GRP Rangeland Pilot Insurance Program

Agent Training Manual

AGENT TRAINING MANUAL

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INTRODUCTION

This training module is intended to familiarize crop insurance agents with the conditions, provisions, and terms of the Group Risk Plan Common Insurance Policy and the GRP Rangeland Crop Provisions. Also, the contents of Actuarial Documents for a typical county are presented to acquaint agents with example Coverages, Rates, and Special Provisions of Insurance referred to throughout the Basic Provisions and Crop Provisions.

The training manual does not replace any current procedures, or modify any provisions contained in the complete insurance policy. Agents should understand the content and provisions of the following materials:

- Group Risk Plan Common Policy and Group Risk Plan of Insurance Basic Provisions;
- GRP Rangeland Crop Provisions;
- Actuarial Documents;
- Catastrophic Risk Protection Endorsement (as applicable);
- Group Risk Plan Insurance Standards Handbook (FCIC-18040); and
- Crop Insurance Handbook (CIH) (FCIC-18010).

A. Objective of this Training Manual

The GRP Rangeland Agent Training Manual is designed as a training manual and reference for crop insurance agents. Following classroom instruction based on the training manual, agents should be able to correctly answer 7 out of 10 questions covering the Group Risk Plan of Insurance Basic Provisions and the GRP Rangeland Crop Provisions.

B. Certification Process

Following study and review of the training materials, a test will be taken to evaluate the agent's understanding of the material presented and to determine if the training objective was met. Agents are permitted to use books, crop insurance policies and endorsements, or other study and reference materials during the examination. Collaboration with others is not allowed. The examination will consist of ten multiple choice questions, and should take less than 30 minutes to complete.

Agents will be notified of all test results in writing, and those who answer 7 of the 10 questions correctly will receive a certificate of completion.

C. Overview of Group Risk Plans of Insurance and the GRP Rangeland Program

The Group Risk Plan of Insurance (GRP) was designed to insure against widespread loss of production at the county level. Loss payments are triggered when the crop year yield falls below the average county yield, so GRP products are most useful for producers whose farm yields tend to follow county yields. Because payment of indemnities is determined by comparing the crop year county yield to the historical average county yield, it is possible for producers to have a low yield on their insured acreage and still not receive a loss payment under the GRP plan. Conversely, it is possible for producers to have an average or above average yield on their insured acreage and still receive a loss payment under the GRP plan.

Before introduction of the GRP Rangeland Pilot Program, there were few risk management options for pasture and rangeland users. Harvest by grazing is the primary reason for the lack of insurance coverage for forage production on pasture and rangeland. Without mechanical harvesting, there are no accurate, cost effective means for measuring annual forage production or yields from pasture and rangeland. Consequently, adequate data does not exist to develop and rate a typical Annual Production History (APH) type of insurance plan for forage produced on pasture and rangeland. The GRP Rangeland Pilot Program relies, instead, on a proxy crop approach. Since non-irrigated hay land and pasture and rangeland within a county are subject to similar weather conditions and weather patterns, it is reasonable to expect the production of forage from pasture and rangeland to fluctuate in a pattern similar to that for non-irrigated hay production. Therefore, the GRP Rangeland Pilot Program is based on the variability of non-irrigated hay production.

The following coverages, common in other plans of insurance, do not apply to GRP policies:

- Hail and fire exclusion provisions;
- High-risk land exclusion provisions;
- Late planting provisions;
- Replant requirements;
- Replanting payment provisions;
- Prevented planting provisions;
- Experience adjustment factors; and
- Optional, basic, whole farm, or enterprise unit provisions.

Since Group Risk Plans of Insurance are based county-level data, data and analysis at the individual level are not necessary, and the following (common to other plans of insurance) are not required:

- Actual production history records;
- Notice of damage or loss; and
- Loss adjustment service.

CHAPTER ONE: GROUP RISK PLAN OF INSURANCE COMMON POLICY BASIC PROVISIONS

Policies written under the Group Risk Plan Rangeland Pilot Program are reinsured by the FCIC under the provisions of the Federal Crop Insurance Act (Act). No provisions of the policy may be waived or modified in any way by the insurance provider, any agent or other contractor of the insurance provider, or by any employee of the USDA. The insurance provider will use the procedures (handbooks, manuals, memoranda, and bulletins), as issued by the FCIC and published on the RMA website at http://www.rma.usda.gov, in the administration of such policies. In the event that the insurance provider cannot pay a loss owed to an insured because they are insolvent or are otherwise unable to perform their duties under their reinsurance agreement with the FCIC, the insured's claim will be settled in accordance with the insured's insurance policy and the FCIC will be responsible for any amounts owed to the insured. No state guarantee fund will be liable for the insured's loss.

In accordance with the Act, FCIC will pay a portion of the insured's premium, as specified in the actuarial documents. The premium rates, practices, types, maximum protection per acre, and maximum subsidy per acre are also shown on the actuarial documents.

A. Insurance Contract

An insurance contract will become effective upon acceptance of a properly completed application for insurance by the insurance provider. Acceptance by the insurance provider occurs when the issue a "Summary of Protection" to the insured. A complete policy will consist of:

- Crop Insurance Application (plus the Acreage Report, the Group Risk Plan Disclaimer, and the Group Risk Plan Rangeland Disclaimer);
- Group Risk Plan of Insurance Common Policy Basic Provisions;
- Catastrophic Risk Protection Endorsement (as applicable); and
- Group Risk Plan–Rangeland Crop Provisions;
- Actuarial Documents (FCI-35 and Special Provisions of Insurance [SPOI]).

If a conflict exists among the policy provisions, the order of priority is: (1) the Special Provisions of Insurance; (2) the GRP Rangeland Crop Provisions; (3) the Catastrophic Risk Protection Endorsement, as applicable; and (4) the Group Risk

Plan Common Policy, (with (1) controlling (2), (2) controlling (3), etc.).

B. Definitions

Acreage Report–Insured entities must annually report all acreage of the insured crop in which they have a share for each county listed on their application (see Section H of Chapter 1).

Acreage Reporting Date–To be eligible for Group Risk Insurance, insured entities must submit their acreage report by the acreage reporting date specified in the Special Provisions of Insurance (May 15, 2005 for the 2005 crop year and November 15 preceding the crop year for subsequent crop years in the GRP Rangeland program).

Actuarial Documents–Actuarial documents report expected county yield, maximum protection per acre, coverage levels, information necessary to calculate premium rates, practices, program dates, and other related information regarding crop insurance. These documents pertain to specific crop years in specific counties and are available for public inspection in insurance agents' offices or on RMA's website at http://www.rma.usda.gov/.

Additional Coverage–Under the Group Risk Plan of Insurance, additional coverage is an amount of protection greater than that provided by Catastrophic Risk Protection (CAT). Maximum coverage per acre, by coverage level, is specified in the actuarial documents for each county in which coverage is available.

Billing Date–The billing date is specified in the actuarial documents and is the date by which the insured will be invoiced for the premium and administrative fee due for the insured crop (October 1 of each crop year in the GRP Rangeland program).

Cancellation Date–Insurance for the next crop year will automatically renew on the cancellation date unless the insured or the insurance company have canceled coverage in writing, or unless the policy has terminated in accordance with policy provisions. The cancellation date is specified in the Crop Provisions (March 15, 2005 for the 2005 crop year, and September 30 preceding the crop year for the 2006 and subsequent crop years in the GRP Rangeland program).

Catastrophic Risk Protection–Catastrophic Risk Protection (CAT) is the lowest level of protection provided by the Federal Crop Insurance Corporation (FCIC). Under the Group Risk Plan of Insurance, CAT coverage equals 65% of the expected county yield indemnified at 45% of the maximum protection per acre specified in the actuarial documents.

Contract Change Date–Any changes in policy terms and conditions (such as changes in provisions, premium rates, expected county yields, maximum amounts of protection, and program dates) will be made available by the contract change date specified in the Crop Provisions (see Section T of Chapter 1) (November 30 preceding the crop year for the 2005 crop year, and June 30 preceding the crop year for the 2006 and subsequent crop years in the GRP Rangeland program).

Crop Provisions–Crop provisions are that part of the insurance contract containing specific provisions of insurance for the insured crop.

Crop Year–The crop year is the period of time during which the insured crop is normally grown, and is designated by the calendar year in which the crop is normally harvested.

Dollar Amount of Protection Per Acre–The dollar amount of protection per acre is calculated by multiplying the percentage of coverage selected by the insured (CAT, 70%, 75%, 80%, 85%, or 90% in the GRP Rangeland program) times the maximum protection per acre specified in the actuarial documents. The dollar amount of protection per acre is reported in the insured's Summary of Protection.

Expected County Yield–The expected county yield provides the basis for coverage for each crop year, and is specified in the actuarial documents. Expected county yields are calculated from historical NASS county average yields, adjusted by the FCIC. In the GRP Rangeland program, expected county yield is referred to as County Base Production (see Section A in Chapter 2).

Limited Resource Farmer–Limited resource farmers are those 1) with direct or indirect gross farm sales of not more than $100,000 (to be adjusted for inflation beginning in 2005) in either of the previous two years, and 2) with a total household income at or below the national poverty level for a family of four, or a total household income less than 50% of the county median household income in each of the previous two years.

Maximum Protection Per Acre–The maximum protection per acre, specified in the actuarial documents, is the highest level of protection available.

MPCI–Multiple Peril Crop Insurance (MPCI) is an insurance product based on an individual yield or amount of insurance.

NASS–The National Agricultural Statistics Service (NASS) is an agency within the United States Department of Agriculture. NASS collects agricultural data and publishes official United States Government estimates of crop yields.

Net Acres–An insured's net acres are calculated by multiplying the total acreage of the insured crop in which the insured has an interest by the insured's share in those acres.

Payment Yield–After NASS publishes estimated yields for the insured crop and crop year, the FCIC determines payment yields by adjusting those estimates through a process similar to that used to calculate expected county yields. To determine whether indemnities are due, the payment yield is compared to the trigger yield (see the definition of Trigger Yield below). In the GRP Rangeland program, payment yield is referred to as Net Hay Production (see Section A in Chapter 2).

Sales Closing Date–The sales closing date is the date by which an application for crop insurance coverage must be filed, or by which the insured must change its crop insurance coverage for a given crop year. The sales closing date is specified in the Special Provisions of Insurance (actuarial documents), and will be March 15, 2005 for the 2005 crop year, and September 30 preceding the crop year for the 2006 and subsequent crop years in the GRP Rangeland program.

Share–An insured's share is their percentage interest (as an owner, operator, or tenant) in the insured crop at the time the insurance attaches. Premiums will be calculated using the insured's share as of the acreage reporting date.

Special Provisions–Special Provisions of Insurance (SPOI) are that part of the insurance policy which contains specific provisions of insurance for each crop. SPOI may vary by geographic area (see Chapter 3, Actuarial Documents).

Subsidy–Subsidies are that portion of an insured's premiums that will be paid by the FCIC, in accordance with the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.). Subsidies are specified in the actuarial documents (FCI-35).

Substantial Beneficial Interest–In individual or entity with at least a 10% interest in the insured has a substantial beneficial interest in the insured.

Termination Date–The termination date is the date upon which insurance ceases to be in effect due to nonpayment of any amount, including premium and administrative fees, due the insurance provider. The termination date is specified in the crop provisions, and is December 31 preceding the crop year for the GRP Rangeland program.

Trigger Yield–The trigger yield is calculated by multiplying the expected county yield by the percentage coverage level selected by the insured. An indemnity is due when the payment yield is less than the trigger yield. For the GRP Rangeland program, the trigger yield is calculated by multiplying the county base production by the percentage coverage level selected by the insured. If net hay production is less than the trigger yield, an indemnity is due.

C. Insured Crop

The insured crop is identified on the accepted application, as specified in the applicable crop provisions. The insured crop must be grown on insurable acreage, as defined in Section D. Under the GRP Rangeland program, the insured crop is all rangeland:

1) Located in the counties identified on the application;
2) Reported by the insured on the acreage report;
3) Intended for harvest during the crop year; and
4) Not grown with another crop.

D. Insured and Insurable Acreage

Insurable acreage is all acreage of the insured crop:

1) In which the insured has a share;
2) For which premium rates have been provided by the actuarial documents; and
3) Is physically in the county listed on the insured's accepted application. Crops grown on acreage physically located in another county must be reported and insured separately, and the dollar

amounts of protection per acre, premium amounts, and indemnities will be calculated separately for each county.

E. Policy Protection

Under GRP insurance policies where Catastrophic Risk Protection has been selected as the coverage level, the dollar amount of protection per acre will be 45% of the maximum protection per acre specified by the actuarial documents for the insured crop. When additional coverage is desired under a GRP insurance policy, the insured can select any dollar amount of protection per acre between 60% and 100% of the maximum protection per acre specified in the actuarial documents. Policy protection provided by a GRP policy equals the dollar amount of protection per acre multiplied by the insured's net insured acres. All yields will be based on NASS estimates, and those estimates will be considered accurate and final. Written requests received by the reinsurance company by the sales closing date will effect changes in the protection level.

F. Coverage Levels

Under GRP Insurance policies where Catastrophic Risk Protection has been selected as the coverage level, the coverage level is specified in the actuarial documents for the insured crop. When additional coverage is desired under a GRP insurance policy, the insured can select from any percentage coverage level specified in the actuarial documents. The insured's trigger yield is calculated by multiplying the selected coverage level by the expected county yield specified in the actuarial documents. When the payment yield for the insured crop, published by the FCIC, falls below the trigger yield, the insured will receive an indemnity payment. Written requests received by the reinsurance company by the sales closing date will effect changes in the coverage level.

G. Payment Calculation Factor

An insured's payment calculation factor, used in calculating an indemnity payment, is determined by subtracting the payment yield from the trigger yield, with the remainder from that calculation then divided by the trigger yield.

H. Report of Acreage and Share

The insured must report all net acreage of the insured crop in each county listed on their accepted application. The acreage report must be submitted annually on or before the acreage reporting date. Lacking a timely acreage report, the insurer will determine the insured's acreage and share, or will deny liability on the policy.

Premiums to be paid by the insured and any indemnities to be paid to the insured are based on the insured's net insurable acres on the acreage reporting date. The insured is responsible for the accuracy of all reported information. Information incorrectly reported in any crop year could result in revisions that require repayment of overpaid indemnities. Policy protection will be based on reported information, or will be based on information determined to be correct, whichever results in the lowest level of protection for the insured. Indemnities will be further reduced if reported information would have resulted in a level of protection more than 10% above or below that level determined to be correct. The reduction in indemnities will be the percentage difference between the level of protection determined to be correct and the level of protection based on the reported level, less the 10% tolerance error (EXAMPLE: If the correct amount of policy protection is determined to be $100.00, but the insured reported incorrect information which supported policy protection of $120.00, any indemnity will be reduce by 10 percent [$120.00/$100.00 = 1.20, and 1.20 – 1.10 = 0.10]).

In some instances, revisions to information in the acreage report will not be considered misreporting. These include information subsequently corrected 1) due to an acreage measurement, 2) because it was clearly transposed, 3) because the insured provides evidence that an error was committed by an employee of USDA or the insurance company, or 4) if such revision is permitted by the insurance policy.

The insured may insure only their share of the insured crop. Any shares of the spouse of the insured, or of the dependent children of the insured, are included as shares of the insured unless it can be satisfactorily demonstrated that those individuals maintain completely separate farming operations. If any aspect of these operations is commingled, their shares will be combined under the same insurance policy.

I. Administrative Fees and Annual Premium

Under GRP Insurance policies where Catastrophic Risk Protection has been selected as the coverage level, the insured will pay an administrative fee of $100 per crop per county, payable to the insurance provider on the billing date. When additional coverage is desired under a GRP Insurance policy, the insured will pay an administrative fee of $30 per crop per county, payable to the insurance provider on the billing date. Administrative fees can be waived for some limited resource farmers.

When the insured opts for additional coverage under a GRP policy, their premium is calculated by: 1) multiplying their policy protection by the premium rate per hundred dollars of protection (as specified in the actuarial documents for the coverage level selected), after 2) multiplying the published premium rate by a factor of .01 to convert the premium rate per hundred dollars of protection to a rate per dollar of protection, and then 3) subtracting the applicable subsidy.

The insured will be billed for the premium and administrative fees on the billing date specified in the Special Provisions of insurance, and will accrue interest if not paid by the first of the month following the billing date.

J. Access to Insured Crop and Record Retention

The insurance provider and any USDA employee authorized to review crop insurance matters have the right to examine the insured crop or any records relating to the insured crop and the insurance policy, including records regarding mediation, arbitration, or litigation pertaining to the insured crop. Such examinations may occur at any location where the crop or records may be found, as often as reasonably required during the record retention period.

The insured must retain complete records pertaining to their planting of the insured crop and their net acres of the insured crop (and all such records for acreage of the insured crop that is not insured) for a period of three years after the end of the crop year, or three years after the date of the final indemnity payment, whichever is later. These records must be provided upon the request of the insurance provider or any USDA employee authorized to review crop insurance matters. The insurance provider or any USDA employee authorized to review crop insurance matters can, upon written notice, extend the record retention period beyond three years.

By signing the application for insurance, the insured authorizes the insurance provider or the USDA, or any person authorized to act on their behalf, to obtain records relating to inputs for the insured crop or the planting, replanting, production, harvesting, or disposition of the insured crop. That authorization permits efforts to obtain records from any entity that might have custody of them, including, but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. The insured is required to assist the insurance provider or USDA employee in obtaining records requested from third parties.

If the insured fails to: 1) provide access to the insured crop or the farm, 2) maintain or provide any required records, 3) authorize access to records maintained by third parties, or 4) assist in obtaining all such records, no indemnity will be paid for the crop year in which such a failure occurred.

K. Transfer of Coverage and Right to Indemnity

The insured can transfer their coverage rights if they transfer any part of their share in the insured crop during the crop year and the transferee is eligible for crop insurance. The transfer must be requested on the proper form, and will not be effective without written approval by the insurance provider. In the event of a transfer, the insurance provider will not be liable for more than the liability determined in accordance with the insured's policy as it existed before the transfer occurred, and the insured and the transferee will be jointly and severally liable for payment of the premium.

L. Assignment of Indemnity

The insured may assign their right to an indemnity for the crop year to another person. The assignment must be requested on the proper form, and will not be effective without written approval by the insurance provider.

M. Other Insurance

Nothing in the insurance policy prevents the insured from obtaining other insurance not authorized by the Federal Crop Insurance Act (the Act). However, unless required by policy provisions, the insured is prohibited from having more than one policy authorized under the Act covering their share of an insured crop. In the event that the insured has coverage by more than one policy authorized under the Act, they must be able to demonstrate that such duplicate coverage was not intended or be subject to the consequences expressed in the policy or in the Act.

If the insured can demonstrate that duplicate coverage was not intended, coverage will be determined as follows:

1) If one policy is an additional coverage policy and the other is a CAT coverage policy:
    a) The additional coverage policy will apply if both policies are with the same insurance provider;
    b) The additional coverage policy will apply if each policy is with a different insurance provider and both agree; or
    c) The policy with the earliest date of application will apply if each policy is with a different insurance provider and the insurance providers do not agree;
2) If both policies are additional coverage policies, or both policies are CAT coverage policies, the policy with the earliest date of application will be in force and the other policy will be void unless both policies are with:
    a) The same insurance provider and the insurance provider agrees otherwise; or
    b) Different insurance providers and both insurance providers agree otherwise.

N. Restrictions, Limitations, and Amounts Due Us

The insurance provider may restrict the total amount of acreage they will insure to the amount allowed under any acreage limitation programs established by the USDA. The insured's crop insurance contract may be cancelled, terminated, or voided for violation of Federal statutes, including, but not limited to, the following (and any regulations promulgated there under):

1) Federal Crop Insurance Act;
2) Controlled substance provisions of the Food Security Act of 1985;
3) Food, Agriculture, Conservation, and Trade Act of 1990; and
4) Omnibus Budget Reconciliation Act of 1993.

The insurance provider will recover any and all payments to the insured made during the period when the insured was ineligible for crop insurance. The insured's premium will be refunded, less a reasonable amount, not to exceed 20%, for expenses and handling.

The insurance provider's liability will be limited to the policy protection specified in section 4 of the insurance policy (see Section E, Policy Protection, above).

Unpaid premium or administrative fee balances will accrue interest at the simple rate of 1.25% per calendar month (or any portion thereof), beginning on the first day of the month following the premium billing date specified in the Special Provisions. Amounts such as unearned indemnities received by the insured will accrue interest from the date notice of the required repayment was issued to the insured, but interest will not be payable if the full amount is paid in full within 30 days of that notice.

By contracting for insurance coverage, the insured agrees to pay all collection expenses (to collect premiums, administrative fees, or other amounts owed) incurred by the insurance provider. All amounts paid by the insured will first be applied to collection expenses, then to reduce accrued interest, and finally to reduce the outstanding principal balance. Portions of amounts paid to an insured to which they were not entitled may be collected through administrative offset from payments by United States government agencies to the insured.

Disputed indemnities finally determined to be payable to the insured (by a court of competent jurisdiction or an administrative determination) will included interest from, and including, the 61st day after the insurance provider receives the NASS county data estimates for the insured crop and crop year. Interest will only be paid if the delay in payment was not due to failure on the part of the insured to provide information necessary for calculating the indemnity.

O. Mediation, Arbitration, Appeals and Administrative, and Judicial Review

If the insured and the insurance provider fail to agree on a determination made by the insurance provider (except one regarding good farming practices), the disagreement may be resolved through mediation as discussed below. If a dispute cannot be resolved through mediation, or if the insured or the insurance provider do not agree to mediation, the disagreement must be resolved through arbitration in accordance with the rules of the American Arbitration Association (AAA). Any mediator with a familial, financial, or other business relationship with the insured or the insurance provider, or the insurance provider’s agent or loss adjuster, is not allowed to hear the dispute.

All disputes involving determinations made by the insurance provider (except ones regarding good farming practices) are subject to mediation or arbitration. In any disputes requiring interpretation of a policy or procedure, a determination must be obtained from the FCIC (7 C.F.R part 400, subpart X). Such determinations will be binding in any mediation or arbitration. Interpretation of a policy provision by the FCIC cannot be appealed, but a Director's review from the National Appeals division can be requested (7 C.F.R. part 11.6). Interpretation of a procedure by the FCIC can be appealed to the National Appeals division (7 C.F.R. part 11).

If a dispute is not resolved in mediation, an arbitrator is required to provide a written statement describing the issue(s) in dispute, their factual findings, and their determinations and conclusions regarding the amount and basis for any award (with a breakdown by claim for any reward) to both the insured and the insurance provider. The arbitrator's statement must also include any amounts awarded for interest. If the arbitrator does not provide the required, written statement, all of their determinations will be nullified. All settlement agreements, including those reached in mediation, must be in writing and contain at least a statement of the issue(s) in dispute and the amount of the settlement.

Regardless of whether mediation is elected, the insured must initiate arbitration within one year of the date the insurance provider denied the insured's claim, or rendered the determination disputed by the insured, whichever is later. If the insured fails to initiate arbitration within this time frame, the insured will not be able to resolve the dispute through judicial review. If arbitration was initiated within the required time frame and has been completed, and the insured seeks judicial review, suit must be filed not later than one year after the arbitration decision was rendered. In any suit in which the dispute involves a specific policy or procedure interpretation (whether it is applicable, how it is applicable, or its meaning), an interpretation must be obtained from the FCIC, in accordance with 7 C.F.R. part 400, subpart X, or other FCIC procedures. Such determinations by the FCIC will be binding.

Any decision rendered in arbitration is binding on both the insured and on the insurance provider, unless either party seeks judicial review in a timely manner. Both parties have the right to seek judicial review of any decision rendered in arbitration, regardless of any AAA rules to the contrary.

If the insured does not agree with a determination (rendered by either the insurance provider or the FCIC) on whether they have used good farming practices, they may request a reconsideration of that decision by the FCIC in accordance with the reconsideration process established for this purpose, and published at 7 C.F.R. part 400, subpart J (reconsideration). The insured must complete reconsideration before filing suit against the FCIC, and any such suit must:

1) Be brought in the US district court for the district in which the insured farm is located; and
2) Be filed not later than one year after the date of the decision rendered in the reconsideration. The insured cannot sue the insurance provider for determinations of whether they used good farming practices.

If the insured disagrees with any determination made by the FCIC (except those regarding whether they followed good farming practices), they may obtain an administrative review in accordance with 7 C.F.R. part 400, subpart J (administrative review) or an appeal in accordance with 7 C.F.R part 11 (appeal). If the insured chooses to sue the FCIC after the completion of any appeal, the suit must be filed within one year after the date of the decision rendered in the appeal. Under no circumstances will the insured recover any attorney's fees or other expenses, or any punitive, compensatory, or other damages from the FCIC.

The terms of the insured's insurance policy, the Act, and the regulations published at 7 C.F.R. part 400, subpart P are binding in any mediation, arbitration, appeal, administrative review, reconsideration, or judicial process. Conflicts between the insurance policy and any state or local laws will be resolved in accordance with section 31. In conflicts between any rules of the AAA and the provisions of the insurance policy, the provisions of the insurance policy will control.

To resolve any dispute through mediation, the insured and the insurance provider must:

1) Agree to mediate the dispute;
2) Agree on a mediator; and
3) Be present at the mediation, or have a designated representative in attendance with authority to settle the case.

No award or settlement in mediation, arbitration, appeal administrative review or reconsideration process, or judicial review can exceed the amount of liability established, or which should have been established, under the policy. The one exception to this is interest payable to the insured, as determined by the process described in the last paragraph of the preceding section.

Through judicial review only, the insured may recover attorney's fees or other expenses, or any punitive, compensatory, or any other damages from the insurance provider only if the insured obtains a determination from the FCIC that the insurance provider, their agent, or their loss adjuster failed to comply with the terms of the insured's insurance policy, and that failure resulted in the insured receiving a payment less than that to which they were entitled. Requests for such a determination should be addressed to: USDA/RMA/Deputy Administrator of Compliance/Stop 0806, 1400 Independence Avenue, S.W., Washington, D.C. 20250-0806.

If the FCIC elects to participate in the adjustment of the insured's claim, or modifies, revises, or corrects the insured's claim prior to payment, the insured may not bring arbitration, mediation, or litigation action against the insurance provider. The insured must request administrative review or appeal in accordance with the procedures outlined above.

P. Holidays and Weekends

If any date specified in the insurance documents falls on a Saturday, Sunday, or legal Federal holiday, that date will be extended to the next business day.

Q. Life of Policy, Cancellation, and Termination

The Group Risk Plan Common Policy is a continuous policy, and remains in effect for each crop year following the acceptance of the original application until canceled by the insured, in accordance with the terms of the policy, or terminated by operation of the terms of the policy or by the insurance provider.

An application for insurance must contain the social security number (SSN, for individual applicants) or the employer identification number (EIN, for entities that are not individual applicants) of the insured, and all SSNs and EINs, as applicable, of all persons or entities with a substantial beneficial interest in the insured. The application must also include the coverage level, price election, insured crop, plan of insurance, and any other material information required on the application to insure the crop. If the insured or any entity with a significant beneficial interest in the insured is not legally required to have an SSN or an EIN, the insured must request and receive an identification number for purposes regarding the insured's insurance policy from the insurance provider or from the Internal Revenue Service (IRS) if such identification number is available from the IRS. If any information regarding persons with a substantial beneficial interest in the insured changes during the crop year, the insured must amend their application to reflect the correct, current information by the next sales closing date applicable to their insurance policy.

Applications lacking the insured's SSN or EIN, or any of the required information stated in the preceding paragraph, are not acceptable and insurance will not be provided. However, if the insured fails to report the SSNs, EINs, or identification numbers of persons with a substantial beneficial interest in the insured, additional considerations and consequences apply. If the application does not contain the SSNs, EINs, or identification numbers of all entities with a substantial beneficial interest in the insured, if the insured fails to revise their application in accordance with requirements listed in the preceding paragraph, or if the reported SSNs, EINs, or identification numbers are incorrect and those incorrect items are not corrected by the acreage reporting date, and:

1) Such persons are eligible for insurance, then:
    a) The amount of coverage for all crops included on the application will be reduced by the percentage interest those parties have in the insured;
    b) The insured must repay a percentage of any indemnity equal to the share in the insured held by those whose SSN, EIN, or identification number was unreported or incorrectly reported; and
    c) The insured's premium will be reduced proportionately by the percentage interest those parties have in the insured; or
2) Such persons are not eligible for insurance (except as provided in item 3, below), then:

a) The policy is void and no indemnity will be owed for any crop included in the insured's application;
b) The insured must repay any indemnity that may have been paid for such crops; and
c) The balance of any premium and administrative fees that may have been paid by the insured will be returned to the insured, less twenty percent of the premium that would otherwise be due from the insured for the covered crops. If the insured has paid no premiums or administrative fees, none will be due for such crops. Conversely, if the insured has included an ineligible person's SSN, EIN, or identification number on their application but did not include the ineligible person's share on the acreage report, these consequences will not apply.

Once an application has been accepted, the insured cannot cancel their policy for the initial crop year. The policy will then remain in force for subsequent crop years unless canceled by the insured or the insurance provider, through written notice to the other party, on or before the cancellation date specified in the GRP Rangeland crop provisions.

Any amount due to the insurance provider for any policy authorized under the act will be offset from any indemnity due the insured for any crop insured through the insurance provider. Even if the insured's claim has not been paid, the insured must pay the premium and administrative fee on or before the termination date to remain eligible for insurance. If the insurance provider offsets any amount the insured owes them from an indemnity the insured is entitled to, the date of payment for the purpose of determining whether the insured has a delinquent debt will be the date the FCIC publishes the payment yield for the applicable crop year.

A delinquent debt for any policy will make the insured ineligible to obtain crop insurance authorized under the Act for any subsequent crop year. Ineligibility for crop insurance will be effective on:

1) The date a policy was terminated in accordance with the following section for the crop for which the insured failed to pay premium, an administrative fee, or any related interest owed;
2) The payment due date contained in any notification of indebtedness for any overpaid indemnity, if the insured fails to pay the amount owed, including any related interest owed, by that due date;
3) The termination date for the crop year prior to the crop year in which a scheduled payment is due under a payment agreement if you fail to pay the amount owed by any payment date in any agreement to pay the debt; or
4) The termination date the policy was or would have been terminated under the following section if the insured's bankruptcy petition is dismissed before discharge. If an insured is ineligible and a policy was terminated in accordance with provisions in the following section, the insured will not receive any indemnity, and their eligibility for benefits under other USDA programs may be affected. Any indemnities owed for the policy before termination will remain owed to the insured, but may be offset as noted above.

A delinquent debt for any policy will result in termination of all policies. Termination will be effective on:

1) The termination date immediately following the billing date for the crop year for policies with unpaid administrative fees or premiums;
2) The termination date immediately following the date the insured became delinquent on other debts associated with a policy;
3) The termination date immediately following the date the insured became ineligible under each policy for which the insured became ineligible following the termination date;
4) The termination date for the crop year prior to the crop year in which the insured failed to make a scheduled payment under an

agreement executed to pay any amounts owed; or

5) The termination date the policy was, or would have been, terminated under scenarios 1, 2, or 3, above, for dismissal of a bankruptcy petition before discharge. Indemnities paid after the termination date for any policy terminated under scenarios 4 or 5, above, must be repaid. Once a policy has been terminated, it cannot be reinstated during the current crop year unless terminated in error. Failure to pay in a timely manner due to illness, bad weather, or other, similar extenuating circumstances does not constitute grounds for reinstatement during the current crop year.

Insured's may regain eligibility following loss of eligibility due to a delinquent debt by:

1) Repaying the delinquent debt in full;
2) Executing an agreement to pay any amounts owed and then making payments in accordance with that agreement (the insurance provider will not enter into such an agreement with an insured who failed to make scheduled payments under a similar agreement with the insurance provider or any other insurance provider); or
3) Filing a bankruptcy petition to discharge debts (dismissal of the bankruptcy petition before discharge will terminate all policies in effect retroactively to the date they would have been terminated as described in the preceding section).

After regaining eligibility for crop insurance, an insured wishing to insure their crop must submit a new application on or before the sales closing date for the crop. Applications for crop insurance cannot be accepted after the sales closing date, so insureds who regain eligibility by paying amounts due after the sales closing date must wait to apply for insurance until the following crop year.

Entities with a substantial beneficial interest in an insured may lose eligibility when the insured becomes ineligible, and remain so until the insured regains eligibility.

If the insured dies, disappears, or is judicially declared incompetent, or if the insured is an entity other than an individual and that entity is dissolved, the insured's insurance policy terminates as of the date of death, disappearance, or dissolution.

R. Contract Changes

The insurance provider may change any terms and conditions of the insurance policy from year to year. Changes in policy provisions, expected county yields, maximum protection per acre, premium rates, and program dates will be posted on the RMA website at http://www.rma.usda.gov/ not later than the contract change date contained in the GRP Rangeland Crop Provisions. After the contract change date, the insurance provider can only change such information to correct obvious errors (e.g., maximum protection per acre was published as $2,500.00 when the correct amount was $250.00).

After the contract change date, this information will also be available upon request from the insured's crop insurance agent. The insured will be provided a written copy of the changes to the Basic Provisions and Crop Provisions and a copy of the Special Provisions no later than 30 days prior to the cancellation date for the insured crop. It will be assumed that the insured accepts all changes unless they respond, in writing, with a request to cancel or change their insurance coverage.

S. Eligibility for Other Farm Program Benefits

In order to remain eligible for benefits under the Agriculture Marketing Transition Act, the conservation reserve program, or certain farm loans, the insured is required to obtain at least the catastrophic level of coverage for either GRP or any other plan of insurance that is available in the county, for all crops of economic significance, or to waive their rights to any emergency crop assistance on or before the sales closing date for the insured crop.

T. An Example to Demonstrate How GRP Works

Producer A buys 90 percent coverage and selects $160 protection per acre. Producer B buys 75 percent coverage and selects $185 protection per acre. Both producers have 100 percent share and both plant 200 acres of a crop in the county. The expected county yield is 45 bushels per acre. The premium rate for 90 percent coverage is $6.14 per hundred dollars of protection and the premium rate for 75 percent coverage is $3.30 per hundred dollars of protection.

A’s trigger yield is 40.5 bushels per acre (90% X 45), and the total premium due is $1,965 ($160 X $6.14 X 200 acres X 0.01). Of that amount, FCIC pays $614 (200 acres X the maximum subsidy of $3.07 per acre). A’s policy protection is $32,000 ($160 X 200 acres).

B’s trigger yield is 33.8 bushels per acre (75%of 45), and the total premium due is $1,221 ($185 X $3.30 X 200 acres X 0.01). Of that amount, FCIC pays $442 (200 acres X the subsidy amount of $2.21 per acre). B’s policy protection is $37,000 ($185 X 200 acres).

Scenario 1 (likely)
FCIC issues a payment yield of 46 bushels per acre. This is above both producers’ trigger yields, so no indemnity payment is made, even if one or both have individual yields that are below the trigger yield.

Scenario 2 (less likely)
FCIC issues a payment yield of 38 bushels per acre. A’s payment calculation factor is 0.062 ((40.5 - 38) ÷ 40.5). This number multiplied by the policy protection yields an indemnity payment of $1,984 (.062 X $32,000). B’s trigger yield is less than the payment yield, so no indemnity payment is made.

Scenario 3 (least likely)
FCIC issues a payment yield of 22 bushels per acre. A’s payment calculation factor is 0.457 ((40.5 - 22) ÷ 40.5). The payment is $14,624 (0.457 X $32,000). B’s payment calculation factor is 0.349 ((33.8 - 22) ÷ 33.8), and the final indemnity payment is $12,913 (0.349 X $37,000).

CHAPTER TWO: GRP RANGELAND CROP PROVISIONS

The GRP Rangeland Crop Provisions define terms and provide language necessary to insure pasture and rangeland. The crop provisions also specify program dates specific to this crop. If a conflict exists between the crop provisions and the basic provisions, the crop provisions control.

A. Definitions

AUM–An animal unit month is a standardized measure of the feed requirements of livestock.

Base Period–The base period is that time period (beginning in 1964) from which annual data is used to estimate county base production, premium rates, and other information for the GRP Rangeland program.

Catastrophic Risk Protection–In the GRP Rangeland program, Catastrophic Risk Protection (CAT) is the lowest level of protection offered by the FCIC. CAT coverage provides protection equal to 65% of the county base production indemnified at a 45% price election.

County Base Production–County base production is the average net hay production for the county, expressed in tons, and is calculated by dividing the sum of net hay production for each year in the base period by the number of years in the base period.

County Base Revenue Per Acre–The county base revenue per acre is calculated by first converting the county base production to an average hay yield per harvested acre, then converting that result to an average number of AUMs per acre, and finally multiplying that result by State grazing fees published by NASS.

Coverage Level–The coverage level is selected by the insured, and is a percentage of the county base production equal to 65% for catastrophic risk protection, and equal to 70%, 75%, 80%, 85%, or 90% for additional coverage policies.

Conservation Reserve Program–The Conservation Reserve Program (CRP) is administered by the United States Department of Agriculture.

CRP Hay–CRP hay is the estimated quantity, in tons, of hay harvested from acreage enrolled in the CRP program in those years during which the USDA has authorized such harvesting.

Dollar Amount of Protection Per Acre–In the GRP Rangeland program, the dollar amount of protection per acre is equal to the maximum amount of protection per acre specified in the actuarial documents multiplied by the price election percentage selected by the insured.

Expected County Yield–In the GRP Rangeland program, the expected county yield is referred to as "county base production" (see definition above).

Grain Hay–Grain hay is the estimated quantity, in tons, of hay produced on acreage that was planted to wheat, barley, or other small grains for harvest during the crop year.

Grazing Value–Grazing value is the estimated rental value of one AUM of rangeland, expressed in dollars.

Harvest–In the GRP Rangeland program, harvest refers to the consumption of rangeland vegetation by grazing.

Historical Net Hay Production–Historical net hay production is calculated by multiplying the estimated yield per acre of non-irrigated hay in each year during the base period by the lesser of the actual harvested acres of non-irrigated hay or the average harvested acres of non-irrigated hay during the base period (adjustments to acres may have been made in some counties to account for the effect of trend), then subtracting CRP hay and grain hay. No result less than zero will be recorded.

Maximum Protection Per Acre–Maximum protection per acre under the GRP Rangeland program will be the county base revenue per acre multiplied by the coverage level percentage.

Net hay production – The estimated quantity of non-irrigated hay produced for the crop year calculated as stated in the Special Provisions.

Payment Yield–The payment yield under the GRP Rangeland program is Net Hay Production, as defined above.

Pound–Sixteen ounces avoirdupois.

Price Election Percentage–The price election percentage is a percentage factor selected by the insured that may be between 60% and 100% (for additional coverage only) and that is used to reduce the maximum protection per acre to a level that meets the requirements of the insured.

Rangeland–Rangeland is land on which native grasses, grass-like plants, forbs, and shrubs provide vegetation for grazing by livestock. Forest land that contains similar types of vegetation is considered rangeland. Some rangelands may have been seeded to introduced or domesticated plant species. Rangeland may also be referred to as pasture.

Ton–2,000 pounds avoirdupois.

Total Hay Production–Total hay production is calculated by multiplying the yield, in tons, of non-irrigated hay per acre by the actual harvested acres.

Trigger Yield–Under the GRP Rangeland program, the trigger yield is calculated by multiplying the county base production by the coverage level selected by the insured.

B. Crop Insured

The insured crop will be all rangeland:

1) Located in the county or counties identified in the insured's accepted application;
2) Reported by the insured on the acreage reporting form by the acreage reporting date;
3) Intended for harvest during the crop year; and
4) Not grown with another crop.

C. Insurable Acreage

Under the GRP Rangeland program, only acreage intended for harvest by grazing is insurable, and rangeland is not required to be seeded for insurance to attach.

D. Policy Protection

Under GRP Rangeland Insurance policies where catastrophic risk protection has been selected as the coverage level, the dollar amount of protection per acre will be 65 percent of the county base revenue specified by the actuarial documents multiplied by a price election percentage equal to 45 percent. When additional coverage is desired by the insured under a GRP Rangeland Insurance policy, the dollar amount of protection per acre will equal the county base revenue specified by the actuarial documents multiplied by both the coverage level percentage and by the price election percentage selected by the insured. The policy protection will be equal to the dollar amount of coverage per acre multiplied by the insured's net insured acreage.

E. Payment

An indemnity payment will only be paid if the payment yield for the crop year is less than the insured's trigger yield. Payment yields will be determined prior to May 1 following the crop year, and any payment due to the insured will be issued prior to the May 31 immediately following the insurance provider's determination of the payment yield. Payments to insureds will be calculated by multiplying the payment calculation factor by the insured's policy protection. The payment will not be recalculated under any circumstances, including subsequent revisions to the payment yield.

F. Program Dates

Under the GRP Rangeland program, the cancellation and termination dates will be March 15, 2005 for the 2005 crop year. In subsequent crop years, the cancellation date is September 30 preceding the crop year, the termination date is December 31 preceding the crop year, and the contract change date is June 30 preceding the crop year.

G. Report of Acreage

Insureds are required to report their rangeland acres as directed by section 7 of the Group Risk Plan of Insurance Basic Provisions. For insureds operating under leases that limit grazing to a maximum number of AUMs, the insured acreage to report will be calculated by dividing that maximum number of AUMs by the factor for average rangeland productivity specified in the actuarial documents.

H. Annual Premium

Instead of the provisions of section 8(f) of the Group Risk Plan of Insurance Basic Provisions, the annual premium for a GRP Rangeland policy is earned and payable on the acreage reporting date. The insured will be billed for their share of the premium and the administrative fees not later than the billing date specified in the Special Provisions of Insurance. Interest will begin to accrue if the insured fails to remit their share of the premium, administrative fees, and any other amount owed the insurance provider, so that it reaches the insurance provider on or before the first day of the month following the billing date.

I. Written Agreements

Section 9 of the Group Risk Plan of Insurance Basic Provisions does not apply to the GRP Rangeland program.

CHAPTER THREE: ACTUARIAL DOCUMENTS

RMA will publish actuarial documents, consisting of FCI-35s and Special Provisions of Insurance (SPOI), for each county in which GRP Rangeland Insurance is available. Because GRP Rangeland is a Group Risk Plan, based on crop year yields and historical yields at the county level, there will be no FCI-33s (Actuarial Maps) for counties in which GRP Rangeland Insurance is available.

FCI-35s (see Exhibit 4) include data necessary to calculate premiums, coverage levels, and indemnities. Such information includes, but is not limited to:

- County base production;
- County base revenue per acre;
- Coverage levels available;
- Trigger yields at each available coverage level;
- Maximum protection per acre at each available coverage level;
- Unsubsidized rate at each available coverage level;
- Estimated, average rangeland productivity for the county;
- GRP premium subsidy factors for each available coverage level; and
- Administrative fees for each available coverage level.

Special Provisions of Insurance (see Exhibit 5) typically include program dates, including the sales closing date, acreage reporting date, and billing date, as well as other information necessary to administer and govern GRP Rangeland policies.

CHAPTER FOUR: EXAMPLES

The following examples are based on information considered typical for a producer in Custer County, Montana. Data to be provided by RMA in county actuarial documents are taken from Exhibit 4, which includes sample actuarial documents for Custer County, Montana.

Example 1. Calculating Policy Protection

The following information used to establish coverage will be published by RMA on the county actuarial documents:

County Base Revenue Per Acre is the estimated average rangeland productivity in animal unit months (AUMs) per acre multiplied by the grazing value. County average rangeland productivity estimates are published on the FCI-35 actuarial documents. The grazing value is determined annually as the grazing fee rate published by the Montana Agricultural Statistics Service or the Wyoming Agricultural Statistics Service for one AUM. Each year, RMA will update the County Base Revenue per acre with the most recently published grazing value. For example, the grazing values specified on actuarial documents for 2005 are based on the published 2003 grazing fee rates.

County Base Production is the historical county average annual Net Hay Production over the base period, expressed in tons, as published on the FCI-35 actuarial documents. These values will be evaluated and updated periodically by RMA to incorporate new information.

In order to establish coverage, the insured producer will complete all forms and information required by the GRP Basic Provisions and GRP Rangeland Crop Provisions, including the number of rangeland acres to be insured, and choose both a coverage level and a price election percentage.

The information furnished by RMA and the insured establishes the amount of coverage, calculated through the following steps:

1) Maximum Protection per acre is calculated by multiplying the County Base Revenue per acre by the coverage level percentage chosen by the insured, and is published on the FCI-35 actuarial table for each available coverage level.
2) Dollar Amount of Insurance per acre is calculated by multiplying the Maximum Protection per acre by the price election percentage selected by the insured.

3) Policy Protection (or Liability) is calculated by multiplying the Dollar Amount of Insurance per acre times Net Acres insured.

The Trigger Yield to be used for indemnity calculations is calculated by multiplying the County Base Production from the FCI-35 county actuarial documents by the coverage level chosen by the insured. Trigger Yields are also published by coverage level on the FCI-35 county actuarial documents. The Trigger Yield represents the level of county Net Hay Production below which an indemnity will be triggered (instead of the production guarantee in MPCI policies).

Example of Coverage
The insured producer has 5,000 acres of deeded and rented rangeland. The county base production is 19,719 tons of non-irrigated hay, and the grazing value is $15.20 per AUM. The average rangeland productivity in the insured's county has been estimated at 0.35 AUM per acre. Consequently, the county base revenue per acre equals $5.32 (0.35 AUMs per acre x $15.20 per AUM), and that result is specified on the actuarial table.

Situation A:
The insured selects the 90 percent coverage level and the 80 percent price election. The Trigger Yield then equals 17,747 tons (county base production of 19,719 tons multiplied by the 0.90 coverage level). Policy protection is calculated as follows:

(a) $5.32 per acre county base revenue multiplied by the 0.90 coverage level multiplied by the 0.80 price election factor = $3.83 per acre;
(b) $3.83 per acre multiplied by 5,000 acres = $19,150 policy protection.

Situation B:
The insured producer selects the catastrophic level of coverage. The Trigger Yield then equals 12,817 tons (county base production of 19,719 tons multiplied by the 0.65 coverage level). Policy protection is calculated as follows:

(a) $5.32 per acre county base revenue multiplied by the 0.65 coverage level multiplied by the 0.45 price election factor = $1.56 per acre;
(b) $1.56 per acre multiplied by 5,000 acres = $7,800 policy protection.

Example 2. Calculating Premiums Due From Growers

If the same producer in Example 1, with 5,000 acres of deeded and rented rangeland, made the same choices as in Situation A in Example 1 (selecting the 90 percent coverage level and the 80 percent price election) premiums due from that producer would be calculated in the following manner, using the GRP Rangeland reproduced in Exhibit 6.

1) The .90 coverage level selection multiplied by the $5.32 county base revenue per acre equals the maximum protection per acre of $4.79, as specified in the actuarial tables.
2) The .80 price election factor multiplied by the $4.79 maximum protection per acre calculated in step 1 equals the producer's dollar amount of protection per acre.
3) Calculate the Trigger Yield by multiplying the County Base Production by the .90 coverage level selected by the producer. In this instance, the result should equal the 17,747 tons specified in the actuarial tables.
4) Enter the 12.40 premium rate per $100 of protection for 90% coverage from the actuarial tables.
5) Enter the producer's 5,000 Net Acres.
6) Calculate the Maximum Policy Protection by multiplying the producer's Net Acres entered in step 5 by the dollar amount of protection per acre (calculated in step 2).
7) Calculate the Gross Premium by multiplying the Maximum Policy Protection by the Premium Rate (entered in step 4), then multiplying that result by .01 to convert the premium rate per $100 protection to the premium rate per $1 protection.
8) Calculate the premium subsidy amount by multiplying the Gross Premium by the Premium subsidy factor of .55 specified in the actuarial documents for 90% coverage.

Determine the Premium due from the producer by subtracting the Premium subsidy amount from the Gross Premium.

Example 3. Calculating Indemnities
RMA will calculate Net Hay Production for each crop year from county-level hay production estimates published by state NASS offices in the spring immediately following the crop year (typically in early April). The following estimates are required to calculate Net Hay Production:

1) All Non-irrigated Hay harvested in the county (**Note**: If NASS does not publish an estimate of All Non-irrigated Hay for a county, then the estimate will be calculated as the product of the NASS estimate for Crop Reporting District (CRD) times the county's historical average percentage of production for the CRD.);
2) CRP Hay production in the county; and
3) Grain Hay production in the county.

Net Hay Production for the county will be calculated using these annual estimates as follows: (1) All Non-irrigated Hay harvested production minus (2) CRP Hay production minus (3) Grain Hay production. Net Hay Production shall not be less than zero. In the event that the above calculation yields a value less than zero, Net Hay Production will be equal to zero. Payment Yield will be equal to Net Hay Production.

Payment calculation factors for each coverage level and county in the pilot will be calculated as $\left(\dfrac{Trigger\ Yield\ -\ Payment\ Yield}{Trigger\ Yield}\right)$ and published by RMA. If the payment calculation factor is greater than zero, this is the indemnity payable to insureds as a proportion of policy protection.

Example Indemnity Calculations
The following example demonstrates indemnity payment calculations in two GRP Rangeland outcome scenarios for Situations A and B described above.

Scenario 1 (most likely):
Total hay production is 19,719 tons, CRP hay production is zero, and grain hay production is zero. Net hay production (equal to Payment Yield) is 19,719 tons.

Situation A:

(a) Trigger yield = 0.90 x 19,719 = 17,747.
(b) Payment calculation factor = (17,747 – 19,719) / 17,747 = -0.111

(c) Since the payment calculation factor is less than zero, no payment is due.

Situation B:

(a) Trigger yield = 0.65 x 19,719 = 12,817.
(b) Payment calculation factor = (12,817 – 19,719) / 12,817 = -0.539
(c) Since the payment calculation factor is less than zero, no payment is due.

Scenario 2 (less likely):

Total hay production is 14,000 tons, CRP hay production is 2,400 tons, and grain hay production is 3,600 tons. Net hay production (equal to Payment Yield) is 8,000 tons.

Situation A:

(a) Trigger yield = 0.90 x 19,719 = 17,747.
(b) Payment calculation factor = (17,747 – 8,000) / 17,747 = 0.549.
(c) Payment = $19,150 x 0.549 = $10,513.

Situation B:

(a) Trigger yield = 0.65 x 19,719 = 12,817.
(b) Payment calculation factor = (12,817 – 8,000) / 12,817 = 0.376
(c) Payment = $7,800 x 0.376 = $2,933.

Exhibits

Exhibit 1. GRP Disclaimer

FOR ILLUSTRATION PURPOSES ONLY

GROUP RISK PLAN
DISCLAIMER

YOU NEED TO UNDERSTAND THE FOLLOWING:

– THIS IS NOT A PLAN OF INSURANCE AGAINST INDIVIDUAL LOSS. THE TERMS AND CONDITIONS OF THIS PLAN ARE DIFFERENT FROM THOSE OF THE ACTUAL PRODUCTION HISTORY PLAN OF MULTIPLE PERIL CROP INSURANCE.

– FINAL PAYMENT WILL BE MADE ACCORDING TO THE APPLICABLE CROP PROVISIONS. PREMIUM WILL BE DUE 30 DAYS AFTER THE BILLING DATE SPECIFIED IN THE ACTUARIAL DOCUMENTS AND WILL USUALLY BE DUE BEFORE A LOSS IS DETERMINED OR AND INDEMNITY IS PAID.

– YOU MAY HAVE A LOW YIELD ON YOUR FARM AND NOT RECEIVE PAYMENT UNDER THE GROUP RISK PLAN. THIS PROGRAM IS BASED UPON COUNTY YIELDS, NOT INDIVIDUAL FARM YIELDS.

– YOU SHOULD CONTINUE TO MAINTAIN ALL YOUR PRODUCTION RECORDS IN CASE YOU WISH TO PURCHASE THE ACTUAL PRODUCTION HISTORY PLAN OF MULTIPLE PERIL CROP INSURANCE IN FUTURE YEARS.

I understand the terms of the Common Group Risk Plan Policy, Basic Provisions and Crop Provisions. I am aware that the Actual Production History plan of insurance is available (exception: Rangeland) and that I cannot obtain the Actual Production History plan of insurance coverage on crops insured under the Group Risk Plan of insurance in counties in which I purchase a Group Risk Plan Policy. I have read and fully understand this Group Risk Disclaimer.

INSURED ____________________________________ AGENT ______________________________________

DATE ____________________________________ DATE ______________________________________

(Reverse)

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT)

To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Federal Crop Insurance Corporation (FCIC). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and FCIC to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, FCIC employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: FCIC contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

PAPERWORK REDUCTION ACT

In accordance with the Paperwork Reduction Act, public reporting burden for the collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any other aspect of this collection information, including suggestions for reducing this burden to the Department of Agriculture, Clearance Officer, OIRM (OMB No. 0563-0053), Stop 7630, Washington, D.C. 20250-7630.

NONDISCRIMINATION STATEMENT

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA=s TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Exhibit 2. GRP Rangeland Disclaimer

GROUP RISK PLAN RANGELAND DISCLAIMER

I ACKNOWLEDGE THAT I UNDERSTAND

1. This is not traditional multiple peril crop insurance (MPCI). The terms and conditions of the Group Risk Plan Common Policy, Basic Provisions, and Rangeland Crop Provisions differ from traditional MPCI. Standard Actual Production History (APH) rules do not apply.

2. I may have low production on my rangeland and not receive payment under the GRP Rangeland program. The payment yield for this offer will be the FCIC estimate of Net Hay Production, which is the total non-irrigated hay production in the county for a crop year minus the CRP hay and grain hay produced that year, the same basis as for calculating the County Base production.

3. Any indemnity payment will be made in the month of May following the insured crop year. However, my premium is due on October 1 of the insured crop year.

I understand the terms of the Group Risk Plan Common Policy, Basic Provisions, and Rangeland Crop Provisions and the items listed on this Acknowledgment. All of my questions have been answered by my agent to my satisfaction.

APPLICANT/INSURED ______________________________ DATE _________________

AGENT (AS WITNESS) _____________________________ DATE _________________

Exhibit 3. Comparison of MPCI-APH Plans of Insurance to the GRP Rangeland Plan of Insurance

MPCI	FEATURE	GRP Rangeland
Division below farm level.	UNITS	Your share of all acreage of crop in county.
Historic yield by unit (4 years records minimum building to 10).	GUARANTEE BASIS	Trended non-irrigated hay production in the county based on NASS data.
Six choices: 50%, 55%, 60%, 65%, 70%, and 75% of Approved APH yield.	COVERAGE LEVELS	Six choices: 70%, 75%, 80%, 85%, and 90% of the County Base Production listed in Actuarial Documents (65% for Rangeland and Forage).
Bushel guarantee X expected crop price. Must choose between 55% for CAT or 60% - 100%.	MAXIMUM PROTECTION PER ACRE	County Base Revenue per acre times elected coverage level (between 70% and 90% or 65% for CAT) times price election (between 60% and 100% or 45% for CAT).
Furnish and maintain yield records by unit. Years of records for T-yield percent: no records, 65%; 1 year record, 80%; 2 years records, 90%; 4 years, 100%; 5 or more	YIELD RECORDS REQUIRED	None.
Unit yield below production guarantee.	CLAIM TRIGGER	Net Hay Production below trigger yield (County Base Production X elected coverage level).
Within 30 days of Proof of Loss (Harvest).	CLAIM PAYMENT	In Spring following the insured crop year.
Adjustment to production when grain is sample grade. Salvage value divided by market price.	QUALITY	None.
Reduced coverage when planted within 25 days after the APH final planting date.	LATE PLANTING	Rangeland need not be seeded to be covered. No coverage for acreage reported after the acreage reporting date.
Coverage provided at 60% of the timely planted guarantee plus optional 5% and 10% coverage.	PREVENTED PLANTING	None.
Available on most annual crops.	REPLANTING	None.
Available on most crops.	HAIL/FIRE DELETION	None.
Producer may exclude high risk land from insurance coverage	HIGH RISK LAND EXCLUSION	None.

Exhibit 4. FCI-35 Examples

MM/DD/XXXX	COUNTY ACTUARIAL TABLE	PAGE 1

FCI-35 COVERAGE AND RATES
2005 AND SUCCEEDING CROP YEARS

ST: MONTANA (30)	CROP: RANGELAND (0048)
CO: CUSTER (017)	PLAN: GRP (12)

TYPE: (997) No Type Specified   PRAC: (997) No Practice Specified

County Base Production	:	19,719 TONS
County Base Revenue Per Acre	:	$5.32

COVERAGE LEVEL	CAT	70%	75%	80%	85%	90%
TRIGGER YIELD	12,817	13,803	14,789	15,775	16,761	17,747
MAXIMUM PROTECTION PER ACRE	$1.56	$3.72	$3.99	$4.26	$4.52	$4.79
UNSUBSIDIZED RATE	6.50	7.40	8.50	9.60	10.90	12.40

County Base Revenue Per Acre is based on an estimated average rangeland productivity for the county of .35 AUMs per acre.

GENERAL STATEMENT (S):

THE PREMIUM SUBSIDY FACTORS APPLY TO ALL POLICIES. WHEN THE COVERAGE ENHANCEMENT OPTION IS APPLICABLE AND ELECTED, THE PREMIUM SUBSIDY FACTOR IS BASED ON THE COVERAGE ENHANCEMENT OPITION COVERAGE LEVEL.

	SUBSIDIES AND FEES									
COVERAGE LEVEL	CAT*	50	55	60	65	70	75	80*	85*	90*
PREMIUM SUBSIDY FACTOR **	1.00	.67	.64	.64	.59	.59	.55	.48	.38	na
GRP/GRIP PREMIUM SUBSIDY FACTOR	1.00	na	na	na	na	.64	.64	.59	.59	.55
ADMINISTRATIVE FEE	$100	$30	$30	$30	$30	$30	$30	$30	$30	$30

*where applicable
**applies to all plans of insurance except GRP and GRIP

APPROVED: ACTUARIAL DIVISION mm/dd/yyyy

SPECIAL PROVISIONS OF INSURANCE
2005 AND SUCCEEDING CROP YEARS

ST: MONTANA (30) CROP: RANGELAND (0048)
CO: CUSTER (017) PLAN: Group Risk Plan (12)

THE SPECIAL PROVISIONS OF INSURANCE ARE THE PART OF THE POLICY THAT CONTAINS SPECIFIC PROVISIONS OF INSURANCE FOR THE INSURED CROP IN THIS COUNTY.

INSURABLE TYPES AND PRACTICES:

TYPE (S)	PRACTICE (S)
(997) No Type Specified	(997) No Practice Specified

PROGRAM DATES FOR INSURABLE TYPES AND PRACTICES:

TYPE (S)	PRACTICE (S)	SALES CLOSING	INITIAL PLANTING	FINAL PLANTING	ACREAGE REPORTING	BILLING DATE
(997) No Type Specified	(997) No Practice Specified	03/15/2005			05/15/2005	10/01/2005

CROP STATEMENT(S):
In addition to the definition of Net Hay Production in the Group Risk Plan Rangeland Crop Provisions, the estimated Net Hay Production is computed as the total non-irrigated hay production in a county for any crop year minus the CRP hay and grain hay as determined by FCIC, but not less than zero.

Contact your agent regarding possible premium discounts, options, and/or additional coverage that may be available.

INSURANCE AVAILABILITY STATEMENT(S):
The Federal Crop Insurance Corporation (FCIC) makes crop insurance available for all producers, regardless of race, color, national origin, religion, sex, age or handicap.

APPROVED: ACTUARIAL DIVISION mm/dd/2004