

VEGETATION INDEX PLAN COMMON POLICY

(This is a continuous policy. Refer to Section 2.)

This pilot insurance policy establishes a risk management program developed by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance (Act), as amended (7 U. S. C. 1501 et seq.).

This insurance policy is reinsured by FCIC under the provisions of the Act. All terms of the policy and rights and responsibilities of the parties are subject to the Act and all regulations under the Act published in 7 CFR chapter IV. The provisions of this policy may not be waived or modified in any way by us, our insurance agent, or any other contractor or employee of ours or any employee of USDA unless the policy specifically authorizes a waiver. We will use the procedures (handbooks, manuals, memoranda, and bulletins), as issued by FCIC and published on the RMA Web site at <http://www.rma.usda.gov> or a successor Web site, in the administration of this policy. All provisions of state and local laws in conflict with the provisions of this policy are preempted and the provisions of this policy will control. In the event that we cannot pay your loss because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy and FCIC will be responsible for any amounts owed. No state guarantee fund will be liable for your loss.

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

This Vegetation Index Plan of Insurance is designed as a risk management tool to insure against a decline in an index in a designated area called a grid, and it is primarily intended for use by those producers whose crop production tends to follow the average Vegetation Index patterns for the grid. It is possible for you to have low crop production on the acreage that you insure and still not receive a payment under this plan. Because the program is designed for those producers whose crop production tends to follow the average Vegetation Index patterns for the grid and not individual crop production, you should review the grid’s historical indices, additional tools, and information provided on the RMA Web site to determine if the program is suitable for your risk management needs.

AGREEMENT TO INSURE

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

Terms and Conditions

Vegetation Index Plan of Insurance Basic Provisions

1. Definitions.

Acreage report – A report required by section 8 of these Basic Provisions that contains, in addition to other information, your report of your share of all acreage of an insured crop in the county, whether insurable or not insurable.

Acreage reporting date – The date contained in the Special Provisions by which you must submit your acreage report in order to be eligible for the Vegetation Index Plan of Insurance.

Act – The Federal Crop Insurance Act (7 U.S.C. 1501-1524).

Actuarial documents – The material for the crop year which is available for public inspection in your agent’s office and published on RMA’s Web site which provides the county base value per acre, expected grid index, coverage levels, information needed to determine the premium rates, types, index intervals, practices, program dates, and other related information regarding crop insurance in the county or grid, as applicable.

Additional coverage – A level of coverage greater than

catastrophic risk protection.

Administrative fee – An amount you must pay for catastrophic risk protection, or additional coverage for each crop year as specified in section 10 of these provisions or the Catastrophic Risk Protection Endorsement, if applicable.

Agricultural commodity – Any crop or other commodity produced, and authorized under the Act, regardless of whether or not it is insurable.

Agricultural experts – Persons who are employed by the Cooperative Extension System or the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific crop or practice for which such expertise is sought.

Annual crop – An agricultural commodity that normally must be planted each year.

Application – The form required to be completed by you and accepted by us before insurance coverage will commence. This form must be completed and filed in your agent’s office not later than the sales closing date of

the initial insurance year for each crop for which insurance coverage is requested.

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

Assignment of indemnity – A transfer of policy rights whereby you assign your right to an indemnity payment for the current crop year only to creditors or other persons to whom you have a financial debt or other pecuniary obligation, made on our form, and effective when approved in writing by us.

Cancellation date – The calendar date specified in the Crop Provisions on which coverage for the crop will automatically renew unless canceled in writing by either you or us or terminated in accordance with the policy terms.

Catastrophic risk protection – The minimum level of coverage offered by FCIC that is a dollar amount of protection equal to the county base value per acre multiplied by the 65 percent coverage level multiplied by the 45 percent protection factor specified in the county actuarial documents.

Catastrophic Risk Protection Endorsement – The part of the crop insurance policy that contains provisions of insurance that are specific to catastrophic risk protection. The Catastrophic Risk Protection Endorsement is only available if specified in the applicable Crop Provisions.

Code of Federal Regulations (CFR) – The codification of general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. Rules published in the Federal Register by FCIC are contained in 7 CFR chapter IV. The full text of the CFR is available in electronic format at <http://www.access.gpo.gov/> or a successor Web site.

Consent – Approval in writing by us allowing you to take a specific action.

Contract – (See “policy”).

Contract change date – The calendar date by which changes to the policy, if any, will be made available in accordance with section 3 of these Basic Provisions.

Contiguous – Acreage of an insured crop owned by you, or rented by you for cash or crop share, in a county or grid that continues into an adjoining state, county or grid without interruption. Acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered contiguous.

Cooperative Extension System – A nationwide network consisting of a state office located at each state’s land-grant university, and local or regional offices. These offices are staffed by one or more agricultural experts, who work in cooperation with the Cooperative State Research, Education and Extension Service, and who provide information to agricultural producers and others.

County – Any county, parish, or other political subdivision of a state shown on your accepted application. County also includes any acreage of the crop, type, and practice contained within a grid ID that crosses an adjoining county line where the acreage is contiguous.

County base value per acre – FCIC’s determined production value of the crop in the county as contained in the actuarial documents.

Coverage – The insurance provided by this policy

against a decline in the final grid index to a level below your trigger grid index as shown on your summary of coverage.

Coverage level – A percentage of the expected grid index selected by you that is contained in the applicable Special Provisions.

Cover crop – A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement. A cover crop may be considered to be a second crop (see the definition of “second crop”).

Crop – The insurable agricultural commodity as defined in the Crop Provisions.

Crop Provisions – The part of the policy that contains the specific provisions of insurance for each insured crop.

Crop year – The period of time within which the insured crop is normally grown and designated by the calendar year in which the insured crop is normally harvested, unless otherwise specified in the Crop Provisions.

Days – Calendar days.

Delinquent debt – Has the same meaning as the term defined in 7 CFR part 400, subpart U.

Disinterested third party – A person that does not have any familial relationship (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to have a familial relationship) with you or who will not benefit financially from the insured crop.

Dollar amount of protection per acre – The county base value per acre specified in the actuarial documents for each county, crop, type, and practice, as applicable, multiplied by the coverage level selected by you, and multiplied by the protection factor selected by you.

Double crop – Producing two or more crops for harvest on the same acreage in the same crop year.

End of insurance period, date of – The date upon which your crop insurance coverage ceases for the crop year.

EROS – The United States Geological Survey Earth Resources Observation and Science or successor agency.

Expected grid index – Determined by FCIC based on the mean NDVI values by index interval calculated using the historical NDVI gridded data, normalized and expressed as a percentage, such that the mean is 100. The data used to calculate the expected grid index is conclusively presumed to be accurate.

FCIC – The Federal Crop Insurance Corporation, a wholly owned corporation within USDA.

Final grid index – Determined by FCIC based on the current NDVI values (using the current NDVI gridded data), for each grid ID and index interval during the crop year, expressed as a percentage, as adjusted in accordance with section 12(b) if applicable. An index of 100 would represent an average value for the grid ID and index interval. An index below 100 would represent below average values for the grid ID and interval. An index above 100 would represent above average values for the grid ID and index interval. The data used to calculate the final grid index is conclusively presumed to be accurate.

First insured crop – With respect to a single crop year and any specific crop acreage, the first instance that an agricultural commodity is reported as insured or is planted for harvest or prevented from being planted and is insured under the authority of the Act. For example, if hayland is not insured and is established on acreage that is later removed and planted to wheat that is insured, the first insured crop would be wheat. If the hayland was reported as insured, it would be the first insured crop.

FSA – The Farm Service Agency, an agency of the United States Department of Agriculture, or a successor agency.

FSA farm serial number – The number assigned to a farm by the local FSA office, or successor agency, for the purpose of identification.

FSA field number – The number assigned by the local FSA office, or successor agency.

FSA tract number – The number assigned by the local FSA office, or successor agency.

Generally recognized – When agricultural experts, as applicable, are aware of the production practice and there is no genuine dispute regarding whether the production practice allows the crop to make normal progress toward maturity.

Good farming practices – The production methods utilized to produce or manage the insured crop and allow it to make normal progress toward maturity, which are those generally recognized by agricultural experts for the area. We may, or you may request us to contact FCIC to determine whether or not production methods will be considered to be “good farming practices.”

Grid – Acreage within each 8 kilometer (km) by 8km, gridded area established utilizing NDVI gridded data and identified by longitude and latitude. The grid is used to determine the expected grid index, premium, final grid index, and indemnity.

Grid identification number (grid ID) – A specific number code associated with each grid contained in the actuarial documents. The applicable grid ID is determined based on a point of reference selected by you, which must be established by the acreage reporting date.

Household – A domestic establishment including the members of a family (parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption or marriage, are considered to be family members) and others who live under the same roof.

Index interval – A period of time during which NDVI data is collected that is used to calculate the expected grid index and final grid index, which is designated on the Special Provisions.

Insurable acres – The total number of acres planted or established, as applicable, to the insured crop and eligible for insurance under the applicable Crop Provisions. Insurable acres include both insured acres and acres of the crop that are not insured (if allowed by the Crop Provisions) in the county.

Insurable interest – Your percentage of the insured crop that is at financial risk.

Insurable loss – When the final grid index is less than your trigger grid index and you accept an indemnity payment.

Insured – The named person as shown on the application accepted by us. This term does not extend to any other person having a share or interest in the crop (for example, a partnership, landlord, or any other person) unless specifically indicated on the accepted application.

Insured acres – All of your insurable acres unless otherwise specified in the Crop Provisions. The amount of your insured acreage of the crop in the county will not exceed 100 percent of your insurable acreage of the crop in the county.

Insured crop – The crop in the county for which coverage is available under your policy as shown on the application accepted by us.

Lease – A written document granting use or occupation of property for a specified rent, during a specified period of time. Rent may include, but is not limited to: cash, share of insured crop, share of proceeds, labor, calf crop, honey, services, etc.

Limited resource farmer – Has the same meaning as the term defined by USDA at:

<http://www.lrftool.sc.egov.usda.gov/LRP-D.htm>.

NDVI – Normalized Difference Vegetation Index (data obtained from EROS), a measure indicating the density of photosynthetic biomass on the ground, resulting from the processing of satellite imagery.

Offset – The act of deducting one amount from another amount.

Person – An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a state or a political subdivision or agency of a state. “Person” does not include the United States Government or any agency thereof.

Planted acreage – Land in which seed, plants, or trees have been placed, appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Point of reference – A method of identifying and documenting the location of the insured acreage and the associated grid ID, as provided on the acreage report, and covered under these Basic Provisions. Points of reference must be determined using the maps contained on RMA’s Web site.

Policy – The agreement between you and us to insure an agricultural commodity and consisting of the accepted application, these Basic Provisions, the Crop Provisions, the Special Provisions, other applicable amendments, endorsements, exhibits or options, the actuarial documents for the insured agricultural commodity, and the applicable regulations published in 7 CFR chapter IV. Insurance for each agricultural commodity in each county will constitute a separate policy.

Policy protection per unit – For each unit, the result of multiplying the dollar amount of protection per acre, by your insured acres, by your share. The policy protection per unit is shown on your Summary of Coverage.

Practice – As specified in the Crop Provisions or designated on the Special Provisions, practice refers to production practices as applicable.

Premium billing date – The earliest date upon which you will be billed for insurance coverage based on your acreage report. The premium billing date is contained in

the Special Provisions.

Production practice – The combination of inputs such as fertilizer, herbicide, and pesticide, and operations such as planting, cultivation, and irrigation, specified in the Special Provisions.

Protection factor – A percentage factor selected by you that allows you to individualize your coverage based on the productivity of the crops you produce and that ranges, from 60 through 150 percent (selections can be made in one percent increments). The catastrophic risk protection factor is 45 percent.

Production report – A written record showing your annual production, if required by the Crop Provisions.

Replanted crop – The same agricultural commodity replanted on the same acreage as the first insured crop for harvest in the same crop year.

RMA's Web site – A Web site hosted by Risk Management Agency, an agency within USDA, or a successor agency, and located at <http://www.rma.usda.gov> or a successor Web site.

Sales closing date – The date contained in the Special Provisions by which an application must be filed. It is also the last date by which you may change your crop insurance coverage for a crop year.

Second crop – With respect to a single crop year, the next occurrence of planting or reporting as established any agricultural commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different agricultural commodity as the first insured crop, except the term does not include a replanted crop. For the purpose of determining second crops, a cover crop, planted after a first insured crop and planted for the purpose of haying, grazing or otherwise harvesting in any manner or that is hayed or grazed during the crop year, or that is otherwise harvested is considered to be a second crop. A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured. A cover crop that is covered by FSA's noninsured crop disaster assistance program (NAP) or receives other USDA benefits associated with forage crops will be considered as planted for the purpose of haying, grazing or otherwise harvesting.

Share – Your insurable interest in the insured crop as an owner, operator, or tenant at the time insurance attaches. Premium and indemnity will be determined on your share as of the acreage reporting date.

Special Provisions – The part of the policy that contains specific provisions of insurance for each crop that may vary by geographic area, or to make changes to the policy if specifically allowed in these Basic Provisions or the applicable Crop Provisions.

State – The state shown on your accepted application.

Subsidy – The portion of your premium, shown in the actuarial documents, that FCIC will pay in accordance with the Act.

Substantial beneficial interest – An interest held by any person of at least 10 percent in you (e.g., there are two partnerships that each have a 50 percent interest in you and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in you, and both the partnerships and the

individuals would have a substantial beneficial interest in you. The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was one of the individuals that made up the partnership. However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in you and although the partnership would still have a substantial beneficial interest in you, the individuals would not for the purposes of reporting in section 2). The spouse of any individual applicant or individual insured will be presumed to have a substantial beneficial interest in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under the applicable state dissolution of marriage laws. Any child of an individual applicant or individual insured will not be considered to have a substantial beneficial interest in the applicant or insured unless the child has a separate legal interest in such person.

Summary of coverage – Our statement to you of the crop insured, dollar amount of protection per acre, premiums, and other information obtained from your accepted application, acreage report, and the actuarial documents.

Tenant – A person who rents land from another person for cash, a share of the crop or a share of the proceeds of the crop (see the definition of "share" and "lease").

Termination date – The calendar date contained in the Crop Provisions upon which your insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium.

Total loss factor – A factor used in the payment calculation to establish the level of loss at which the total indemnity amount for the unit is payable. This is the level at which the vegetation effectively has zero production. The factor will be set at 0.30 unless otherwise specified in the special provisions. With a factor of 0.30, the policy will pay out the total indemnity amount for the unit when the final grid index is less than or equal to 30 percent of the expected grid index. The total indemnity will never be more than 100 percent of the policy protection for the unit.

Trigger grid index – The result of multiplying the expected grid index by the coverage level selected by you. When the final grid index falls below your trigger grid index, an indemnity may be due.

Type – Plants of the insured crop having common traits or characteristics that distinguish them as a group or class, and which are designated by the Crop Provisions.

Unit – The insured acres within or assigned to a grid ID for each crop, type, practice, index interval, and share in the county.

USDA – The United States Department of Agriculture.

Verifiable records – Has the same meaning as the term defined in 7_CFR part 400, subpart G.

Void – When the policy is considered not to have existed for a crop year.

2. Life of Policy, Cancellation, and Termination.

(a) This is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by you in accordance with the terms of the policy or terminated by operation of the terms of the policy or by us. In

accordance with section 3, FCIC may change the coverage provided from year to year.

- (b) With respect to your application for insurance:
- (1) You must include your social security number (SSN) if you are an individual (if you are an individual applicant operating as a business, you may provide an employer identification number (EIN) but you must also provide your SSN); or
 - (2) You must include your EIN if you are a person other than an individual;
 - (3) In addition to the requirements of section 2(b)(1) or (2), you must include the following for all persons who have a substantial beneficial interest in you:
 - (i) The SSN for individuals; or
 - (ii) The EIN for persons other than individuals and the SSNs for all individuals that comprise the person with the EIN if such individuals also have a substantial beneficial interest in you;
 - (4) You must include:
 - (i) Your election of coverage level, protection factor, crop, type, practice, index interval variety, or class; and any other material information required on the application to insure the crop; and
 - (ii) All the information required in section 2(b)(4)(i) or your application will not be accepted and no coverage will be provided;
 - (5) Your application will not be accepted and no insurance will be provided for the year of application if the application does not contain your SSN or EIN. If your application contains an incorrect SSN or EIN for you, your application will be considered not to have been accepted, no insurance will be provided for the year of application and for any subsequent crop years, as applicable, and such policies will be void if:
 - (i) Such number is not corrected by you; or
 - (ii) You correct the SSN or EIN but:
 - (A) You cannot prove that any error was inadvertent (Simply stating the error was inadvertent is not sufficient to prove the error was inadvertent); or
 - (B) It is determined that the incorrect number would have allowed you to obtain disproportionate benefits under the crop insurance program, you are determined to be ineligible for insurance or you could avoid an obligation or requirement under any state or Federal law;
 - (6) With respect to persons with a substantial beneficial interest in you:
 - (i) The insurance coverage for all crops included on your application will be reduced proportionately by the percentage interest in you or persons with a substantial beneficial interest in you (presumed to be 50 percent for spouses of individuals) if the SSNs or EINs of such persons are included on your application, the SSNs or EINs are correct, and the persons with a substantial beneficial

- interest in you are ineligible for insurance;
 - (ii) Your policies for all crops included on your application, and for all applicable crop years, will be void if the SSN or EIN of any person with a substantial beneficial interest in you is incorrect or is not included on your application and:
 - (A) Such number is not corrected or provided by you, as applicable;
 - (B) You cannot prove that any error or omission was inadvertent (Simply stating the error or omission was inadvertent is not sufficient to prove the error or omission was inadvertent); or
 - (C) Even after the correct SSN or EIN is provided by you, it is determined that the incorrect or omitted SSN or EIN would have allowed you to obtain disproportionate benefits under the crop insurance program, the person with a substantial beneficial interest in you is determined to be ineligible for insurance, or you or the person with a substantial interest in you could avoid an obligation or requirement under any state or Federal law; or
 - (iii) Except as provided in sections 2(b)(6)(ii)(B) and (C), your policies will not be voided if you subsequently provide the correct SSN or EIN for persons with a substantial beneficial interest in you and the persons are eligible for insurance;
- (7) When any of your policies are void under sections 2(b)(5) or (6):
- (i) You must repay any indemnity payment that may have been paid for all applicable crops and crop years;
 - (ii) Even though the policies are void, you will still be required to pay an amount equal to 20 percent of the premium that you would otherwise be required to pay; and
 - (iii) If you previously paid premium or administrative fees, any amount in excess of the amount required in section 2(b)(7)(ii) will be returned to you;
- (8) Notwithstanding any of the provisions in this section, if you certify to an incorrect SSN or EIN, or receive an indemnity payment and the SSN or EIN was not correct, you may be subject to civil, criminal or administrative sanctions;
- (9) If any of the information regarding persons with a substantial beneficial interest in you changes after the sales closing date for the previous crop year, you must revise your application by the sales closing date for the current crop year to reflect the correct information. However, if such information changed less than 30 days before the sales closing date for the current crop year, you must revise your application by the sales closing date for the next crop year. If you fail to provide the required revisions, the provisions in section 2(b)(6) will apply;
- (10) If you are, or a person with a substantial

beneficial interest in you is, not eligible to obtain a SSN or EIN, whichever is required, you must request an assigned number for the purposes of this policy from us:

- (i) A number will be provided only if you can demonstrate you are, or a person with a substantial beneficial interest in you is, eligible to receive Federal benefits;
- (ii) If a number cannot be provided for you in accordance with section (2)(b)(10)(i), your application will not be accepted; or
- (iii) If a number cannot be provided for any person with a substantial beneficial interest in you in accordance with section 2(b)(10)(i), the amount of coverage for all crops on the application will be reduced proportionately by the percentage interest of such person in you; and

(11) If cancellation or termination of insurance coverage occurs for any reason, including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by you or us or violation of the controlled substance provisions of the Food Security Act of 1985, a new application must be filed for the crop. Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.

- (c) After acceptance of the application, you may not cancel this policy for the initial crop year. Thereafter, the policy will continue in force for each succeeding crop year unless canceled or terminated as provided below.
- (d) Either you or we may cancel this policy after the initial crop year by providing written notice to the other on or before the cancellation date shown in the Crop Provisions.
- (e) Any amount due to us for any policy authorized under the Act will be offset from any indemnity payment due you for this or any other crop insured with us under the authority of the Act.
 - (1) Even if your claim has not yet been paid, you must still pay the premium and administrative fee on or before the termination date for you to remain eligible for insurance.
 - (2) If we offset any amount due us from an indemnity payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be 60 days from the end of an applicable index interval.
- (f) A delinquent debt for any policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent crop year and result in termination of all policies in accordance with section 2(f)(2).
 - (1) With respect to ineligibility:
 - (i) Ineligibility for crop insurance will be effective on:
 - (A) The date that a policy was terminated in accordance with section 2(f)(2) for the crop for which you failed to pay premium, an administrative fee, or any related interest owed, as applicable;

(B) The payment due date contained in any notification of indebtedness for any overpaid indemnity, prevented planting payment or replanting payment, if you fail to pay the amount owed, including any related interest owed, as applicable, by such due date;

(C) The termination date for the crop year prior to the crop year in which a scheduled payment is due under a written payment agreement if you fail to pay the amount owed by any payment date in any agreement to pay the debt; or

(D) The termination date the policy was or would have been terminated under sections 2(f)(2)(i)(A), (B), or (C) if your bankruptcy petition is dismissed before discharge.

(ii) If you are ineligible and a policy has been terminated in accordance with section 2(f)(2), you will not receive any indemnity payment, and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity payment that may be owed for the policy before it has been terminated will remain owed to you, but may be offset in accordance with section 2(e), unless your policy was terminated in accordance with sections 2(f)(2)(i)(A), (B), (D), or (E).

(2) With respect to termination:

(i) Termination will be effective on:

(A) For a policy with unpaid administrative fees or premiums, the termination date immediately subsequent to the billing date for the crop year (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity, prevented planting or replant payment will be owed);

(B) For a policy with other amounts due, the termination date immediately following the date you have a delinquent debt (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity payment will be owed);

(C) For all other policies that are issued by

- us under the authority of the Act, the termination date that coincides with the termination date for the policy with the delinquent debt or, if there is no coincidental termination date, the termination date immediately following the date you become ineligible;
- (D) For execution of a written payment agreement and failure to make any scheduled payment, the termination date for the crop year prior to the crop year in which you failed to make the scheduled payment (for this purpose only, the crop year will start the day after the termination date and end on the next termination date, e.g., if the termination date is November 30 and you fail to make a payment on November 15, 2009, your policy will terminate on November 30, 2008, for the 2009 crop year); or
 - (E) For dismissal of a bankruptcy petition before discharge, the termination date the policy was or would have been terminated under sections 2(f)(2)(i)(A), (B) or (C).
- (ii) For all policies terminated under sections 2(f)(2)(i)(A), (B), (D), or (E), any indemnities paid subsequent to the termination date must be repaid.
 - (iii) Once the policy is terminated, it cannot be reinstated for the current crop year unless the termination was in error. Failure to timely pay because of illness, bad weather, or other such extenuating circumstances is not grounds for reinstatement in the current year.
- (3) To regain eligibility, you must:
 - (i) Repay the delinquent debt in full;
 - (ii) Execute a written payment agreement and make payments in accordance with the agreement (We will not enter into written payment agreement with you if you have previously failed to make a scheduled payment under the terms of any other payment agreement with us or any other insurance provider); or
 - (iii) File a petition to have your debts discharged in bankruptcy (Dismissal of the bankruptcy petition before discharge will terminate all policies in effect retroactive to the date your policy would have been terminated in accordance with section 2(f)(2)(i)).
 - (4) After you become eligible for crop insurance, if you want to obtain coverage for your crops, you must submit a new application on or before the sales closing date for the crop (Since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment after the sales closing date, you cannot apply for insurance until the next crop year).
 - (5) For example, for the 2009 crop year, if crop A, with a termination date of October 31, 2009, and crop B, with a termination date of March 15, 2010, are insured and you do not pay the premium for crop A by the termination date, you are ineligible for crop insurance as of October 31, 2009, and crop A's policy is terminated as of that date. Crop B's policy does not terminate until March 15, 2010, and an indemnity for the 2009 crop year may still be owed. If you enter into a written payment agreement on September 25, 2010, the earliest date by which you can obtain crop insurance for crop A is to apply for crop insurance by the October 31, 2010, sales closing date and for crop B is to apply for crop insurance by the March 15, 2011, sales closing date. If you fail to make a payment that was scheduled to be made on April 1, 2011, your policy will terminate as of October 31, 2010, for crop A, and March 15, 2011, for crop B, and no indemnity, prevented planting payment or replant payment will be due for that crop year for either crop. You will not be eligible to apply for crop insurance for any crop until after the amounts owed are paid in full or you file a petition to discharge the debt in bankruptcy.
- (6) If you are determined to be ineligible under section 2(f), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.
 - (g) In cases where there has been a death, disappearance, judicially declared incompetence, or dissolution of any insured person:
 - (1) If any married individual insured dies, disappears, or is judicially declared incompetent, the named insured on the policy will automatically convert to the name of the spouse if:
 - (i) The spouse was included on the policy as having a substantial beneficial interest in the named insured; and
 - (ii) The spouse has a share of the crop.
 - (2) The provisions in section 2(g)(3) will be applicable if:
 - (i) Any partner, member, shareholder, etc., of an insured entity dies, disappears, or is judicially declared incompetent, and such event automatically dissolves the entity; or
 - (ii) An individual, whose estate is left to a beneficiary other than a spouse or left to the spouse and the criteria in section 2(g)(1) are not met, dies, disappears, or is judicially declared incompetent.
 - (3) If section 2(g)(2) applies and the death, disappearance, or judicially declared incompetence occurred:
 - (i) More than 30 days before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
 - (ii) Thirty days or less before the cancellation date, or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation

date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:

- (A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and
 - (B) Any indemnity payment will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
- (4) If any insured entity is dissolved for reasons other than death, disappearance, or judicially declared incompetence:
- (i) Before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
 - (ii) On or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:
 - (A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and
 - (B) Any indemnity payment will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
- (5) If section 2(g)(2) or (4) applies, a remaining member of the insured person or the beneficiary is required to report to us the death, disappearance, judicial incompetence, or other event that causes dissolution not later than the next cancellation date, except if section 2(g)(3)(ii) applies, notice must be provided by the cancellation date for the next crop year.
- (h) We may cancel your policy if no premium is earned for 3 consecutive years.
 - (i) The cancellation and termination dates are contained in the Crop Provisions.
 - (j) When obtaining catastrophic or additional coverage, you must provide information regarding crop insurance coverage on any crop previously obtained at any other local FSA office or from an approved insurance provider, including the date such insurance was obtained and the amount of the administrative fee.
 - (k) Any person may sign any document relative to crop insurance coverage on behalf of any other person

covered by such a policy, provided that the person has a properly executed power of attorney or such other legally sufficient document authorizing such person to sign. You are still responsible for the accuracy of all information provided on your behalf and may be subject to the consequences in section 8(f), and any other applicable consequences, if any information has been misrepresented.

- (l) If, at any time during the crop year and for any reason, FCIC is not able to receive and process the satellite imagery utilized to determine and publish the final grid index for any particular index interval (which includes but is not limited to, failure, unavailability, or destruction of the equipment and resulting data):
 - (1) Sales for the next crop year may be suspended or terminated.
 - (2) For any policy in effect when the events in section 2(l) occurs:
 - (i) If the data becomes unavailable before or during one of your insured index intervals:
 - (A) No indemnity will be due for any index interval where the data is not available; and
 - (B) All premiums received or due for such index interval will be refunded to you; or
 - (ii) If the data becomes unavailable after one or more of your insured index intervals ends:
 - (A) Any indemnity owed will be paid; and
 - (B) You will still owe premium for such index interval.

3. Contract Changes.

- (a) We may change the terms of your coverage under this policy from year to year.
- (b) Any changes in policy provisions, amounts of insurance, premium rates, program dates, or county base values, if applicable, can be viewed on RMA's Web site not later than the contract change date contained in the Crop Provisions except as allowed herein or as specified in section 6. We may only revise this information after the contract change date to correct clear errors (e.g., the county base value per acre was announced at \$2,500.00 per acre instead of \$250.00 per acre).
- (c) After the contract change date, all changes made in accordance with section 3(b) will also be available upon request from your crop insurance agent. You will be provided, in writing, a copy of the changes to these Basic Provisions, Crop Provisions, and Special Provisions, if applicable, not later than 30 days prior to the cancellation date for the insured crop. If available from us, you may elect to receive these documents and changes electronically. Acceptance of the changes will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.

4. Insured Crop.

- (a) The insured crop will be that shown on your accepted application and as specified in the Crop Provisions or Special Provisions, and must be grown on insurable acreage.

- (b) A crop which will NOT be insured will include, but will not be limited to, any crop:
 - (1) That is not grown on planted or established acreage; or that is a type, class or variety not generally recognized for the area; or where the conditions under which the crop is planted are not generally recognized for the area. For example, where agricultural experts determine that planting a non-irrigated crop after a different failed crop on the same acreage in the same crop year is not appropriate for the area;
 - (2) For which the information necessary for insurance (county base value per acre, protection factor, premium rate, etc.) is not included in the actuarial documents;
 - (3) That is a volunteer crop on traditionally planted acreage;
 - (4) Planted following the same crop on the same acreage and the first planting of the crop has been harvested in the same crop year unless specifically permitted by the Crop Provisions or the Special Provisions (For example, the second planting of Crop A would not be insurable if Crop A had already been planted and harvested on the same acreage during the crop year);
 - (5) That is planted for the development or production of hybrid seed or for experimental purposes, unless permitted by the Crop Provisions, or Special Provisions; or
 - (6) That is used solely for wildlife protection or management. If the lease states that specific acreage must remain unharvested, that acreage is uninsurable. If the lease specifies that a percentage of the crop must be left unharvested, your share will be reduced by such percentage.
 - (c) Although certain policy documents may state that a type, class, variety, index interval, or practice is not insurable, it does not mean all other types, classes, varieties, index interval, or practices are insurable. To be insurable, the type, class, variety, or practice must meet all the conditions in this section.
- 5. Insured and Insurable Acreage.**
- (a) Your insurable acreage is all of the acreage of the insured crop, for which premium rates are provided by the actuarial documents and in which you have a share, and which is in the county listed on your accepted application.
 - (1) Acreage located in another grid or county is insurable if that acreage is part of contiguous acreage.
 - (2) Your insured acreage will equal your insurable acreage unless otherwise specified by the Crop Provisions.
 - (b) You will have only one dollar amount of protection per acre for each county, crop, type, practice, and index interval while the amount of premium and indemnity will be calculated separately for each unit.
 - (c) Unless otherwise provided in the Crop Provisions, only your insurable acreage established or planted to the insured crop on or before the acreage reporting date that is located in the county listed on your accepted application, and that you elect to insure, will be insured.
- (d) Separate points of reference must be established for each crop, type, index interval, and practice in a grid, as specified in the Crop Provisions, as follows:
 - (1) A point of reference must be selected for any insured acreage of the crop, type, index interval, and practice that is not contiguous.
 - (2) In the case of contiguous insured acreage that crosses grid or county lines, a point of reference must be selected as follows:
 - (i) If you choose to combine the contiguous acreages of the crop, type, index interval, and practice into one single grid ID or county, a single point of reference must be established for all of the contiguous acres.
 - (ii) If you choose to separate the contiguous acreage of the crop, type, index interval, and practice into separate grid IDs or counties, you must establish a single point of reference for each grid ID or county. For example: If the contiguous acreage is located in four grids and you choose to insure the acreage in separate grids, the acreage can be separated into two, three, or four grids. If you select three grids, you must establish the points of reference, and report on the acreage report the grid ID, and the amount of insured acreage located, or assigned as applicable, to each grid ID.
 - (3) The same acres cannot be insured in more than one grid ID or county during the crop year.
 - (e) We will not insure any acreage:
 - (1) Where the crop was destroyed or put to another use during the crop year for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA, such as, but not limited to, the Conservation Reserve Program;
 - (2) Where you have failed to follow good farming practices for the insured crop; or
 - (i) Planted to a type, class or variety not generally recognized for the area; or
 - (ii) Where the conditions under which the crop is planted are not generally recognized for the area (For example, where agricultural experts determine that planting a non-irrigated crop after a different failed crop on the same acreage in the same crop year is not appropriate for the area);
 - (3) Of a second crop, if you elect not to insure such acreage when an indemnity for a first insured crop may be subject to reduction in accordance with the provisions of section 25 and you intend to collect an indemnity payment that is equal to 100 percent of the insurable loss for the first insured crop acreage. This election must be made for all first insured crop acreage that may be subject to an indemnity reduction if the first insured crop is insured under this policy, or on a first insured crop unit basis if the first insured crop is not insured under this policy (e.g., if the first insured crop under this policy consists of 40 acres, or the first insured crop unit insured

under another policy contains 40 planted acres, then no second crop can be insured on any of the 40 acres). In this case:

- (i) If the first insured crop is insured under this policy, you must provide written notice to us of your election not to insure acreage of a second crop by the acreage reporting date for the second crop if it is insured under this policy, or before planting the second crop if it is insured under any other policy, or, if the first insured crop is not insured under this policy, at the time the first insured crop acreage is released by us (if no acreage in the first insured crop unit is released, this election must be made by the earlier of the acreage reporting date for the second crop or when you sign the claim for the first insured crop), and if you fail to provide such notice, the second crop acreage will be insured in accordance with applicable policy provisions and you must repay any overpaid indemnity for the first insured crop;
 - (ii) In the event a second crop is planted and insured with a different insurance provider, or planted and insured by a different person, you must provide written notice to each insurance provider that a second crop was planted on acreage on which you had a first insured crop; and
 - (iii) You must report the crop acreage that will not be insured on the applicable acreage report;
- (4) Of a crop planted following a second crop or following an insured crop that is prevented from being planted after a first insured crop, unless it is a practice that is generally recognized for the area to plant three or more crops for harvest on the same acreage in the same crop year, and additional coverage insurance provided under the authority of the Act is offered for the third or subsequent crop in the same crop year. Insurance will only be provided for a third or subsequent crop as follows:
- (i) You must provide records acceptable to us that show:
 - A. You have produced and harvested the insured crop following two other crops harvested on the same acreage in the same crop year in at least two of the last four years in which you produced the insured crop; or
 - B. The applicable acreage has had three or more crops produced and harvested on it in at least two of the last four years in which the insured crop was grown on it; and
 - (ii) The amount of insurable acreage will not exceed 100 percent of the greatest number of acres for which you provide the records required in section 5(e)(4)(i)(A) or (B).
- (f) We may restrict the amount of acreage that we will insure to the amount allowed under any acreage

limitation program established by the USDA if we notify you of that restriction prior to the sales closing date.

6. Amounts of Protection and Coverage Levels.

- (a) For catastrophic risk protection policies, the dollar amount of protection per acre will be equal to the county base value per acre multiplied by the 65 percent coverage level multiplied by the 45 percent protection factor specified in the county actuarial documents for each county, crop, type, and practice.
- (b) For additional coverage policies:
 - (1) You may select only one coverage level from 70 percent through 90 percent for county, crop, type, and practice, as allowed by the Crop Provisions; and
 - (2) You may select only one protection factor for county, crop, type, and practice, as allowed by the Crop Provisions.
- (c) Your policy protection for each unit, as shown on your Summary of Coverage, is equal to the dollar amount of protection per acre multiplied by your insured acres multiplied by your share.
- (d) The policy protection, amount of premium, and indemnity will be calculated separately for each unit.
- (e) You may change the coverage level or the protection factor for each insured county, crop, type, and practice, as allowed by the Crop Provisions, on or before the sales closing date. Changes must be in writing and received by us by the sales closing date.
- (f) You are responsible for the information provided to establish insurance coverage and guarantees. If at any time we discover you have misreported any information (such as but not limited to insurable acreage, insured acreage, share, lease, grid ID, etc.), the following actions will be taken, as applicable:
 - (1) Any overpaid indemnity must be repaid or underpaid premium must be paid; and
 - (2) You will be subject to the provisions regarding misreporting contained in section 8(f), unless the incorrect information was the result of our error or the error of someone from USDA.
- (g) Our maximum liability under this policy is provided in section 15(h).

7. Payment Calculation Factor and Indemnity Calculation.

- (a) For each unit, your payment calculation factor will be $\{(your\ trigger\ grid\ index - final\ grid\ index) \div [your\ trigger\ grid\ index - (expected\ grid\ index \times total\ loss\ factor)]\}$ for the purposes of calculating an indemnity payment. The payment calculation factor will not exceed 1.0, resulting in a payment greater than the policy protection per unit.
- (b) An indemnity may be made only if the final grid index for the insured unit is less than your trigger grid index.
- (c) If an indemnity is owed, it will be issued to you not later than 60 days following the determination of the final grid index for the grid ID and applicable index interval.
- (d) The indemnity for the unit will be equal to the payment calculation factor multiplied by the policy protection per unit; however, at no time will

indemnity for the unit exceed the policy protection for the unit.

- (e) The payment will not be recalculated once the final grid index is calculated and reported.
- (f) An example to demonstrate how an indemnity is calculated is located in the applicable Crop Provisions.

8. Report of Acreage.

- (a) An annual acreage report must be submitted to us on our form for each insured crop (separate lines for each type, index interval, and practice) in the county on or before the acreage reporting date contained in the Special Provisions.

- (b) Your acreage report must include the following information, as applicable:

- (1) The amount of insurable acreage of the crop in the county in which you have a share;
- (2) For each applicable grid, the amount of acreage you elect to insure, if allowed by the Crop Provisions, or all the insured acreage of the crop in a county.
- (3) With respect to the acreage specified in section 8(b)(2):
 - (i) Your share;
 - (ii) Practice;
 - (iii) Type;
 - (iv) Grid ID; and,
 - (v) The FSA farm serial number, FSA tract number, and FSA field number for all acreage to be insured under this policy. (If you cannot obtain a FSA farm serial number, FSA tract number and FSA field number for any insured acreage, you must provide supporting documentation from FSA, a legal description, and latitude and longitude of all the non-contiguous acreage insured).

- (4) You must certify on your acreage report that the:
 - (i) Point of reference used for each grid ID accurately identifies your insured acreage covered under these Basic Provisions and the applicable Crop Provisions;
 - (ii) Acreage assigned to each grid ID is accurate to the best of your knowledge.

- (c) If an acreage report for the current crop year is not provided by the acreage reporting date there will be no coverage for the current year.

- (d) We will not insure any acreage of the insured crop planted or acquired after the acreage reporting date except as provided in section 8(k).

- (e) The premium amount and payment of an indemnity will be based on your insured acreage and share on the acreage reporting date subject to section 8(f) and any adjustments approved in section 8(k).

- (f) You must provide all required reports and you are responsible for the accuracy of all information contained in those reports. You should verify the information on all such reports prior to submitting them to us:

- (1) Except as provided in section 8(f)(2), if you submit information on any report that is different than what is determined to be correct:

- (i) And such information results in a lower liability than the actual, correct liability determined, the guarantee or amount of insurance on the unit will be reduced to an amount consistent with the information reported on the acreage report;

- (ii) And such information results in a higher liability than the actual, correct liability determined, the information contained in the acreage report will be revised to be consistent with the correct information.

- (iii) And such information results in you not having any insurable acreage in the grid, you will receive no coverage for that grid.

- (iv) You may be subject to the provisions contained in section 22 or criminal, civil or administrative sanctions.

- (2) If your share is misreported and the share is:

- (i) Under-reported, any claim will be determined using the share you reported; or

- (ii) Over-reported, any claim will be determined using the share we determine to be correct.

- (g) If you request an acreage measurement from FSA or a business that provides such measuring services prior to the acreage reporting date and submit documentation of such request and an acreage report with estimated acreage by the acreage reporting date, you must provide the measurement to us and we will revise your acreage report if there is a discrepancy, and no indemnity will be paid until the acreage measurement has been received by us. Failure to provide the measurement to us will result in the application of section 8(f) if the estimated acreage is not correct, and estimated acreage under this paragraph will no longer be accepted for any subsequent acreage report.

- (h) If there is an irreconcilable difference between:

- (1) The acreage measured by FSA or a measuring service and our on-farm measurement, our on-farm measurement will be used; or

- (2) The acreage measured by a measuring service, other than our on-farm measurement, and FSA, the FSA measurement will be used.

- (i) Information on the initial acreage report will not be considered misreported for the purposes of section 8(f) if the acreage report is revised:

- (1) In accordance with section 8(g) or (h);

- (2) Because information is clearly transposed;

- (3) When you provide adequate evidence that we or someone from USDA have committed an error regarding the information; or

- (4) As expressly permitted by the policy.

- (j) If we discover you have incorrectly reported any information on the acreage report for any crop year, you may be required to provide documentation in subsequent crop years substantiating your report of acreage for those crop years, including, but not limited to, an acreage measurement service at your own expense. If the correction of any misreported information would affect an indemnity that was paid in a prior crop year, such claim will be adjusted and you will be required to repay any overpaid amounts.

- (k) After the acreage reporting date:
 - (1) Insured acreage may only be adjusted if:
 - (i) You have a reduction in your insurable acreage because you no longer own the acreage, lease the acreage, or have a share in the insured crop which you have previously elected to insure; or
 - (ii) You have an increase in your insurable acreage. An increase of acreage can occur only if you acquired **new** acreage, a **new** lease, or a **new** share in the insured crop which you did not have at the acreage reporting date; and
 - (2) To adjust acreage you must make a written request in accordance with the following:
 - (i) You must apply to us for each adjustment to insured acres;
 - (ii) Your request must be submitted by you at least 120 days prior to the start date of the affected index interval, unless otherwise specified in the Special Provisions;
 - (iii) Your request must contain:
 - (A) All information required in section 8(b);
 - (B) The amount of acreage for which an adjustment is being requested;
 - (C) The basis for the adjustment; and
 - (D) Copies of all relevant documents supporting the basis for the adjustment.
 - (3) If we approve any adjustments, they will only apply to the current crop year.
 - (4) A request will not be accepted if:
 - (i) The request is not timely submitted; or
 - (ii) All requested information is not provided.
 - (l) We may inspect the insured acreage at any time to verify the number of acres insured and the accuracy of the points of reference.
 - (m) In the unlikely event the RMA Web site is unavailable on the acreage reporting date and you are unable to properly identify your grid, grid ID, or other requirements as applicable, coverage will attach provided you sign an application and provide a report of your acreage with all available information as specified under section 8 of these Basic Provisions by the sales closing date. Upon the availability of the RMA Web site or successor Web site, you must select your grid ID, or other requirements as applicable, and provide your completed report of acreage confirming all your insurable and insured acres, as outlined under section 8 of these Basic Provisions, and the Report of Acreage section of the Crop Provisions within 2 business days after the Web site becomes available.

9. Share Insured.

- (a) Insurance will attach:
 - (1) Only if the person completing the application has a share in the insured crop; and
 - (2) Only to that person's share, except that insurance may attach to another person's share of the insured crop if the other person has a share of the crop and:
 - (i) The application clearly states the insurance is requested for a person other than an individual (e.g., a partnership or a joint

venture); or

- (ii) The application clearly states you as a landlord will insure your tenant's share, or you as a tenant will insure your landlord's share. If you as a landlord will insure your tenant's share, or you as a tenant will insure your landlord's share, you must provide evidence of the other party's approval (lease, power of attorney, etc.) and such evidence will be retained by us:
 - (A) You also must clearly set forth the percentage shares of each person on the acreage report; and
 - (B) For each landlord or tenant, you must report the landlord's or tenant's social security number, employer identification number, or other identification number we assigned for the purposes of this policy, as applicable.
- (b) With respect to your share:
 - (1) We will consider to be included in your share under your policy, any acreage or interest reported by or for:
 - (i) Your spouse, unless such spouse can prove he/she has a separate farming operation, which includes, but is not limited to, separate land (transfers of acreage from one spouse to another is not considered separate land), separate capital, separate inputs, separate accounting, and separate maintenance of proceeds; or
 - (ii) Your child who resides in your household or any other member of your household, unless such child or other member of the household can demonstrate such person has a separate share in the crop. Children who do not reside in your household are not included in your share; and
 - (2) If it is determined that the spouse, child or other member of the household has a separate policy but does not have a separate farming operation or share of the crop, as applicable:
 - (i) The policy for one spouse or child or other member of the household will be void and the policy remaining in effect will be determined in accordance with section 17(a)(1) and (2);
 - (ii) The acreage or share reported under the policy that is voided will be included under the remaining policy; and
 - (iii) No premium will be due and no indemnity will be paid for the voided policy.
- (c) You must report your share for all insured acreage whether leased on a cash basis, share of the crop basis, or any other basis.

10. Annual Premium and Administrative Fees.

- (a) The annual premium is earned and payable at the time the insured crop is planted or reported on or before the acreage reporting date, as specified by the Crop Provisions. You will be billed for the premium and administrative fee not earlier than the premium billing date specified in the Special Provisions.

- (b) Premium or administrative fees owed by you will be offset from an indemnity payment due you in accordance with section 2(e).
- (c) The premium amount is determined, as applicable, by multiplying your policy protection per unit by the premium rate for the unit for your coverage level, which is contained in the actuarial documents, by 0.01, and by any other premium adjustment percentages that may apply. The annual premium is the sum of premiums for all units for the crop.
- (d) The information needed to determine the premium rate and any premium adjustment percentages that may apply are contained in the actuarial documents.
- (e) In addition to the premium charged:
 - (1) For catastrophic or additional coverage, as applicable, you must pay an administrative fee each crop year for each crop and county, in the amount specified in the Special Provisions.
 - (2) The administrative fee must be paid no later than the time premium is due.
 - (3) Payment of an administrative fee will not be required if you file a bona fide zero acreage report on or before the acreage reporting date for the crop. If you falsely file a zero acreage report you may be subject to criminal and administrative sanctions.
 - (4) The administrative fee will be waived if you request it, and you:
 - (i) Qualify as a limited resource farmer; or
 - (ii) Were insured prior to the 2005 crop year and your administrative fee was waived for one or more of those crop years because you qualified as a limited resource farmer under a policy definition previously in effect, and you remain qualified as a limited resource farmer under the definition that was in effect at the time the administrative fee was waived.
 - (5) Failure to pay the administrative fees when due may make you ineligible for certain other USDA benefits.
- (f) If the amount of premium (gross premium less premium subsidy paid on your behalf by FCIC) and administrative fee you are required to pay for any acreage exceeds the liability for the acreage, coverage for those acres will not be provided (no premium or administrative fee will be due and no indemnity will be paid for such acreage).

11. Insurance Period and Program Dates.

- (a) Coverage begins on each unit or part of a unit at the later of:
 - (1) The date we accept your application (for the purposes of this paragraph, the date of acceptance is the date that you submit a properly executed application in accordance with section 2);
 - (2) The date the insured crop is planted or reported, as specified by the Crop Provisions or Special Provisions; or
 - (3) The calendar date for the beginning of an index interval contained in the Special Provisions.
- (b) Coverage ends on each unit or part of a unit at the

earliest of:

- (1) The calendar date for the end of the index interval as contained in the Crop Provisions or Special Provisions; or
- (2) As otherwise specified in the Crop Provisions.
- (c) Any other program dates are provided in the Crop Provisions or Special Provisions.

12. Causes of Loss.

- (a) This policy does not directly measure crop production. Losses are only payable when the final grid index is less than your trigger grid index and the reduction in the final grid index must be due to natural occurrences.
- (b) A reduction in the final grid index due to a cause other than a natural occurrence will result in a final grid index in an amount based on the reduction due to natural occurrences only.

13. [Reserved]

14. Written Agreements.

Written agreements are not applicable to this policy unless otherwise specified by the Crop Provisions.

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

- (a) If you and we fail to agree on any determination made by us except those specified in section 15(d), the disagreement may be resolved through mediation in accordance with section 15(g).
 - (1) If resolution cannot be reached through mediation, or you and we do not agree to mediation, the disagreement must be resolved through arbitration in accordance with the rules of the American Arbitration Association (AAA), except as provided in sections 15(c) and (f), and unless rules are established by FCIC for this purpose.
 - (2) Any mediator or arbitrator with a familial, financial or other business relationship to you or us, or our agent or loss adjuster, is disqualified from hearing the dispute.
 - (3) All disputes involving determinations made by us, except those specified in section 15(d), are subject to mediation or arbitration. However, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either you or we must obtain an interpretation from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC.
 - (i) Any interpretation by FCIC will be binding in any mediation or arbitration.
 - (ii) Failure to obtain any required interpretation from FCIC will result in the nullification of any agreement or award.
 - (iii) An interpretation by FCIC of a policy provision is considered a determination that is a matter of general applicability.
 - (iv) An interpretation by FCIC of a procedure may be appealed to the National Appeals Division in accordance with 7 CFR part 11.
- (4) Unless the dispute is resolved through

mediation, the arbitrator must provide to you and us a written statement describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award and breakdown by claim for any award. The statement must also include any amounts awarded for interest. Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator. All agreements reached through settlement, including those resulting from mediation, must be in writing and contain at a minimum a statement of the issues in dispute and the amount of the settlement.

- (b) Regardless of whether mediation is elected:
 - (1) The initiation of arbitration proceedings must occur within one year of the date we denied your claim or rendered the determination with which you disagree, whichever is later;
 - (2) If you fail to initiate arbitration in accordance with section 15(b)(1) and complete the process, you will not be able to resolve the dispute through judicial review;
 - (3) If arbitration has been initiated in accordance with section 15(b)(1) and completed, and judicial review is sought, suit must be filed not later than one year after the date the arbitration decision was rendered; and
 - (4) In any suit, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, an interpretation must be obtained from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC. Such interpretation will be binding.
- (c) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 15(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.
- (d) With respect to good farming practices:
 - (1) We will make decisions regarding what constitutes a good farming practice and determinations of assigned production for uninsured causes for your failure to use good farming practices.
 - (i) If you disagree with our decision of what constitutes a good farming practice, you must request a determination from FCIC of what constitutes a good farming practice before filing any suit against FCIC.
 - (ii) You may not sue us for our decisions regarding whether good farming practices were used by you.
 - (2) FCIC will make determinations regarding what constitutes a good farming practice. If you do not agree with any determination made by FCIC:
 - (i) You may request reconsideration by FCIC of this determination in accordance with the

reconsideration process established for this purpose and published at 7 CFR part 400, subpart J; or

- (ii) You may file suit against FCIC.
 - (A) You are not required to request reconsideration from FCIC before filing suit.
 - (B) Any suit must be brought against FCIC in the United States district court for the district in which the insured acreage is located.
 - (C) Suit must be filed against FCIC not later than one year after the date:
 - (1) Of the determination; or
 - (2) Reconsideration is completed, if reconsideration was requested under section 15(d)(2)(i).
- (e) Except as provided in section 15(d) or (k), if you disagree with any other determination made by FCIC, you may obtain an administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (National Appeals Division appeal).
 - (1) If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC in the United States district court for the district in which the insured acreage is located not later than one year after the date of the decision rendered in such appeal.
 - (2) Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory or any other damages from FCIC.
- (f) In any mediation, arbitration, appeal, administrative review, reconsideration or judicial process, the terms of this policy, the Act, and the regulations published at 7 CFR chapter IV, including the provisions of 7 CFR part 400, subpart P, are binding. Conflicts between this policy and any state or local laws will be resolved in accordance with section 26. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.
- (g) To resolve any dispute through mediation, you and we must both:
 - (1) Agree to mediate the dispute;
 - (2) Agree on a mediator; and
 - (3) Be present or have a designated representative who has authority to settle the case present, at the mediation.
- (h) Except as provided in section 15(i), 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, except for interest awarded in accordance with section 21.
- (i) In a judicial review only, you may recover attorneys fees or other expenses, or any punitive, compensatory or any other damages from us only if you obtain a determination from FCIC that we, our agent or loss adjuster failed to comply with the terms of this policy or procedures issued by FCIC and such failure resulted in you receiving a payment in an

amount that is less than the amount to which you were entitled. Requests for such a determination should be addressed to the following: USDA/RMA/Deputy Administrator of Compliance/Stop 0806, 1400 Independence Avenue, S.W., Washington DC 20250-0806.

- (j) If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring arbitration, mediation or litigation action against us. You must request administrative review or appeal in accordance with section 15(e).
- (k) Any determination made by FCIC that is a matter of general applicability is not subject to administrative review under 7 CFR part 400, subpart J or appeal under 7 CFR part 11. If you want to seek judicial review of any FCIC determination that is a matter of general applicability, you must request a determination of non-appealability from the Director of the National Appeals Division in accordance with 7 CFR 11.6 before seeking judicial review.

16. Access to Insured Crop and Record Retention.

- (a) We, and any employee of USDA authorized to investigate or review any matter relating to crop insurance, have the right to examine the insured crop, any records relating to the crop and this insurance, and any records regarding mediation, arbitration or litigation involving the insured crop, at any location where such crop or records may be found or maintained, as often as reasonably required during the record retention period.
- (b) You must retain and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance, complete records pertaining to the planting, production, and harvest of the crop, your insurable and insured acres, lease or other agreements that may be applicable to the insured crop, for a period of three years after the end of the crop year or three years after the date of final payment of the indemnity, whichever is later. This requirement also applies to all such records for acreage that is not insured.
- (c) We, or any employee of USDA authorized to investigate or review any matter relating to crop insurance, may extend the record retention period beyond three years by notifying you of such extension in writing.
- (d) By signing the application for insurance authorized under the Act or by continuing insurance for which you have previously applied, you authorize us or USDA, or any person acting for us or USDA authorized to investigate or review any matter relating to crop insurance, to obtain records relating to the planting, lease, ownership, share, production, inputs (as applicable) or contract agreements, of the insured crop from any person who may have custody of such records, including but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. You must assist in obtaining all records we or any employee of USDA authorized to investigate or review any matter relating to crop insurance request from third parties.

- (e) Failure to provide access to the insured crop or the farm, maintain or provide any required records, authorize access to the records maintained by third parties, or assist in obtaining all such records will result in a determination that no indemnity is due for the crop year in which such failure occurred.

17. Other Insurance.

- (a) Nothing in this section prevents you from obtaining other insurance not authorized under the Act. However, unless specifically required by policy provisions, you must not obtain any other crop insurance authorized under the Act (except as provided in 17(b)) on your share of the insured crop, type, and practice (as applicable).
 - (1) If you cannot demonstrate that you did not intend to have more than one policy in effect, you may be subject to the consequences authorized under this policy, the Act, or any other applicable statute.
 - (2) If you can demonstrate that you did not intend to have more than one policy in effect (For example, an application to transfer your policy or written notification to an insurance provider that states you want to purchase, or transfer, insurance and you want any other policies for the crop canceled would demonstrate you did not intend to have duplicate policies), and:
 - (i) One is an additional coverage policy and the other is a Catastrophic Risk Protection policy:
 - (A) The additional coverage policy will apply if both policies are with the same insurance provider or, if not, both insurance providers agree; or
 - (B) The policy with the earliest date of application will be in force if both insurance providers do not agree; or
 - (ii) Both are additional coverage policies or both are Catastrophic Risk Protection 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.
- (b) If you choose to insure a crop under these Basic Provisions, you cannot insure the same crop, type, and practice under any other FCIC subsidized program, except for the Adjusted Gross Revenue or Adjusted Gross Revenue Lite Plans of Insurance, unless otherwise authorized by the Crop Provisions or Special Provisions.

18. [Reserved]

19. Conformity to Food Security Act.

Although your violation of a number of federal statutes, including the Act, may cause cancellation, termination, or voidance of your insurance contract, you should be specifically aware that your policy will be canceled if you are determined to be ineligible to receive benefits under the Act due to violation of the controlled substance provisions (title XVII) of the Food Security Act of 1985

(Pub. L. 99-198) and the regulations promulgated under the Act by USDA.

- (a) Your insurance policy will be canceled if you are determined, by the appropriate Agency, to be in violation of these provisions.
- (b) We will recover any and all monies paid to you or received by you during your period of ineligibility, and your premium will be refunded, less an amount for expenses and handling equal to 20 percent of the premium paid or to be paid by you.

20. Amounts Due Us.

- (a) Interest will accrue at the rate of 1.25 percent simple interest per calendar month, or any portion thereof, on any unpaid amount owed to us or on any unpaid administrative fees owed to FCIC.
 - (1) For the purpose of premium amounts owed to us or administrative fees owed to FCIC, interest will start to accrue on the first day of the month following the premium billing date specified in the Special Provisions.
 - (2) We will collect any unpaid amounts owed to us and any interest owed thereon and, prior to the termination date, we will collect any administrative fees and interest owed thereon to FCIC.
 - (3) After the termination date, FCIC will collect any unpaid administrative fees and any interest owed thereon for any catastrophic risk protection policy and we will collect any unpaid administrative fees and any interest owed thereon for additional coverage policies.
- (b) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount.
 - (1) Amounts found due under this paragraph will not be charged interest if payment is made within 30 days of issuance of the notice by us.
 - (2) The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us.
- (c) All amounts paid will be applied first to expenses of collection (see subsection (d) of this section) if any, second to the reduction of accrued interest, and then to the reduction of the principal balance.
- (d) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.
- (e) The portion of the amounts owed by you for a policy authorized under the Act that are owed to FCIC may be collected in part through administrative offset from payments you receive from United States government agencies in accordance with 31 U.S.C. chapter 37. Such amounts include all administrative fees, and the share of the overpaid indemnities and premiums retained by FCIC plus any interest owed thereon.

21. Interest Limitations.

We will pay simple interest computed on the net indemnity ultimately found to be due by us or by a final judgment of a court of competent jurisdiction, from and

including the 61st day after the date you sign, date, and submit to us the properly completed claim on our form. Interest will be paid only if the reason for our failure to timely pay is NOT due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) and published in the Federal Register semiannually on or about January 1 and July 1 of each year, and may vary with each publication.

22. Concealment, Misrepresentation or Fraud.

- (a) If you have falsely or fraudulently concealed the fact that you are ineligible to receive benefits under the Act or if you or anyone assisting you has intentionally concealed or misrepresented any material fact relating to this policy:
 - (1) This policy will be voided; and
 - (2) You may be subject to remedial sanctions in accordance with 7 CFR part 400, subpart R.
- (b) Even though the policy is void, you will still be required to pay 20 percent of the premium that you would otherwise be required to pay to offset costs incurred by us in the service of this policy. If previously paid, the balance of the premium will be returned.
- (c) Voidance of this policy will result in you having to reimburse all indemnities paid for the crop year in which the voidance was effective.
- (d) Voidance will be effective on the first day of the insurance period for the crop year in which the act occurred and will not affect the policy for subsequent crop years unless a violation of this section also occurred in such crop years.

23. Transfer of Coverage and Right to Indemnity.

- (a) If you transfer any part of your share during the crop year, you may transfer your coverage rights, if the transferee is eligible for crop insurance.
- (b) We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred.
- (c) The transfer of coverage rights must be on our form and will not be effective until approved by us in writing.
- (d) Both you and the transferee are jointly and severally liable for payment of the premium.
- (e) The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.

24. Assignment of Indemnity.

- (a) You may assign your right to an indemnity for the crop year only to creditors or other persons to whom you have a financial debt or other pecuniary obligation. You may be required to provide proof of the debt or other pecuniary obligation before we will accept the assignment of indemnity.
- (b) All assignments must be on our form and must be provided to us. Each assignment form may contain more than one creditor or other person to whom you have a financial debt or other pecuniary obligation.
- (c) Unless you have provided us with a properly executed assignment of indemnity, we will not make any payment to a lienholder or other person to whom

you have a financial debt or other pecuniary obligation even if you may have a lien or other assignment recorded elsewhere. Under no circumstances will we be liable:

- (1) To any lienholder or other person to whom you have a financial debt or other pecuniary obligation where you have failed to include such lienholder or person on a properly executed assignment of indemnity provided to us; or
 - (2) To pay to all lienholders or other persons to whom you have a financial debt or other pecuniary obligation any amount greater than the total amount of indemnity owed under the policy.
- (d) If we have received the properly executed assignment of indemnity form:
- (1) Only one payment will be issued jointly in the names of all assignees and you; and
 - (2) Any assignee will have the right to submit forms as required by the policy.

25. Indemnity and Premium Limitations.

- (a) With respect to acreage where you are due a loss for your first insured crop in the crop year, except in the case of double cropping described in section 25(c):
- (1) You may elect to not plant or to plant and not insure a second crop on the same acreage for harvest in the same crop year and collect an indemnity payment that is equal to 100 percent of the insurable loss for the first insured crop; or
 - (2) You may elect to plant and insure a second crop on the same acreage for harvest in the same crop year (you will pay the full premium and if there is an insurable loss to the second crop, receive the full amount of indemnity that may be due for the second crop, regardless of whether there is a subsequent crop planted on the same acreage) and:
 - (i) Collect an indemnity payment that is 35 percent of the insurable loss for the first insured crop;
 - (ii) Be responsible for a premium that is 35 percent of the premium that you would otherwise owe for the first insured crop; and
 - (iii) If the second crop does not suffer an insurable loss:
 - (A) Collect an indemnity payment for the other 65 percent of insurable loss that was not previously paid under section 25(a)(2)(i); and
 - (B) Be responsible for the remainder of the premium for the first insured crop that you did not pay under section 25(a)(2)(ii).
- (b) The reduction in the amount of indemnity and premium specified in section 25(a), as applicable, will apply:
- (1) Notwithstanding the priority contained in the Agreement to Insure section, which states that the Crop Provisions have priority over the Basic Provisions when a conflict exists, to any premium owed or indemnity paid in accordance with the Crop Provisions, and any applicable

endorsement.

- (2) Even if another person plants the second crop on any acreage where the first insured crop was planted.
 - (3) If you fail to provide any records we require to determine whether an insurable loss occurred for the second crop.
- (c) You may receive a full indemnity for a first insured crop when a second crop is planted on the same acreage in the same crop year, regardless of whether or not the second crop is insured or sustains an insurable loss, if each of the following conditions are met:
- (1) It is a practice that is generally recognized by agricultural experts for the area to plant two or more crops for harvest in the same crop year;
 - (2) The second or more crops are customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
 - (3) Additional coverage offered under the authority of the Act is available in the county on the two or more crops that are double cropped; and
 - (4) You provide records acceptable to us of acreage and production that show you have double cropped acreage in at least two of the last four crop years in which the first insured crop was planted, or that show the applicable acreage was double cropped in at least two of the last four crop years in which the first insured crop was grown on it.
- (d) The receipt of a full indemnity on both crops that are double cropped is limited to the number of acres for which you can demonstrate you have double cropped or that have been historically double cropped as specified in section 25(c).

26. Applicability of State and Local Statutes.

If the provisions of this policy conflict with statutes of the State or locality in which this policy is issued, the policy provisions will prevail. State and local laws and regulations in conflict with federal statutes, this policy, and the applicable regulations do not apply to this policy.

27. Descriptive Headings.

The descriptive headings of the various policy provisions are formulated for convenience only and are not intended to affect the construction or meaning of any of the policy provisions.

28. Notices.

- (a) All notices required to be given by you must be in writing and received by your crop insurance agent within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by telephone or in person and confirmed in writing. Time of the notice will be determined by the time of our receipt of the written notice. If the date by which you are required to submit a report or notice falls on Saturday, Sunday, or a Federal holiday, or if your agent's office is, for any reason, not open for business on the date you are required to submit such notice or report, such notice or report must be submitted on the next business day.
- (b) All notices and communications required to be sent

by us to you will be mailed to the address contained in your records located with your crop insurance agent. Notice sent to such address will be conclusively presumed to have been received by you. You should advise us immediately of any change of address.

29. Multiple Benefits.

- (a) If you are eligible to receive an indemnity under an additional coverage plan of insurance and are also eligible to receive benefits for the same loss under any other USDA program, you may receive benefits under both programs, unless specifically limited by the crop insurance contract or by law.
- (b) Any amount received for the same loss from any USDA program, in addition to the crop insurance payment, will not exceed the difference between the crop insurance payment and the actual amount of the loss, unless otherwise provided by law. The amount of the actual loss is the difference between the total value of the insured crop before the loss and the total value of the insured crop after the loss.
- (c) FSA or another USDA agency, as applicable, will determine and pay the additional amount due you for any applicable USDA program, after first considering the amount of any crop insurance indemnity.