td>Grain Sorghum ($/bu.)</td><td>2.43</td></tr>
<tr><td>Barley ($/bu.)</td><td>2.93</td></tr>
<tr><td>Upland Cotton ($/lb.)</td><td>0.52</td></tr>
<tr><td>Rice ($/lb.)</td><td>0.083</td></tr>
<tr><td>Soybeans ($/bu.)</td><td>6.36</td></tr>
</table>
</td>
<td>First Draft methodology, except:

1. Reference prices include a premium of 5% for Group 2 & 3 States (All states except IL, IN, IA, MN, and NE)

<table>
<tr><th></th><th colspan="2">Ref. Prices</th></tr>
<tr><th>Commodity</th><th>Grp1</th><th>G2&3</th></tr>
<tr><td>Wheat ($/bu.)</td><td>3.92</td><td>4.12</td></tr>
<tr><td>Corn ($/bu.)</td><td>2.57</td><td>2.70</td></tr>
<tr><td>Grain Srghm ($/bu.)</td><td>2.43</td><td>2.55</td></tr>
<tr><td>Barley ($/bu.)</td><td>2.93</td><td>3.08</td></tr>
<tr><td>Uplnd Cotton ($/lb.)</td><td>0.52</td><td>0.55</td></tr>
<tr><td>Rice ($/lb.)</td><td>0.083</td><td>0.087</td></tr>
<tr><td>Soybeans ($/bu.)</td><td>6.43</td><td>6.75</td></tr>
</table>

<table>
<tr><th></th><th colspan="2">2011</th><th colspan="2">2012</th></tr>
<tr><th>Commodity</th><th>Grp1</th><th>G2&3</th><th>Grp1</th><th>G2&3</th></tr>
<tr><td>Wheat ($/bu.)</td><td>4.31</td><td>4.53</td><td>4.12</td><td>4.32</td></tr>
<tr><td>Corn ($/bu.)</td><td>2.83</td><td>2.97</td><td>2.70</td><td>2.83</td></tr>
<tr><td>Grain Srghm ($/bu.)</td><td>2.67</td><td>2.81</td><td>2.55</td><td>2.68</td></tr>
<tr><td>Barley ($/bu.)</td><td>3.22</td><td>3.38</td><td>3.08</td><td>3.23</td></tr>
<tr><td>Uplnd Cotton ($/lb.)</td><td>0.57</td><td>0.60</td><td>0.55</td><td>0.57</td></tr>
<tr><td>Rice ($/lb.)</td><td>0.091</td><td>0.096</td><td>0.087</td><td>0.091</td></tr>
<tr><td>Soybeans ($/bu.)</td><td>7.07</td><td>7.43</td><td>6.75</td><td>7.09</td></tr>
</table>
2. Transition: 2011 = +10% and 2012 = +5% above reference prices.

3. New Provision for Second Draft:
AIPs must <u>not spend more than 80%</u> of A&O per policy on acquisition costs; however, allow for profit sharing from underwriting gains at the end of the reinsurance year.</td>
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2011 SRA – Financial Terms		
Current SRA	**First Draft (Dec. 4, 2009)**	**Second Draft (Feb. 23, 2010)**

II. Reinsurance Gain/Loss Sharing		
Fund Simplification:		
Number of Funds= 7 per state: 1. Assigned Risk Fund 2. Developmental Fund: - CAT - Revenue - Other 3. Commercial Fund: - CAT - Revenue - Other	Simplify: Replace Assigned Risk Fund with single, national Residual Fund to be shared by all AIPs Drop Developmental Fund Consolidate Commercial sub-funds into 1 Commercial Fund per state.	Same as First Draft, except: Modified Residual Fund (see below).
Assigned Risk/Residual Fund:		
1. One Assigned Risk Fund per state for each AIP. 2. Depending on state, maximum percentage of total premium that can be assigned ranges 25%, 50%, and 75%. 3. Depending on state, AIP retention of premium and liabilities varies 15%, 25%, and 25%.	1. A national Residual Fund to be shared by all AIPs. 2. AIP may designate up to 75% of total premium to Residual Fund in any state. 3. AIPs in aggregate retain 100% of premium and liabilities. 4. Non-proportional gain and loss sharing in Residual Fund same as current SRA Assigned Risk.	1. A national Residual Fund for each AIP. 2. AIP may designate up to 75% of total premium in any state to Residual Fund. 3. AIP must retain 50% of premium and liabilities of its national Residual Fund. 4. Non-proportional gain and loss sharing in Residual Fund same as current SRA Assigned Risk.
Rebalancing:		
No rebalancing	States are categorized into four groups according to past underwriting performance. Group 1: IL, IN, IA, MN, and NE Group 2: CA Group 3: KY, OH, OR, TN, WA, WI Group 4: All others	States are categorized into three groups: Group 1: IL, IN, IA, MN, and NE Group 2: All others not in Groups 1 and 3. Group 3 (For purposes of NBQS only—combined with Group 2 for gain/loss sharing): ME, NH, VT, MA, RI, CT, NY, PA, NJ, MD, DE, WV, NV, UT, WY, HI, AK.

Side by Side Comparison

2011 SRA – Financial Terms

Current SRA | First Draft (Dec. 4, 2009) | Second Draft (Feb. 23, 2010)

Gain and Loss Sharing – Commercial Fund:

Current SRA

AIP share (after designation 50-100% retention by state):

Loss Ratio	CAT	Revenue	Other
0-50	8	11	11
50-65	50	70	70
65-100	**75**	**94**	**94**
100-160	**50**	**57**	**50**
160-220	40	43	40
220-500	17	17	17
>500	0	0	0

First Draft (Dec. 4, 2009)

AIP share (after designation of 35-100% retention by state grouping):

Loss Ratio	Group 1	Group 2	Group 3	Group 4
0-50	5	5	5	5
50-65	20	20	30	30
65-100	**65**	**75**	**85**	**95**
100-160	**50**	**50**	**50**	**40**
160-220	20	20	20	20
220-500	5	5	5	5
>500	0	0	0	0

Second Draft (Feb. 23, 2010)

AIP share (after retention of 35-100% by state grouping):

Loss Ratio	Group 1	Group 2&3
0-50	5	5
50-65	40	40
65-100	**75**	**95**
100-160	**65**	**45**
160-220	45	20
220-500	10	5
>500	0	0

Note: Most active reinsurance layers

Net Book Quota Share (NBQS):

Current SRA

For each AIP, FCIC retains 5% of net underwriting gains or losses from AIP, after other FCIC reinsurance.

First Draft (Dec. 4, 2009)

For each AIP, FCIC receives 10% of net underwriting gains or losses, after other FCIC reinsurance.

FCIC will distribute up to 5% of any NBQS gain received in a reinsurance year back to AIPs that meet certain announced objectives in serving under-served producers, crops, or areas.

Second Draft (Feb. 23, 2010)

For each AIP, FCIC receives 7.5% of net underwriting gains or losses, after all other FCIC reinsurance.

FCIC will distribute up to 2.5% of any NBQS gain received in a reinsurance year to AIPs that sell and service Group 3 States according to premium generated in those States; not to exceed the total A&O paid for those States.