

## APPENDIX II

### PLAN OF OPERATIONS

The Plan of Operations (Plan) must contain the information stated and the Company must certify the accuracy and completeness of the Plan. Information, documents, exhibits, or forms, are to be numbered in the Plan to correspond with the numbered items herein to which they pertain. The Company must file any revisions to the Plan for each subsequent reinsurance year in which it participates.

1. The name, address, phone number, and tax identification number of the Company.
2. The names, address, and tax identification numbers of all PICs.
3. The names, phone numbers, and addresses of a managing general agent, if applicable, and a copy of all of the agreements between the managing general agent and the Company that relates to business conducted under this Agreement.
4. If applicable, a letter from an officer of the Company as listed in the Company's Annual Statement filed with any State, authorizing and empowering the entity identified in paragraph 3) to act as the managing general agent for the Company.
5. The name, title, mailing address, e-mail address, office telephone numbers, and fax telephone numbers of the officer or employee authorized by the Company to sign and certify the Operations Report.
6. The names, titles, mailing addresses, e-mail addresses, office telephone numbers, and fax telephone numbers of at least two persons employed by the Company, and if applicable, employed by the managing general agent, designated by the Company as managers of the business produced under the Agreement. Each person will act as liaison or contact between the Company and FCIC regarding this Agreement.
7. The addresses and telephone numbers of each regional office, general agency, service center, sales agency, sales agent, or any other Company designated office other than the Company's or managing general agency's home office that will retain records relative to policyholder servicing (i.e., applications, production reports, summaries of coverage, proofs of loss and similar documents), or provide services independently from the Company or managing general agency. (Note, if original insurance documents are retained by sales agencies or sales agents, the Company must also report this in accordance with Appendix III.).
8. The contact name, address, office phone number, and a copy of all agreements pertaining to business conducted under this Agreement for which a service provider is responsible, including, as applicable:
  - a. Development of policies and forms.

- b. Preparation and transmittal of data to FCIC.
  - c. Issuance of FCIC approved policies, procedures, and associated actuarial documents.
  - d. Loss adjustment services (If loss adjustment services are provided on a regional, State, or other area basis, the area(s) must be disclosed).
9. Certification from the Company that the Company, its managing general agent as applicable, and its PICs are properly licensed under the insurance laws or regulations of all States in which the Company produces business reinsured under this Agreement.
10. The company shall provide the following:
- a. Statutory Annual Statement;
  - b. Statutory Quarterly Statements;
  - c. Any report on internal controls or management recommendations received from an independent auditor;
  - d. Statutory Management Discussion and Analysis;
  - e. State Insurance Department Examination Reports;
  - f. Actuarial Opinion of Reserves;
  - g. Annual Audited Financial Report;
  - h. The Company's current financial ratios defined in the National Association of Insurance Commissioners Insurance Regulatory Information System (IRIS);
  - i. Organizational Chart that shows the relationship of the Company to its service providers and relevant parent, subsidiary or sister entities of the Company that provides detail sufficient to show compliance with section II.A.8 and 9 of the Agreement;
  - j. If applicable, the GAAP Annual Statement and Quarterly Statements, and Security Exchange Commission filings, of the Company, managing general agent, and service providers listed in Exhibit 8;
  - k. Upon request, actual and estimated cash flow documentation;
  - l. Upon request, copies of all line of credit agreements with financial institutions used to fund MPCJ program expenses or amounts due FCIC;
  - m. Exhibit 10. m. - Commission Template;
  - n. Exhibit 10. n. - Loss Adjustment Expense Template;
  - o. Exhibit 10. o. - Estimated Expenses Template;
  - p. Posted reserves for all open contingent liabilities, pending arbitration or litigation, with an estimated liability exceeding five percent of policyholder surplus, by calendar year for the current and previous years;
  - q. A certification from a Senior Officer of the Company regarding its ability to meet its obligations under the current and prior Agreement;
  - r. Identify, if applicable any material threats or risks to the Company's ability to meet its financial and operational obligations under this Agreement including the possible financial or operational ramification, and the Company plan and resources to mitigate or minimize risks;

- s. Additional information as may be necessary to clarify or provide further detail in support of items a – r above, or determined necessary by FCIC.
11. The maximum reinsurable net book premium volume for which the Company requests reinsurance for the reinsurance year. (This may be more than the total provided in Exhibit 12).
  12. Estimates of the net book premium, by insurance plan, to be designated in the Private Market Fund and the Commercial Fund, within each State for the reinsurance year (see Exhibit 12).
  13. A declaration of the percent of the net book premiums and associated liability for ultimate net losses the Company will cede to FCIC in the Private Market Fund and the Commercial Fund, within each State (see Exhibit 13).
  14. The name and address of the Company, or managing general agency and the bank that will make EFT payment to FCIC for the Company.
  15. The name and address of the organization to whom payments from FCIC should be remitted for amounts due on Monthly reports.
  16. A report of the Company's expenses for business reinsured under this Agreement for the previous calendar year:
    - a Exhibit 16A – Guidelines for preparing Exhibit 16B
    - b Exhibit 16B – Expense Reporting Format
    - c The NAIC Insurance Expense Exhibit (IEE) filed with the Insurance Department for the State in which the Company is domiciled.
  17. A declaration as to the Company's intention to place a portion of its net liability (after FCIC reinsurance) in the commercial reinsurance market and/or to use private market instruments.
    - a Commercial Reinsurance Market
      - i. A copy of the reinsurance treaties issued to the Company with a description of the type of reinsurance, attachment points and limits, aggregate limits, minimum deposit, and variable premium rates..
      - ii. The percent subscribed by each reinsurer to each treaty, or binder, and the names of each reinsurer, intermediary, or broker.
    - b. Private Market Instruments
      - i. A description of the private market instruments the Company intends to use.

- ii. Name, address, and phone number of the Company personnel responsible for managing the purchase and redemption of private market instruments.
  - iii. Name, address, and phone number of the intermediary/broker responsible for purchasing the private market instruments on behalf of the Company.
  - iv. The Company's administrative guidelines and conditions for private market instrument purchasing and redemption.
18. A Contingency Plan describing how the Company will service the policies reinsured under the Agreement in the event: the managing general agent or service provider listed in Exhibit 8 is no longer able to meet the requirements of their agreement with the Company; the Company is no longer able to meet the requirements of section II.A.8. and 9. of the Agreement, or is not eligible to participate in the Federal crop insurance program.
19. With respect to the training requirements in section II. of Appendix IV, identify the names and titles of persons who will have oversight responsibilities for the training programs.
20. With respect to the quality control requirements in section III. of Appendix IV:
- a. Provide the quality control plan required per section III.A.12.
  - b. Provide the annual written summary report required per section III.A.15.

(NOTE: Each assurance statement referenced in items 21-24 below must be signed by the same officer of the Company accepting and signing the Agreement for the Company)

21. In accordance with section I. of Appendix I, the Company must submit its assurance statement regarding procurement integrity. The statement must provide FCIC the assurance that requirements under this section are met.
22. In accordance with section II. of Appendix I, the Company must submit its assurance statement regarding a drug free workplace. The assurance statement must provide an outline of the Company's procedure to ensure that requirements of this section are met.
23. In accordance with section III. of Appendix I, the Company must complete and submit OMB Form LLL, Disclosure of Lobbying Activities (Exhibit 25), and specify the period of time to which such completed form applies.
24. In accordance with section IV.S. of the Agreement, the Company must submit its assurance statement regarding discrimination.

25. With respect to section II.A.4. of the Agreement, the Company must provide:
- a. The names, addresses, and telephone numbers of each cooperative association or trade association with which the Company or its affiliates intends to enter into licensing or other financial agreement or contract authorized by section 508(b)(5)(B) of the Act.
  - b. A copy of the agreement or contract with the cooperative association or trade association and a list of the states where the cooperative association or trade association will return all or part of the licensing fee or other payment received from the Company to its producers, both insured and non-insured.
  - c. For each state listed, provide a letter from the State Insurance Department stating whether the return to the producer of licensing fees or other payments made by the Company or its affiliates to the cooperative association or trade association is in compliance with the rebating laws of such state.
  - d. If the Company agrees to pay a cooperative association or trade association a licensing fee or make other payment after the date the Plan of Operations is submitted to FCIC, the Company must notify FCIC of the relationship within 30 days of entering the agreement and comply with all other provisions of this paragraph.
26. The company must comply with Freedom to E-File Act (S.777, section 4(a)(1) and (b)(2)(B), which allow agricultural producers to obtain, over the Internet, from approved insurance providers all forms and other information concerning the program under the jurisdiction of the Corporation and Agency in which the agricultural producer is a participant; and the location where agricultural producers can electronically file their paperwork.