DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 407

[Docket No. FCIC–11–0002]

RIN 0563–AC25

Area Risk Protection Insurance Regulations and Area Risk Protection Insurance Crop Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) finalizes the Area Risk Protection Insurance (ARPI) Basic Provisions, ARPI Barley Crop Insurance Provisions, ARPI Corn Crop Insurance Provisions, ARPI Cotton Crop Insurance Provisions, ARPI Forage Crop Insurance Provisions, ARPI Grain Sorghum Crop Insurance Provisions, ARPI Peanut Crop Insurance Provisions, ARPI Soybean Crop Insurance Provisions, and ARPI Wheat Crop Insurance Provisions to provide area yield protection and area revenue protection. These provisions will replace the Group Risk Plan (GRP) provisions in 7 CFR part 407, which includes the: GRP Basic Provisions, GRP Barley Crop Provisions, GRP Corn Crop Provisions, GRP Cotton Crop Provisions, GRP Forage Crop Provisions, GRP Peanut Crop Provisions, GRP Sorghum Crop Provisions, GRP Soybean Crop Provisions, and GRP Wheat Crop Provisions. The ARPI provisions will also replace the Group Risk Income Protection (GRIP) Basic Provisions, the GRIP Crop Provisions, and the GRIP-Harvest Revenue Option (GRIP–HRO). The GRP and GRIP plans of insurance will no longer be available. The intended effect of this action is to offer producers a choice of Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, or Area Yield Protection, all within one Basic Provision and the applicable Crop Provisions. This will reduce the amount of information producers must read to determine the best risk management tool for their operation and will improve the provisions to better meet the needs of insureds. The changes will apply for the 2014 and succeeding crop years.

DATES: This rule is effective June 26, 2013.

FOR FURTHER INFORMATION CONTACT: Tim Hoffmann, Product Administration and Standards Division, Risk Management Agency, United States Department of Agriculture, Beacon Facility, Stop 0812, Room 421, P.O. Box 419205, Kansas City, MO, 64141–6205, telephone (816) 926–7730.

SUPPLEMENTARY INFORMATION:

Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been designated a ''significant regulatory action'' although not economically significant, under section 3(f) of Executive Order 12866. Accordingly, the rule has been reviewed by the Office of Management and Budget.

Benefit-Cost Analysis

A Benefit-Cost Analysis has been completed and a summary is shown below; the full analysis may be viewed on *http://www.regulations.gov*. In summary, the analysis finds that changes in the rule will have an expected savings of $705,722 to the government in administration of the Federal Crop Insurance program; a cost of slightly over $488,255 to producers; and a cost of slightly over $1 million to insurance providers.

Combining area yield protection (protection for production losses only) and area revenue protection (protection against loss of revenue caused by low prices, low yields, or a combination of both) within one Basic Provisions and the applicable Crop Provisions will minimize the quantity of documents needed to describe the contract between the insured and the insurance provider. An insured benefits because he or she will not receive several copies of largely duplicative material as part of the insurance contracts for crops insured under different plans of insurance. Insurance providers benefit because there is no need to maintain inventories of similar materials. Handling, storing and mailing costs are reduced to the extent that duplication of Basic or Crop Provisions is eliminated. Benefits accrue due to avoided costs (resources employed for duplicative effort), which are intangible in nature. These changes will increase the efficiency of the insurance provider by eliminating the need to maintain and track separate forms, and by eliminating the potential for providing an incorrect set of documents to an insured by inadvertent error.

The GRIP plan of insurance currently uses a market-price discovery method to determine prices. This rule uses this same method for determining prices for both area revenue protection and area yield protection. The benefits of this action primarily accrue to FCIC, which will no longer be required to make two estimates of the respective market price for these crops. Insurance providers benefit because they no longer will be required to process two releases of the expected market price for a crop year. Insureds also benefit because the price at which they may insure the crops included under GRP yield protection should more closely approximate the market value of any loss in yield that is subject to an indemnity, and insureds will not have to analyze potential differences in price in deciding between area revenue or area yield protection. There are essentially no direct costs for this change since the market-price price discovery mechanism already exists and is in use for the GRIP plan of insurance. All required data is available and similar calculations are currently being made.

These changes will simplify administration of the crop insurance program, reduce the quantity of documents and electronic materials prepared and distributed, better define the terms of coverage, provide greater clarity, and reduce the potential for waste, fraud, and abuse.

Paperwork Reduction Act of 1995

Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), an information collection package was submitted to OMB for review at the time the proposed rule was published and assigned OMB Control number 0563–0083. The information collection and recordkeeping requirements contained in this final rule will not be effective until the final information collection package is approved by OMB.

E-Government Act Compliance

FCIC is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal

governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 13132

It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175

This rule has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation will not have substantial and direct effects on Tribal governments and will not have significant Tribal implications.

Regulatory Flexibility Act

FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. Program requirements for the Federal crop insurance program are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees, and compute premium amounts. Whether a producer has 10 acres or 1000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act (Act) authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure that small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have an impact on small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605).

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order 12372

This program is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order 12988

This final rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or to require the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 or 7 CFR part 400, subpart J for the informal administrative review process of good farming practices as applicable, must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant economic impact on the quality of the human environment, health, or safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background

This rule finalizes the Area Risk Protection Insurance (ARPI) Basic Provisions, ARPI Corn Crop Insurance Provisions, ARPI Cotton Crop Insurance Provisions, ARPI Forage Crop Insurance Provisions, ARPI Grain Sorghum Crop Insurance Provisions, ARPI Peanut Crop Insurance Provisions, ARPI Soybean Crop Insurance Provisions, ARPI Wheat Crop Provisions to provide area yield protection and area revenue protection in one policy and to make other changes that were published by FCIC on July 22, 2011, as a notice of proposed rulemaking in the **Federal Register** at 76 FR 44200–44224. The public was afforded 60 days to submit comments after the regulation was published in the **Federal Register**.

A total of 384 comments were received from 48 commenters. The commenters were producers, insurance agents, insurance providers, an insurance service organization, grower associations, universities, and other interested parties.

The public comments received regarding the proposed rule and FCIC's responses to the comments are listed below (under applicable subject headings) identifying issues and concerns, and the changes made, if any, to address the comments.

Background

1. Proposed Policy

Comment: A commenter stated, with respect to proposed policy changes, it is difficult to comment on proposed provisions that include references to information in the Special Provisions and/or actuarial documents not included in the proposal. The commenter recommended that when FCIC releases policy revisions for public examination, FCIC should include a sample of the anticipated Special Provisions/actuarial documents for review and comment. Without such information, interested parties cannot offer comments as meaningful as they otherwise would.

Response: FCIC understands the commenters concerns about having additional information to reference to the proposed provisions. However, these statements provide information or exceptions to the provisions in the Basic Provisions or Crop Provisions that can vary by state and county. Therefore, it would be impractical to include all of these statements in the rule. Further, this rule is a combination of the various area plans of insurance so the Special Provision and actuarial document statements will be similar.

Comment: A commenter expressed their appreciation for the opportunity to comment on the proposed rule to replace GRP and GRIP with ARPI. The commenter expressed agreement with combining these two policies and stated that it made sense by reducing paperwork and labor.

Response: FCIC appreciates the support for its efforts and agrees combining GRP and GRIP into one program will be beneficial.

Comment: Several commenters stated their appreciation of FCIC's efforts to provide an area-wide crop insurance product for the major crops. The commenters also stated FCIC's decision in putting yield and revenue protection into one basic insurance policy was a wise use of resources. However, the commenters expressed concern about ARPI not being offered in all areas where the crops insured under ARPI may be grown. One commenter would like ARPI available for all the major crops grown in Louisiana and have it

available for all parishes. The commenter suggested if sufficient information is not available to offer the policy in a given parish, then the area should be expanded to multiple parishes or to the crop reporting districts to provide coverage.

Response: FCIC appreciates the support for its efforts. ARPI was written to provide FCIC with the flexibility to modify how it makes area plan offers in the future including on a basis beyond a single county, parish, etc. FCIC will continue to evaluate and consider where and how it expands area plans of insurance.

2. Price Determinations

Comment: Several comments were received regarding the pricing for the new area plans of insurance in the Crop Exchange Price Provisions for ARPI (CEPP–ARPI). A commenter noted the new plans of insurance would use futures contract prices from commodity exchange markets, which are well studied and established as unbiased and efficient in utilizing all the information available to market participants. The commenter further noted a single projected price would be used in all three new area plans of insurance. Finally, the commenter noted the new area plans of insurance would use the same insurance prices for individual plans of insurance corresponding to the same sales closing date. All these changes regarding insurance prices should help simplify and streamline the program. The commenter would encourage FCIC to make use of the same CEPP for area and individual plans of insurance instead of maintaining two separate CEPPs, as this will eliminate the potential for errors or discrepancies of maintaining two CEPPs. Another commenter stated matching the price discovery period for area and individual plans for the same crop is a good idea and creates less confusion. Another commenter recommended adding Alabama, Florida, South Carolina, and Virginia to the list of states with specific dates in determining the cotton projected and harvest price.

Response: The CEPP–ARPI was provided for comment as a courtesy to the public and is not a part of the regulation published in the Code of Federal Regulations. It is not subject to the formal notice and comment rulemaking process, and as a result, FCIC is not publishing responses to all of these comments in the final rule. The proposed CEPP–ARPI allowed for a single projected price for all area plans of insurance but not the same price by crop between the area plans and individual plans of insurance. FCIC agrees with the commenters that the use of one CEPP to establish a common crop price between all plans of insurance would be more efficient and less confusing. Instead of maintaining a separate CEPP for ARPI, FCIC will update the CEPP used for the Common Crop Insurance Policy (7 CFR 457.8) to establish pricing for both individual and area plans of insurance. FCIC thanks the public for their assistance in reviewing the CEPP and will consider all comments received and make appropriate changes in the CEPP. FCIC has revised the provisions to replace the term ''CEPP–ARPI'' with the term ''CEPP'' everywhere it appears in the provisions.

Comment: A commenter stated the term ''price'' as it relates to the volume of the contract should be renamed ''contract volume.'' This verbiage is much easier for a producer to understand. When a producer selects a coverage level of 85 percent and a price of 150 percent, what he is really doing is selecting 85 percent coverage on 180 bushels per acre in a county that has a base yield of 120. Allowing these contracts to be uniform will reduce the error rate of the agency and reduce producer confusion.

Response: FCIC is unsure of what provisions the commenter is referencing, as ''price'' is not a defined term. The projected price and harvest price are based off futures contract of commodity exchange markets. Producers cannot select more than 100 percent of the price. FCIC presumes that the commenter is referring to the protection factor of 120 percent. However, this is not a price election, nor does it change the deductible or trigger for an indemnity. It is simply a means to allow producers to better tailor the coverage to their individual risk. FCIC is unsure of what the commenter meant when stating, ''Allowing these contracts to be uniform will reduce the error rate of the agency'' and, therefore, FCIC cannot respond to this suggestion. No changes have been made.

3. Barley and Peanuts

Comment: Several comments were received regarding FCIC's decisions to not provide ARPI coverage for barley and peanuts. Commenters understand that producers have shown a preference for individual crop insurance coverage but peanuts should not be excluded from ARPI. The commenters stated there is potential for area risk protection to be beneficial for producers in certain situations including producers without a yield history, irrigated farms, and farms whose yields track well with the county yield. The commenters stated area-based insurance is generally cheaper than individual-based insurance and with more education from agents then more producers would utilize it. Commenters believe the contract price provision for the individual yield protection policy gives it the upper hand over area plans. Also the lower commissions to agents probably discourage sales as well as the risk of an individual loss. Commenters stated peanut producers would like to have revenue insurance like cotton. Commenters stated revenue insurance is under investigation by a couple of producer groups to determine a pricing method for peanuts. A commenter believes ARPI has potential for coverage of peanuts, once a better pricing method is developed so that ARPI and the Common Crop Insurance Policy are on equal footing as far as price election. Another commenter stated FCIC should be sensitive to comments from insurance providers and producers concerning the proposal not to include barley and peanut coverage under the ARPI program. It is important for FCIC to ascertain whether or not there is any producer interest in ''area'' coverage for these crops. Another commenter stated they understand there has not been any GRP coverage offered on these two crops in recent years due to limited interest, but questions if FCIC has done an assessment or review of producer interests in insuring these crops under ARPI.

Response: In response to the commenters' requests to include barley and peanuts under ARPI, FCIC has added ARPI Barley Crop Provisions and ARPI Peanut Crop Provisions to this rule.

4. Insuring Other Crops—No Written Agreements

Comment: Several comments were received regarding FCIC's decision to not allow written agreements for ARPI. One commenter stated they have no objection in principle to simplifying area coverage by not including provisions allowing for written agreements. However, in order to judge the impact of this decision on the market, it would be beneficial for FCIC to provide information regarding how many written agreements have been requested to insure hybrid seed corn, hybrid sorghum seed, popcorn, sweet corn, or other specialty corn (*e.g.* high-amylose, flint, flour, Indian, blue corn, wildlife-adapted, or any open-pollinated varieties) under the GRP and GRIP policies, and how many of those were approved. The commenter further stated since producers growing these crops will not be allowed to have area-based

coverage unless the crops are subsequently added under ARPI; FCIC should address how many producers are likely to be disadvantaged by this decision. The commenter questioned why is it being proposed to allow coverage for hybrid seed corn and hybrid sorghum seed under the ARPI program but not the other various types of corn that were previously allowed to have area coverage via the written agreement process. The commenter also questioned if FCIC plans to remove the GP Type from the Written Agreement Handbook in conjunction with this proposed change under the ARPI program. Another commenter questioned FCIC's intention to allow others crops to be insured under ARPI through the Special Provisions, and suggested FCIC include a reference to this intent in the policy. The commenter stated they would rather not see other crops insured under ARPI, as they believe these other crops are better served by individual plans of insurance.

Response: The overall number of GRP and GRIP written agreements has been less than one percent of the total GRP/GRIP policies earning premium each year. The number of approved written agreements out of GRP policies was 35 of 16,750 in 2007, 42 of 20,670 in 2008, 37 of 14,704 in 2009, 30 of 10,502 in 2010, 27 of 9,701 in 2011, and 29 of 8,822 in 2012. The number of approved written agreements out of GRIP policies was 302 of 39,651 in 2007, 216 of 24,116 in 2008, 248 of 21,746 in 2009, 189 of 17,009 in 2010, 202 of 14,306 in 2011, and 138 of 10,022 in 2012. Crops such as hybrid seed corn and hybrid sorghum seed could be insurable under the ARPI Crop Provisions because the data for these crops is collected by the National Agricultural Statistics Service and is included in the yield estimates for corn and grain sorghum. The reference to GP Type written agreements will be removed from FCIC issued procedures including the Written Agreement Handbook. The ARPI Crop Provisions already have provisions that allow insurance for other crops if specified on the Special Provisions. The applicable ARPI Crop Provisions specify that hybrid seed corn and hybrid sorghum seed is not insurable under ARPI unless specified in the Special Provisions as insurable.

5. Calculations

Comment: Several commenters noted the new ARPI proposed rule maintains the ''multiplier'' concept from GRP and GRIP so that producers with above average yields can get higher protection and renames the ''multiplier'' as ''protection factor.'' They noted the maximum protection factor a producer can select is reduced from 1.5 to 1.2 in the proposed rule. Also, the proposal rule introduces a new concept called ''total loss factor'' (TLF) which is described as accounting for lower county variation compared to an individual producer's variation. They noted it seems that there is a single value for TLF for each county, and this may change county to county. The example in the proposed rule used 0.82 for the TLF. The preamble to the proposed rules states ''The combination of reducing the protection factor to 120 and adding a total loss factor allows for ARPI coverage to not appear overstated but also recognizes, at certain thresholds, a total loss is likely to have occurred and ultimately results in overall coverage with respect to premium and indemnities to be similar to that previously provided by GRP and GRIP.''

The commenters stated that FCIC's reasoning in the quoted passage is not convincing. The commenters stated they worked through the total indemnity formulas (see the Appendix) and verified that reducing the protection factor to 1.2 would still accommodate the possibility of total loss in a county because the disappearing deductible feature of area plans is maintained in ARPI. They stated that under the existing GRP and GRIP policies, selecting an amount of protection higher than 1.2 would scale up the liability, premium, and indemnity equally, so that the loss ratio would remain the same. Then in that situation, a producer had to pay higher premium to choose a protection factor higher than 1.2. Whereas, with a built-in TLF, the producer obtains free protection unless the premium rates are properly adjusted (see the example below). The commenters stated the proposed rule provides no information with regard to this issue and requested that, at a minimum, more transparency on the impact of introduction of TLF on premium rates is warranted.

The commenters analyzed the example provided where the producer is assumed to choose a protection factor of 1.1 and coverage level of 75%. The premium rates for the parameters of the example are 0.0166 for ARPI, 0.0146 for ARPI–HPE, and 0.0116 for AYP. If setting TLF to 1 then this would be equal to GRP and GRIP, which has no TLF. The indemnities on this basis are shown in Table 1.

TABLE 1—THE IMPACT OF TOTAL LOSS FACTOR (TLF) ON INDEMNITIES

	TLF=1	TLF=0.82	Indemnity increase (Decrease) (percent)
ARPI	20,812	26,346	27
ARPI–HPE	11,946	15,718	32
AYPI	18,216	23,968	32

The commenters stated that from Table 1, the producer sees on average 30% (approximately) increase in indemnities. There is no information provided on how the premium rates accounted (if any) for that. If the producer would choose the maximum protection factor (under no TLF case), that is, protection factor going up from 1.1 to 1.5 (36% increase) while holding the coverage level at 75%, then the final policy protection, and therefore premium and indemnity (under TLF=1 column above), would go up about 36%.

The commenters stated that theoretically, under actuarially fair premium rates, a producer's demand for coverage with area insurance is the producer's beta (Bulut, Collins, Zacharias, 2011; Miranda, 1991). Producer's beta is defined as the correlation between the producer's loss and area loss multiplied by the standard deviation of farmer's loss divided by the standard deviation of area loss. A producer with a higher variation of loss relative to that of the area would demand higher coverage with area plan. Nevertheless, a built-in total loss factor provides extra coverage to every producer, ignoring the fact that some producers may have lower variation relative to the county level and would need less coverage.

The commenters then stated that in order to understand the magnitude of premium rate adjustments (if any) due to the TLF; the details of the cost-benefit analysis would be useful. However, the analysis could not be found at the designated Web site.

The commenters also had several fundamental concerns with the concept of protection factors and the TLF presented in the proposed rule. The commenters stated that while the limitation of the protection factor to a maximum of 1.20 does succeed in reducing the maximum amount of protection per acre as compared to the existing GRP and GRIP plans, the TLF counters this by the way in which it determines payouts for a given percentage of loss. Under existing plans, the total policy protection is paid out only if the county experiences a 100 percent loss. The deductible disappears in its entirety only when a total loss occurs. Under the new plans, the total policy protection is paid out even in cases where a total loss has not occurred. In the example in which the TLF is 0.82, the total policy protection is paid out when the percentage loss in the county equals or exceeds 82%. This is not at all similar to the coverage provided under GRP and GRIP.

The commenters objected to FCIC's decision to pay out the total policy protection in situations in which the loss is significantly less than a total loss. The commenters were not convinced that this is either necessary or in the best interests of the program. The disappearing deductible feature in the current GRP and GRIP policies already provides more protection than is available under individual risk protection policies, and it should be more than sufficient to enable producers to design effective risk management solutions for their farming operations. Paying a loss equal to the total policy protection when 18% of the crop is still in the field and available to be harvested creates an opportunity for producers to profit (*i.e.,* recover more than 100% of the crop's value) under the new insurance policy. The commenters stated this is not consistent with congressional intent to provide risk protection.

The commenters further stated that, in addition, consistent with their objection to the 1.50 multiplier in the GRP and GRIP programs, they objected to the inclusion of a protection factor that permits the producer to potentially over-insure the crop. In the aggregate, this could result in total indemnity payments for a county in excess of the total value of the crop. Given the new requirement for the producer to provide his production information, this problem could be mitigated by requiring the producer to support his selected protection factor based on his yield in relation to the county yield. This shortcoming should be corrected prior to implementation of the new program.

The commenters stated FCIC's justification for the total loss factor is that it compensates for the decreased variation in county yields relative to the individual producer. They found this argument unconvincing. The real world effect of this provision is to provide additional payments to producers in *deminimis* yield situations. If this is the actual rationale for making this change, then FCIC should be upfront about this. However, regardless of the justification for this change, this provision is inconsistent with the intended purpose for the area plan program. Area plan coverage is intended to protect against yield shortfalls affecting the county as a whole. As designed, the total loss factor provision over compensates producers for their loss. This will benefit each producer to a different extent, depending on the producer's residual yield. Some producers will, in effect, be compensated for harvesting the remainder of the crop, while others will be overcompensated for their loss. This will have unintended effects on production decisions. More importantly, FCIC's action to compensate producers for harvesting costs in *deminimis* yield situations establishes an undesirable precedent for future revisions to the individual risk forms of coverage.

Appendix: Consider a total indemnity calculation for ARPI–HPE: Use the following notation: Q^0: Expected County Yield, Q^1: Final County Yield, P^o: Projected Price, P^1: Harvest Price, *ECR:* Expected County revenue and $ECR = Q^0 \times P^0$; *FCR:* final county revenue and $FCR\ Q^1 \times P^1$; denote the coverage choice with *y,* denote scale choice with *z* whose maximum is now reduced to 1.2, *FPP* final policy protection $FPP = ECR \times a \times s \times z$, *PF:* payment factor (per acre indemnity), and $TIP = FPP \times PF$ total indemnity payments then $TIP = FPP \times PF$.

The effect of TLF shows up in the payment factor (also called per acre indemnity) calculation.

$$PF = \frac{ECR \times y - FCR}{ECR \times y - ECR \times (1 - TLF)} = \frac{y - FCR/ECR}{y - (1 - TLF)}$$

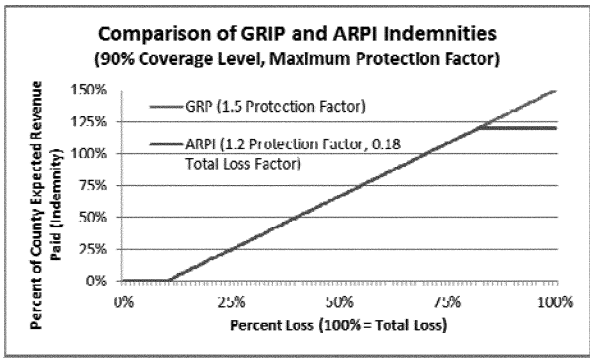
Because TLF is less than 1 (FCIC takes 0.82 in their example), the denominator in the payment factor calculation goes down, therefore, per acre indemnity goes up. Note that setting TLF = 1 would give the ''no TLF'' case.

Rearranging equation (1) yields

$$PF = \frac{y - 1 + (1 - FCR/ECR)}{y - 1 + TLF}$$

In the preceding equation, when the county loss ($1 - FCR/ECR$) equals *TLF,* then the payment factor (*PF*) would be 100%, verifying the definition of *TLF.* If the county loss is greater than *TLF,* the *PF* would be greater than 1. In that situation, the *PF* would effectively be capped at 1.00 since the definition of *TLF* states that the total indemnity is capped at the final policy protection. In the absence of *TLF,* that is, *TLF* = 1, the *PF* is less than 1 except the total loss case where the *PF* would be 1.

Response: As the commenters noted FCIC proposed using a total loss factor of 0.82 which is used in the payment factor calculation expressed as (1-total loss factor) resulting in 0.18. To improve clarity and use a more appropriate term for its use, FCIC has changed the term ''total loss factor'' to be ''loss limit factor'' and will simplify the payment factor calculation by eliminating the (1-total loss factor) as the loss limit factor will be 0.18. FCIC revised the payment factor calculations in sections 11 and 30 of the ARPI Basic Provisions to reflect these changes.



In regards to the commenters concerns with the total loss factor providing overcompensation, FCIC designed the ARPI policy in a way that allowed the protection factor (formerly ''multiplier'') to be reduced but still provide an effective level of risk protection. An example of this is shown in the nearby graph. The example compares the indemnities for the current GRP policy and the proposed ARPI policy. The example assumes a 90 percent coverage level and a protection factor of 1.5 for GRIP and 1.2 for ARPI, the maximum allowed for either policy. This example represents the most common coverage choice by producers who purchased GRIP policies. The new loss limit factor for ARPI in this example is set at 0.18, meaning that the ARPI policy will pay out its maximum indemnity limit when the county yield or revenue falls 82 percent below its expected county level. FCIC intends for the loss limit factor to be the same for all counties. As can be seen in the graph, any loss beyond this level no longer affects the amount paid out.

In this example, both policies pay out the same amount for the same loss up to 82 percent. Beyond 82 percent, the indemnity payments for the two policies diverge with ARPI no longer paying out since the coverage was limited to paying no more than 120 percent of the expected county revenue (county expected yield times projected price) and GRIP increasing up to 150 percent of expected county revenue beyond a loss of 82 percent in a county.

This example demonstrates how the loss limit factor enables ARPI to provide an equivalent amount of risk protection for most levels of loss as the current GRIP policy, even though the maximum protection factor for ARPI (1.2) is lower than for GRIP (1.5).

County wide production losses greater than 82 percent are relatively rare. However, should such losses occur, the smaller maximum protection factor for ARPI makes it less likely than GRIP to pay an amount that exceeds the actual loss experienced by the producer. The loss limit factor for ARPI has no relation to the de minimus yield issue associated with individual coverage. FCIC does not recognize or acknowledge de minimus yield in this product or any Federally reinsured plan of insurance. Over the years FCIC has been asked to consider using a de minimus yield for individual coverage, whereby when losses reach a certain level any remaining production would be ignored and not considered as production to count and a full indemnity be paid (*e.g.* an appraisal of 5 bushels per acre or less on a wheat policy would be ignored and considered as if no production remained). FCIC has not accepted or implemented a de minimus yield in its existing policies. Consistent with this approach, when losses reach a certain level for ARPI, no further indemnity payments are made. This is why, as shown in the previous graph, the payout for ARPI ceases to increase beyond a certain point as compared to the current GRP and GRIP policies. In other words, rather than ignoring production to count, ARPI is doing the opposite. It is, in effect, paying as if the county produced at least 18 percent of its expected level—regardless of how little production there really was. While the full liability under an ARPI policy may be paid, FCIC disagrees that the loss limit factor provides the opportunity for producers to profit by paying the total policy protection when some of the crop is still in the field and available for harvest. Individual farm revenues and yields are not considered under ARPI and it is possible that an individual farm may experience reduced revenue or reduced yield and not receive an indemnity under ARPI. An individual's loss situation is not determined by a loss adjustment appraisal under area-based plans of insurance. The overall average production in the county determines if there is a loss situation and whether an indemnity is due.

As directed by the Act, FCIC will charge premium rates for ARPI that are sufficient to cover expected losses plus a reasonable reserve. The premium rates for ARPI are expected to be generally higher than for GRP or GRIP. However, the higher rates will be substantially offset by a reduction in liability resulting from the reduced maximum allowed protection factor. Because of this offset, the total premium charged to producers for coverage under ARPI is expected to be similar to the former GRP and GRIP policies.

Comment: Many commenters stated they like the changes to the policy with one major exception; reducing the protection factor to 120 percent is not a sound idea. A commenter stated many of their insured producers find great value in the ability to protect up to 150 percent of the loss. The increased yield and price protection has given producers the support they want when they most need it even with higher premiums. Another commenter said the 150 percent protection factor helps to not only overcome yield variability but it also helps to purchase a higher level of price protection. The commenters stated when a producer purchases a revenue based crop insurance plan they are essentially purchasing a crop put option. Put options do not move penny for penny with the underlying futures price. This concept is referred to as delta. A delta of 0.5 means that for every one cent the futures move, the put option will move 0.5 cents. To overcome the impact of delta one can purchase more put options or in the case of GRIP can purchase a higher protection factor. A protection factor of 150 percent is ideal whereas a maximum protection of 120 percent leaves for more limited options. Furthermore, as long as the policy is rated accordingly to accommodate the 150 percent protection factor, there is little cost savings by reducing the factor. Another commenter stated the GRP and GRIP policies are easy to understand now and the proposed changes in the program will allow the government the ability to manipulate coverage and yield

data and the less government involvement the better. Another commenter stated the 1.2 multiplier is too restrictive for the area where their farm yields range from 75 percent to 160 percent of the county average, and some producers would be underinsured. Another commenter stated reducing the multiplier does not seem reasonable and recommended leaving the multiplier at 1.5, eliminating any coverage below 90 percent, but allowing the percentage of price down to 70 percent to keep it simple. Another commenter stated they are not sure if reducing the protection factor and adding a total loss factor improves the policy, and may give producers an unrealistic sense that they are better protected than with individual protection. Another commenter suggested having a higher upper limit for the protection factor of 1.3, which would replicate the previous GRP and GRIP programs. Several commenters stated the protection factor should be maintained at a multiplier no lower than 1.2.

Response: FCIC agrees that as long as the insurance product is rated accordingly, the 150 percent protection factor was actuarially sound for the area plans of insurance. However, FCIC received criticism that 150 percent was unreasonable as a representative yield for farms, even the highest-producing farms, and that the amount of insurance appeared excessive. There were concerns that subsidy was being paid on an amount of insurance that appeared excessive. Additionally, there were concerns that use of a county average yield meant that yields rarely reached the very low levels. The intent of the protection factor in ARPI is to allow producers who have yields higher or lower than the county average yield to insure a yield that is representative of their farm as compared to the average yield, and not to replicate a put option by allowing various spreads of prices. FCIC understands that producers would like to insure their crops for the highest amounts possible and FCIC believes that ARPI will need to be marketed differently than the old area plans to show producers that while the product is designed differently, it will work very similar to the old area plans of insurance. While the new protection factor is lower, the indemnities paid out by ARPI will be similar to the previous area plans of insurance due to the loss limit factor. The inclusion of the loss limit factor in the ARPI policy can offset the effect of the reduced multiplier and provide a level of risk protection that is similar to that provided by the current GRP and GRIP plans of insurance. Only in the rare occurrence of catastrophic loss do the payments between ARPI and GRP/GRIP diverge significantly, with ARPI payments being limited such that they are less likely to exceed the actual value of loss. As stated above, this is not like a de minimis yield in an individual plan of insurance which ignores remaining production. The loss limit factor simply states it is not paying out any more indemnity even if the yield falls below 18 percent. These two new methods of calculation for the insurance guarantee and the loss calculation should result in the insurance guarantee more closely matching a realistic farm value as well as no longer providing coverage that pays out any more indemnity when county average yields drops to a certain level. The payout of indemnities with the new calculations should be similar to the payout that occurred previously when there was a 150 percent protection factor except that ARPI is designed to never pay out more than 120 percent of the expected county yield or revenue when a county has a significant loss. Premium rates will be adjusted accordingly for the new calculations. FCIC agree with the commenters to offer a 1.2 protection factor, and will initially offer ARPI with a protection factor range of .80 to 1.20. FCIC has revised section 6(b)(1) of the ARPI Basic Provisions to make the protection factor this range unless otherwise specified in the Special Provisions instead of a factor shown on the actuarial documents. FCIC has also revised the definition of ''protection factor'' to remove the reference to this factor being a percentage from those offered in the actuarial documents.

Comment: A commenter stated the computation factor of the yield selected should be similar to how the Pasture Rangeland Forage (PRF) coverage is done. The PRF coverage ranges from 60 percent to 150 percent of the base values. GRIP and GRP coverage is very confusing as 100 percent of the policy is 150 percent of the base yield, as shown by the ''scalar'' of 1.5 in the contract. It would be simpler if producers could select 60 percent to 150 percent of the base coverage depending on their situation, just like the PRF contract. For example, if there is a county yield of 120 bushels per acre. The producers could purchase a coverage level of 70, 75, 80, 85, or 90 percent at 60 to 150 percent of the base county yield. He could select any coverage on a yield of 72 to 180 bushels per acre.

Response: ARPI has a different design and uses different terminology from PRF, but ARPI as proposed already has a multiplier (scalar) similar to PRF. The multiplier for ARPI is called the protection factor and essentially allows an insured to customize their guarantee to be either 80 percent or 120 percent of the expected county yield. The multiplier for PRF is called the productivity factor and is a range of 60 to 150 percent of the base county value. Given the different ways the programs operate, one based on vegetative growth or rainfall, and the other based on actual county yields, FCIC has determined that it is more appropriate to maintain the different multipliers. No change has been made.

Comment: A commenter stated that FCIC's idea to pay 100 percent of the loss when the yield drops to a catastrophic level is not reasonable as area plans of insurance rarely, if ever, get to a catastrophic level. The commenter further stated this is simply not a good use of taxpayer's money for ''free'' catastrophic coverage to be included in the area plans of insurance.

Response: FCIC agrees that area yields rarely drop to catastrophic levels, but disagrees that ARPI provides free catastrophic coverage. The coverage is not ''free'' as the commenter suggests because producers pay the portion after subsidy of the actuarially sound premium for the coverage except in the case of CAT coverage where they pay a fee. The loss limit factor is the loss level at which the ARPI policy no longer provides any more coverage, which is different from GRP/GRIP. ARPI and GRP/GRIP if compared would both pay out 120 percent of the expected county yield or revenue when the county has an 82 percent loss. The major difference is that in the GRP/GRIP policies if the county yield is less than 18 percent of the expect county yield then more indemnity is paid out beyond 120 percent all the way to potentially paying out 150 percent of the expected county yield or revenue in the rare occurrence of a total county loss. Under ARPI, even if the county yield falls below 18 percent, no additional indemnity is paid.

Comment: A commenter asked if the total loss factor would be published in the actuarial documents.

Response: FCIC has replaced the term ''total loss factor'' with the term ''loss limit factor'' and modified the definition to state unless otherwise specified in the Special Provisions the factor is .18.

6. Production Record

Comment: Many comments were received regarding FCIC's proposal to require production reporting for ARPI. One commenter stated that requiring producers to submit an annual production report could potentially kill

the program. Another commenter stated they selected area plans of insurance because there is no production information required and this allows producers to do the best they can to maximize yields and prevents fraudulent activity that goes on in the individual insurance policies. The commenter further stated that area plans save time with the only reviews being for acres, which the FSA 578 summary provides this evidence, and not having to spend time with a loss adjuster. The commenter further states they strongly disapprove of the production reporting change since production is irrelevant to the policy, can live with other aspects of the proposed changes if this reduces premium, but the production reporting requirement could force me out of the program. Another commenter stated the production reporting requirement removes the simplification advantage of area plans, and while it may improve accuracy of the program, it adds undue and unprecedented burden on the producers and agents. Another commenter stated if such data is needed for program integrity then maybe ARPI coverage should not be offered. The commenter further states GRP/GRIP only accounted for just over five percent of the total crop insurance liability and production reporting should be voluntary and without penalty. The commenter also asked why FCIC is not already collecting enough yield information from individual plans of insurance that the need for APRI data is minimal or unnecessary, and improvements need to be made to non-ARPI plans of insurance.

Response: The lack of data is one of the biggest barriers to being able to provide area insurance products and current budgetary situations are causing some data series to be discontinued. Without unbiased, sufficient, and credible data sources, it is not possible to provide area insurance and existing programs could be discontinued due to changing data availability. When NASS county yield data is unavailable, this creates problems for calculating final county yields used for determinations of loss under area plans of insurance. In order to assure the integrity of ARPI, production reporting will provide FCIC with credible data to use in the determination of insurance offers and for determinations of loss at the end of the insurance period. Including production data from producers who insure under both area and individual policies improves the accuracy of the county yields. This reporting will allow FCIC to offer and maintain the program in more areas than may be possible utilizing only NASS county yields. Many producers already keep this information on a year-to-year basis and many insurance providers also maintain databases containing this information to use when producers need their actual production history (APH) when changing to an individual plan of insurance. FCIC is always considering ways to improve the collection of data and will consider future improvements to production reporting for individual plans of insurance. No change has been made.

Comment: Several commenters questioned the current administrative and operating subsidy for area plans of insurance and believe the new requirement of producers submitting annual production reports should make the administrative and operating subsidy equal to individual plans of insurance. The commenters asked if compensation under the reinsurance agreement would be adjusted to reflect this additional workload.

Response: While production reporting is a new requirement for area-based plans of insurance, FCIC believes the production reporting requirement will have minimal additional administrative burden for area plans of insurance. The administrative and operating subsidy (A&O) reimburses insurance providers for much more than simple data collection, including loss adjustment which is minimal for the area plans of insurance. Any compensation changes would have to be addressed in reinsurance negotiations between FCIC and the insurance providers, as the request is outside the scope of this regulation.

7 CFR Part 407

Section 407.2 Availability of Federal Crop Insurance

Comment: Many commenters questioned the language in section 407.2 (b) which states that, ''the contract contained in this part may be offered directly to producers through agents of the United States Department of Agriculture.'' Commenters viewed the language as implying that the ARPI contract could be sold by the Farm Service Agency, acting as agents for the United States Department of Agriculture. Commenters requested that this language in section 407.2 (b) either be clarified or removed.

Response: FCIC has revised section 407.2 (b) and modified the language to reflect the decision of the Secretary to only offer coverage through approved insurance providers unless the Secretary determines that the availability of local agents is not adequate in an area.

Section 407.8 The Application and Policy

Comment: A commenter asked if FCIC should issue guidelines for insurance contract cancellations if FCIC or insurance providers may cancel insurance due to determinations of excessive risk down to a farm level in § 407.8 (b).

Response: ARPI is area-based insurance that is not intended for producers who want to insure at the farm level. A single farm generally does not greatly influence the insurance risk for an entire county. RMA is not considering issuing guidelines for contract cancellation for area-based plans of insurance based on excessive insurance risk at the farm level. FCIC has revised the provisions in (b) and removed ''farm'' from the determinations of excessive insurance risk.

Comment: A commenter asked if a disclaimer form would be required for ARPI. The commenter recommended that FCIC does not require a disclaimer form since the area plan concept has been in existence for a number of years.

Response: FCIC did not propose and will not require a disclaimer form for ARPI.

Section 407.9 Area Risk protection Insurance Policy

Comment: Several commenters noted the third paragraph states ''Throughout this policy, 'you' and 'your' refer to the named insured shown on the accepted application . . . '' but the term ''named insured'' is not defined. The commenters suggested FCIC either add this definition, or revise the language using terms already defined. The commenters also recommended changing the reference to ''insurance company'' to ''insurance provider'' since this term is defined.

Response: The provisions define the term ''insured'' which includes the phrase ''The named person as shown on the application accepted by us.'' FCIC agrees with the commenters and has revised the provisions to use the term ''insured'' anywhere the phrase ''named insured'' was used in the proposed provisions. FCIC also agrees with the commenters that the reference to ''insurance company'' should be changed to ''insurance provider'' since that is the term defined and used in the provisions.

Comment: A commenter questioned number (3) of the order of priority for policy provisions in the Agreement to Insure section. The commenter stated the actuarial documents are not really a policy provision document and

questioned the validity of this item being listed in the priority list. The commenter also stated they do not see how this item can take priority over any of the actual policy provision documents that are issued to the producer. The commenter also pointed out this item was not listed in the Common Crop Insurance Policy Basic Provisions.

Response: By definition, the actuarial documents are a part of the policy. FCIC has revised the Agreement to Insure section by replacing the phrase ''policy provisions'' with the word ''policy''. The policy priority has been revised to now state ''(2) Special Provisions'' and ''(3) actuarial documents'' and is renumbered accordingly.

Section 1 Definitions

Comment: A few commenters stated many of the defined terms in ARPI are also in the Common Crop Insurance Policy Basic Provisions, but some of the terms are defined differently in ARPI. Where possible, terms with the same intent and purpose should be identically defined with the Common Crop Insurance Policy.

Response: FCIC agrees that most terms should be identically defined between the ARPI Basic Provisions and the Common Crop Insurance Policy Basic Provisions. However, some terms do have a different meaning under ARPI and are defined accordingly. FCIC has changed some definitions as a result of other comments to the proposed rule but no specific definitions were changed from this comment.

Comment: A commenter questioned why the definition of ''actuarial documents'' includes the Special Provisions, when the Special Provisions are not an actuarial document. The commenter suggested removing the reference to Special Provisions from the definition.

Response: FCIC agrees with the commenter that the Special Provisions are not an actuarial document and will remove the reference to the Special Provisions in the definition of ''actuarial documents.'' However, the Special Provisions and actuarial documents are both a part of the policy and in accordance with changes to the Agreement to insure section, FCIC has added language to state that the actuarial documents are a part of the policy. Since all parts of the policy can be found together, FCIC has copied the following language ''. . . and is available for public inspection in your agent's office and published on RMA's Web site'' from the definition of ''actuarial documents'' and added this to the end of the definition of ''Special Provisions.'' In addition, USDA has started an initiative called the Acreage Crop Reporting Streamlining Initiative (ACRSI) to simplify the acreage reporting process by establishing a common USDA framework for commodity reporting that will enable producers to report common data once. This will be accomplished by establishing common data standards for automated processes across USDA, which will simplify and reduce the need for producers to provide the same information at different times to different agencies. FCIC is working to conform to ACRSI and is transitioning the current actuarial offers of type and practice shown on the actuarial documents. FCIC is also expanding the display of types and practices into eight new fields. Type will now become a combination of four fields called commodity type, class, subclass, and intended use. Practice will now become a combination of four fields called irrigation practice, cropping practice, organic practice, and interval. This transition does not increase the number of actuarial offers but displays the types and practices in a format that better conforms to the common data standards of the ACRSI. As a result, FCIC removed the following language ''. . . practices, particular types and varieties of the insured crop . . .'' from the definition of ''actuarial documents'' and replaced with ''. . . types (commodity types, classes, subclasses, and intended uses), practices (irrigated practices, cropping practices, organic practices, intervals) of the insured crop . . .'' Any reference to the crop, type, or practice being shown on the ''Special Provisions'' has been changed everywhere in the Basic Provisions and Crop Provisions to the term ''actuarial documents.''

Comment: A commenter suggested the term ''agricultural experts'' match the plural use of ''persons'' by revising the second sentence to start with ''Persons who have a personal or financial interest . . .'' and change the third sentence to ''For example, contracting with a person . . .''

Response: FCIC agrees with the commenter and has revised the definition accordingly.

Comment: A commenter asked, based on the definition of ''area,'' how often and on what basis would a county be replaced by another geographical area as specified in the actuarial documents.

Response: As of the date of this rule, area continues to be based on a county. However, requests are made to expand area coverage to new counties where there may not be adequate data. The term ''area'' is defined in a way that allows FCIC the flexibility to make ARPI offers for a geographical area other than a county. In some situations it may be more actuarially appropriate for certain geographical regions to be divided or combined into an area other than at a county level based on the availability of yield data or the homogeneity of the land.

Comment: A commenter suggested for the definition of ''area yield protection'' adding language to specify it does not provide protection against loss of revenue.

Response: FCIC agrees and has revised the provision accordingly.

Comment: Several commenters stated the definition of ''assignment of indemnity'' is essentially the same as the one in the Common Crop Insurance Policy Basic Provisions but is broken into two separate sentences and some of the words are rearranged. The commenters suggested, unless these changes are improvements, the definitions should match.

Response: FCIC agrees and has revised the definition accordingly.

Comment: Several commenters questioned why ARPI defines the term ''commodity'' but uses the term ''agricultural commodity'' in numerous places in the policy.

Response: FCIC intends to use the term ''commodity'' and will replace ''agricultural commodity'' with the term ''commodity'' everywhere it appears in the provisions. FCIC also will revise the definition of ''commodity'' to more appropriately match USDA's ACRSI objective of using common standardized data and terminology. In addition, FCIC will add and define the term ''crop'' to recognize that a crop is the insured commodity.

Comment: Several commenters questioned why the definition of ''county'' is significantly different from same term under the Common Crop Insurance Policy Basic Provisions, and why the language ''. . . acreage in a field that extends into an adjoining county if the county boundary is not readily discernible'' has not been included in the definition. The commenters explained this would allow for greater consistency between all plans of insurance, especially due to the new production reporting requirements.

Response: The ARPI definition of ''county'' is different because of the need to incorporate the term ''area.'' FCIC agrees with the commenters and will add the following language to the end of the definition: ''including acreage in a field that extends into an adjoining county if the county boundary is not readily discernible.''

Comment: Several commenters questioned the use of the term

''credible'' and said this term appears to be used only in regards to ''data'' that is ''of sufficient quality and quantity to be representative of the county.'' The commenters also said ''credible'' is an adjective and should not be redefined from its general meaning. The commenters suggested changing the term to ''credible data'' and then define the meaning.

Response: FCIC agrees with the commenters and will replace the term ''credible'' with the term ''credible data'' with the same definition.

Comment: A commenter asked since the term ''delinquent debt'' seems to be an important definition and many past National Appeals Division cases have dealt with delinquent debt, this term should be defined in the policy, or at a minimum a Web site link to 7 CFR part 400, subpart U should be provided. Another commenter stated it would seem preferable to provide the definition of ''delinquent debt'' rather than requiring the producer (and insurance provider) to look it up in the CFR. The commenter also said the same goes for the definitions of ''limited resource farmer'' and ''verifiable records.''

Response: FCIC understands the commenters concern of referring the readers to another document for the definition. However, it is not uncommon for the Basic Provisions to contain cross references to other provisions in 7 CFR part 400. Further, these regulations are part of the policy as it is defined. Maintaining one definition of ''delinquent debt'' in 7 CFR part 400, subpart U and a cross reference in the Basic Provisions will prevent conflicts between the Basic Provisions and subpart U. FCIC has added the link to the Web site where the definition can be found. The definition of ''limited resource farmer'' contains a Web site address and FCIC will add the Web site to the definition of ''verifiable records''.

Comment: Several commenters questioned the phrase ''directly or indirectly'' used in place of ''financially'' in the definition of ''disinterested third party.'' The commenters believe this terminology has a broader implication but the intent is not clear, and identification of an indirect benefit will be subjective. Another commenter suggested changing the phrase ''(1) That does not . . .'' to ''(1) Who does not . . . '' to be consistent with the phrase ''(2) Who will not . . .'' Another commenter pointed out the term ''disinterested third party'' is not used in the ARPI Basic Provisions.

Response: FCIC agrees that the term ''disinterested third party'' is not used in the ARPI Basic Provisions and has elected to remove the definition.

Comment: A commenter stated the definition of ''dollar amount of insurance per acre'' indicates that the projected price will always be used, but fails to account for a producer who elects less than 100 percent of the projected price. The commenter further stated this would also affect the policy protection computation in section 6(f) and all other provisions that utilize this definition.

Response: Under ARPI, producers will not have the choice of selecting a percentage of the projected price. Unless a producer elects the catastrophic risk protection (CAT) level of coverage, one hundred percent of the projected price will be used in calculating the dollar amount of insurance per acre. If the producer elects CAT coverage 45 percent of the projected price will be used to calculate the dollar amount of insurance per acre. The CAT coverage offered under ARPI is equivalent to the CAT coverage previously offered under the Group Risk Plan (GRP) which ARPI is replacing. Group coverage is required to be 'comparable coverage' to an individual plan, for which CAT is statutorily defined as 50 percent of yield and 55 percent of price. RMA has determined that comparable area-based coverage is 65 percent of yield and 45 percent of price. FCIC will remove section 2(b)(4), which will eliminate the ability for producers to select a percentage of the projected price on their applications for insurance.

Comment: A commenter questioned if the terms ''expected county yield'' and ''final county yield'' should reference section 15 for an explanation of how and who determines these yields.

Response: FCIC agrees and has added a reference to section 15 in these definitions.

Comment: A commenter stated the term ''final planting date'' in ARPI seems to be a different definition than what is contained in the Common Crop Insurance Policy Basic Provisions and is therefore confusing to producers. The commenter gave the example of a Common Crop Insurance Policy corn policy with a final planting date of May 31st and a 25-day late planting period, which means the late planting period ends June 25th. The commenter further states then for ARPI the final planting date would be June 25th and the CCIP final planting date would be May 31st for the same crop and county. Another commenter questioned the phrase ''generally consistent'' stating it is ambiguous and fails to improve the clarity of the definition. The commenter asked FCIC to consider deleting the phrase ''generally consistent with.'' Another commenter stated the final planting date is a new requirement for the insured crop to be planted by the final planting date in order to be insurable. This commenter questioned if it is FCIC's intent for the insurance provider to capture the actual planting date in order to determine if the acreage is insurable or not. The commenter stated this would create a large increase in workload to capture information for the very few situations in which the acreage might be planted after the last day of the normal late planting period as outlined in other individual reinsured policies.

Response: FCIC defined ''final planting date'' differently because there is no coverage for prevented planting or and no reduction in the guarantee if the crop is late planting under ARPI because this is an area policy. However, to protect program integrity, FCIC needs to ensure that producers planted, and used good farming practices, with the expectation of making a crop. Therefore, FCIC is retaining the requirements to plant by the final planting date and has elected to use the last day of the late planting period as the final planting date. FCIC agrees that the phrase ''generally consistent with'' should be removed and has removed the entire second sentence from the definition of ''final planting date,'' since the first sentence is unambiguous and clearly defines the final planting date as the date contained in the actuarial documents. FCIC also revised section 8(c)(1) to specify the last date the insured crop was planted must be reported.

Comment: Several commenters stated the term ''FSA serial farm number'' should be corrected to ''FSA farm serial number.''

Response: FCIC has revised this term to ''FSA farm number'' since FSA now uses the term ''farm number'' in place of term ''farm serial number.''

Comment: Several commenters stated the definition of ''insurable interest'' is significantly different from the same term as defined in the Common Crop Insurance Policy Basic Provisions. The commenters suggested defining ''operator'' since, as currently stated in ARPI the new definitions for ''disinterested third party,'' ''insurable interest'' and ''share'' may collectively imply that an ''operator'' might include a custom harvester or farm manager, both of whom would have at least an indirect financial interest in the crop.

Response: FCIC agrees that the definition of ''insurable interest'' is

significantly different and has revised the definition to match the same term as defined in the Common Crop Insurance Policy Basic Provisions, which does not include a reference to ''operator.'' FCIC has also revised the definitions of ''share'' to be consistent with the Common Crop Insurance Policy Basic Provisions and removed the definition of ''disinterested third party'' because it is not used in the policy.

Comment: Several commenters questioned the intent of the last sentence of the definition of ''insurance provider'' which states, ''We are an insurance provider.'' One commenter stated it does not appear to add any meaning to the definition and should be deleted. Another commenter questioned what the word ''we'' refers to in the last sentence.

Response: The paragraph preceding the ''Agreement to Insure'' section at the beginning of the policy clarifies to whom ''we'' refers. Therefore, the last sentence in the definition of ''insurance provider'' is redundant and has been removed.

Comment: Several commenters stated the term ''payment factor'' should not have ''Factor'' capitalized so as to be consistent with most other multi-word definitions.

Response: FCIC agrees and has changed the term accordingly.

Comment: A commenter asked if FCIC would consider expanding the definition of ''planted acreage.'' The commenter stated the adequacy of the planted acreage term may not be an issue for this proposed rule, but it does not fit well with all crops. For example, sugarcane and potatoes are planted using pieces of the sugarcane stalk or potato; sweet potatoes are planted with slips. The commenter suggested expanding the definition of planted acreage to include for example, ''seed, vegetative plant parts, plants, trees, and other propagation materials '' or other suitable designations.

Response: FCIC realizes that ARPI may be expanded in the future to include crops with other planting practices. Therefore, FCIC has revised the definition to allow other planting methods to be included in the Special provisions.

Comment: Several commenters questioned the benefit of including good farming practice considerations in the definition of the term ''practice.'' The commenters stated these terms are separate concepts with separate purposes under the policy and should be separately defined. A commenter questioned if the phrase ''. . . qualifying as good farming practices . . .'' should be moved from the first sentence to the second sentence. The commenter also recommended in the second sentence changing the phrase ''specific practices that are insured'' to ''specific insurable practices'' and stated the phrase ''may be listed'' is confusing because how can an insured practice NOT be listed in the actuarial documents.

Response: FCIC agrees with the commenters that the definition of ''practice'' is problematic and has revised the definition to now state ''Production methodologies used to produce the insured crop consisting of unique combinations of irrigated practice, cropping practice, organic practice, and interval as shown on the actuarial documents as insurable'' which also helps FCIC conform with the ACRSI goal of using common data standards across USDA. FCIC has added and defined the new terms ''irrigated practice,'' ''cropping practice,'' ''organic practice,'' and ''interval.'' Each unique combination of these four categories will match the original practice actuarial offer.

Comment: A commenter recommended in the definition of ''protection factor'' changing the phrase ''. . . and is used . . .'' to ''and that is used . . .''

Response: FCIC agrees and has changed the definition accordingly.

Comment: A commenter asked, according to the definition of ''replanted crop,'' is replanting required under the area plans of insurance if the crop is destroyed on or before the final planting date; *i.e.,* good farming practice.

Response: FCIC does not require replanting if the crop is destroyed on or before the final planting date.

Comment: Several commenters stated the definition for ''share'' is different from the same term defined in the Common Crop Insurance Policy Basic Provisions, and collectively with the new definitions for ''disinterested third party'' and ''insurable interest,'' could imply that an ''operator'' might include a custom harvester or farm manager, who could have at least an indirect financial interest in the crop. In addition, the commenters noted if premium is determined on the share as of acreage reporting date some of the policy references to ''share'' do not appear to be consistent in section 8.

Response: FCIC agrees the definition of ''share'' is inconsistent with section 8 and has revised the definition to now state, ''Your insurable interest in the insured crop as an owner, operator, or tenant.'' This change, the deletion of ''disinterested third party, and the revision to the definition of ''insurable interest'' should no longer imply that a custom harvester or farm manager, who could have an indirect interest, would have an insurable interest in the crop. FCIC has also revised section 8 to correct other inconsistencies with the definition of ''share'' and to be more consistent with the Common Crop Insurance Policy.

Comment: Several comments were received regarding the definition of ''total loss factor.'' A commenter was concerned the total loss factor works like an increasing payment product and is unsure if the increased risk is properly rated. Another commenter stated even though it is unlikely that a county level loss will reach a level similar to the total loss factor of 0.82, the use of this factor would seem highly inappropriate for insuring grain crops and cotton. The commenter further stated it has never been nor should it be a practice to ignore potential production regardless of reduced levels of crop production that might remain following damage. The use of this factor also represents a departure from normal practice for individual yield based revenue products where any appraised production greater than zero is used to determine the indemnity. It is not employed in either of the current GRP and GRIP programs. If a producer wishes to elect coverage that recognizes zero potential (total loss), the option to purchase individualized protection should be elected.

Response: As directed by the Act, FCIC will charge premium rates for ARPI that are sufficient to cover expected losses plus a reasonable reserve. The premium rates for ARPI are expected to be generally higher than for GRP or GRIP. However, the higher rates will be offset by a reduction in liability as a result of the lower protection factor which will result in similar premium amounts collected. FCIC does not understand the basis for the comments regarding the practice of ignoring potential production and appraised production greater than zero. ARPI is an area-based insurance product which does not use loss adjustment appraisals to determine indemnities. The overall average production in the county determines if there is a loss situation and whether an indemnity is due. The loss limit factor, combined with the lower maximum protection factor, makes ARPI pay as if there were an appraised level of production of at least 18 percent, regardless of how low county production actually falls.

Comment: Several commenters stated the word ''premium'' for the term ''total premium'' should not be capitalized.

Response: FCIC agrees and has revised the term accordingly.

Comment: Several commenters stated that in the definition of ''type'' the phrase ''may be listed'' is confusing because how can an insured type NOT be listed in the actuarial documents.

Response: FCIC agrees with the commenters that the definition of ''type'' may cause confusion and has revised the definition to now state ''Categories of the insured crop consisting of unique combinations of commodity type, class, subclass, and intended use as shown on the actuarial documents as insurable,'' which also helps FCIC conform with the ACRSI goal of using common data standards across USDA. FCIC has added and defined the new terms ''commodity type,'' ''class,'' ''subclass,'' and ''intended use.'' Each unique combination of these four categories will match the original type actuarial offer.

Comment: A commenter noted the term ''upside harvest price protection'' is defined but questioned if the term ''downside harvest price protection'' should also be defined.

Response: It is unnecessary to define the term ''downside harvest price protection'' as this term is not used in the provisions. The Area Revenue Protection plan and Area Revenue Protection with the Harvest Price Exclusion plan both provide protection against loss of revenue due to price decline, which is equivalent to downside harvest price protection. No change has been made.

Comment: Several comments were received regarding the definition of ''verifiable records.'' One commenter suggested FCIC provide a Web site link of where the definition is provided. Another commenter questioned since ''verifiable records'' is defined, should the applicable term ''production report'' be defined with the institution of new production reporting requirements in this rule. The commenter also stated section 8 of the provisions should be clearer when the production report must be submitted since the Special Provisions do not contain a field for this date. The commenter also states the timing of the production reporting date is critical especially if used for determining expected and final county yields for current crop year loss determinations.

Response: FCIC has added a link to the definitions in 7 CFR parts 400, subpart G. FCIC agrees with the commenter about defining the term ''production report'' and has added the definition to the provisions. In the future, the actuarial documents will contain a field for the date when the production report must be submitted which will be in advance of the date for the release of the final county yields.

Comment: A commenter noticed the definition of ''written agreement'' is not included in ARPI. The commenter asked if FCIC has performed an analysis of how many written agreements were written on past GRP and GRIP policies and any effect on these insureds, as they would not be able to cover these acres via an area revenue type policy.

Response: FCIC did not include a definition for ''written agreement'' since written agreements will not be used for ARPI. FCIC's analysis shows the total number of GRP and GRIP written agreements accounted for less than 1 percent of the total GRP and GRIP policies earning premium each year. Acreage for other crops such as hybrid seed corn, popcorn, and sweet corn can currently be insured under other plans of insurance offered by FCIC. FCIC may insure other crops under the ARPI Crop Provisions if the crop is specified on the Special Provisions.

Section 2 Life of the Policy, Cancellation and Termination

Comment: Several commenters suggested consolidating the first two sentences of section 2(b) to minimize repetition.

Response: FCIC agrees and has revised section 2(b) accordingly.

Comment: A commenter stated the provisions in section 2(b)(4) imply that for the Area Yield Protection plan a percentage of less than 100 percent of the projected price is allowed and asked whether this election applies on a crop/county basis or can it vary by crop, practice, or type.

Response: FCIC will not allow a producer to select a percentage of the projected price and has removed section 2(b)(4). The rest of section 2(b) has been renumbered accordingly.

Comment: Numerous comments were received regarding section 2(b)(6)(i) and the language in the parenthetical phrase not matching the revised procedure in the 2012 Crop Insurance Handbook (CIH). Several commenters stated the word ''including'' suggests that ''joint ventures, limited liability companies, and trusts'' are considered to be under the ''individual . . . operating as a business'' person type, but they are identified as separate person types in the CIH. The commenters further stated the use of an employee identification number (EIN) is now required as opposed to the implied option indicated by using the word ''may'' for individuals operating as a business and for irrevocable trusts, and for revocable trusts if an EIN has been established (social security number (SSN) can be used only if there is no EIN for the revocable trust). The commenters also stated the phrase ''. . . but must also provide your SSN'' is unclear that the SSN would be for the individual who has a substantial beneficial interest in the insured entity using an EIN as the identification number.

Response: FCIC agrees and has revised the language of section 2(b)(6)(i), which has been redesignated as section 2(b)(5)(i) because section 2(b)(4) has been removed, to be consistent with section 2 of the Common Crop Insurance Policy Basic Provisions.

Comment: FCIC received numerous comments for section 2(c). Several commenters stated section 2(c)(1) begins with a reference to a singular ''person with a substantial beneficial interest'' but later refers to plural ''ineligible persons with a substantial beneficial interest''. Several commenters suggested in section 2(c)(2) either not subdividing the parenthetical language into subparagraphs (i) and (ii) within the parentheses, or setting it up as a separate subparagraph. Several commenters suggested revising section 2(c)(3) for clarity. The section states ''Your policy will be void . . . any time that an incorrect or omitted SSN or EIN, provided on the application, would have allowed . . .'' The commenters stated since an omitted SSN or EIN would not be provided on the application this merits rewriting.

Response: FCIC agrees and has revised all of section 2(c) to be consistent with section 2 of the Common Crop Insurance Policy Basic Provisions, which should address the comments and to provide more clarity for what happens if the application contains an incorrect SSN or EIN or if an SSN or EIN was omitted for the insured and a person with a substantial beneficial interest in the insured.

Comment: Several commenters inquired whether section 2(f) really intended to allow revisions of ''any of your information'' until the acreage reporting date per section 2(f)(1), or even until the time a claim is paid per section 2(f)(2), which is quite different from the Common Crop Insurance Policy Basic Provisions. The commenters asked if this is the intent does this include all the categories of ''information'' listed in section 2(b), or is this restricted to the tax identification number(s) of the insured and persons with a substantial beneficial interest as suggested by the reference in section 2(f)(3) to section 2(c)(1) and (3). A commenter also stated perhaps section 2(f) could be a part of section 2(c), but then why does section 2(c) have other penalties of not accepting or voiding the

policy if the tax identification number information is incorrect or not provided.

Response: The intent of section 2(f) is to require the reporting of changes to any information on the application for persons with a substantial beneficial interest in the insured, including changes to the SSNs and EINs. FCIC has revised all of section 2(f) to be consistent with the Common Crop Insurance Policy Basic Provisions. FCIC disagrees that section 2(f) could be a part of section 2(c) since both sections 2(c) and 2(f) were revised to be consistent with the Common Crop Insurance Policy Basic Provisions and to maintain flow from 2(f) to 2(g).

Comment: Several commenters suggested moving the word ''and'' from the end of section 2(f)(2) to the beginning of section 2(f)(3) to make for a proper flow from the lead-in of section 2(f).

Response: FCIC agrees and has revised the provisions accordingly.

Comment: Several commenters suggested in section 2(g) moving the comma from before the word ''is'' to after.

Response: FCIC agrees and has revised the provisions accordingly.

Comment: A commenter inquired if it would be possible in sections 2(k)(2)(i)(A) and (B) to write the parenthetical statement once to apply in both sections instead of repeating the language each time.

Response: Having only one parenthetical apply to both situations would require a substantial rewrite of the provisions. Given that this is a final rule, FCIC does not want to risk a rewrite that may inadvertently change the meaning of the provisions. Therefore, no change has been made.

Comment: Several commenters noted section 2(k)(2)(ii) states ''. . .any indemnities paid subsequent to the termination date must be repaid.'' The commenters inquired if it should not instead state '' . . . prior to the termination date . . .''

Response: The provision, as written, is correct. A delinquent debt for any policy makes a producer ineligible to obtain insurance for any subsequent crop year. Section 2(k)(2)(ii) addresses what happens if insurance had attached and an indemnity was paid for a subsequent crop year.

Comment: Several commenters inquired about the provisions in section 2(k)(2) and (3) regarding termination of a policy due to unpaid premium or administrative fees and subsequently regaining eligibility. The commenters noted that the ARPI policy provides for only two methods to regain eligibility (repay the debt in full, or declare bankruptcy) and asked if FCIC intended to not include any provisions for the execution of a written payment agreement to pay amounts due. The commenters also noted these comparable provisions were in the GRP Basic Provisions and section 2(f)(2) and (3) of the Common Crop Insurance Policy Basic Provisions contains language for written payment agreements.

Response: FCIC agrees with the commenter that eligibility may be regained by executing a written payment agreement. FCIC will make the ARPI provisions in 2(k)(2) and (3) consistent with sections 2(f)(2) and (3) of the Common Crop Insurance Policy Basic Provisions, and specify that when there has been a termination of a policy due to unpaid administrative fees, premiums, or other amounts due FCIC, the producer can regain eligibility by executing a written payment agreement and make payments in accordance with the agreement.

Comment: Regarding sections 2(k)(2)(i)(D) and 2(k)(3)(ii) a commenter advised these two provisions should be revised to tie regaining eligibility to the discharge of a bankruptcy petition instead of the filing of a bankruptcy petition. The commenter stated that allowing individuals who have merely filed for bankruptcy to participate in the program creates a program vulnerability that should be stopped. Using the filing of a bankruptcy petition as the trigger for regaining eligibility based upon concerns that denying participation until discharge would violate 11 U.S.C.A. § 525(a) is in error. Section 525(a) states, ''. . . a governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, deny employment to, terminate the employment of, or discriminate with respect to employment against, a person that is or has been a debtor under this title or a bankrupt or a debtor under the Bankruptcy Act, or another person with whom such bankrupt or debtor has been associated, solely because such bankrupt or debtor is or has been a debtor under this title or a bankrupt or debtor under the Bankruptcy Act, has been insolvent before the commencement of the case under this title, or during the case but before the debtor is granted or denied a discharge, or has not paid a debt that is dischargeable in the case under this title or that was discharged under the Bankruptcy Act.'' The courts of appeals that have approached the question have read the statute's reach narrowly, focusing upon the specific language of the statute. See, *e.g., Watts* v. *Pennsylvania House. Fin. Co.,* 876 F.2d 1090, 1093–94 (3d Cir.1989); *In re Goldrich,* 771 F.2d 28, 30 (2d Cir.1985). Watts involved an emergency mortgage assistance program designed by the State of Pennsylvania to prevent imminent mortgage foreclosures by providing for loans to distressed borrowers in the form of direct payments to their mortgage lenders, keeping their mortgages current. When plaintiff borrowers filed for bankruptcy, the program suspended these payments for the duration of the Bankruptcy Code's automatic stay. Plaintiffs contended this suspension violated § 525(a). In response, the court of appeals noted that a loan from the Pennsylvania program simply was not a ''license, permit, charter [or] franchise,'' and that since those terms ''are in the nature of indicia of authority from a governmental unit to pursue some endeavor,'' the term ''similar grant'' should be given the same meaning. *Watts,* 876 F.2d at 1093. Similarly, the court in *In re Goldrich* concluded that § 525(a) did not prohibit consideration of prior bankruptcies in credit decisions, since ''the language of section 525 may not properly be stretched so far beyond its plain terms.'' Goldrich, 771 F.2d at 29. The items enumerated in the statute—licenses, permits, charters, and franchises—are unrelated to insurance. They reveal that the target of § 525(a) is government's role as a gatekeeper in determining who is authorized to pursue certain livelihoods. It is directed at governmental entities that might be inclined to discriminate against former bankruptcy debtors in a manner that frustrates the ''fresh start'' policy of the Bankruptcy Code, by denying them permission to pursue certain occupations or endeavors. The intent of Congress incorporated into the plain language of § 525(a) should not be transformed by employing an expansive understanding of the ''fresh start'' policy to insulate a debtor from all adverse consequences of a bankruptcy filing or discharge. *Toth v. Michigan State Housing Development Authority,* 136 F.3d 477 (6th Cir. 1998) (housing authority did not violate Bankruptcy Code's antidiscrimination provision when it denied debtor's home improvement loan solely because she had received discharge within three years of application). The commenter further stated, if FCIC remains concerned that denying participation until discharge would violate 11 U.S.C.A. 525(a), the commenter

suggested that section 2(k)(2)(i)(E) must be changed to make the ''termination date'' the date of dismissal of the bankruptcy. If disallowing participation during the pendency of a bankruptcy violates 11 U.S.C.A. 525(a), which the commenter does not believe is true, then back dating the termination is also a violation as participation is denied ''during the case but before the debtor is granted or denied a discharge.''

Response: FCIC disagrees with the commenter. The cases cited are not on point because those cases did not involve a debt owed to the governmental unit and the question of ineligibility because the debt was not timely paid. The person had been deemed ineligible because of the bankruptcy. Those cases involved the effects of the bankruptcy, not the effect of the debt. In this case, the person is ineligible because of the debt. Under the Bankruptcy Act since once the petition has filed to have debts discharged, all collection activities must be stayed. If there is no authority to collect the debt during the pendency of the bankruptcy, there is similarly no authority to make the producer ineligible because of the debt. If the bankruptcy petition does not lead to a discharge of debt, the parenthetical sentence in section 2(k)(3)(ii) already states what happens for a dismissal of the bankruptcy petition before discharge.

Comment: Several commenters noted that section 2(l) has the phrase ''of marriage'' added when compared to the equivalent section 2(g) of the Common Crop Insurance Policy. The commenters stated this phrase appears to limit these provisions to dissolution of marriage only so other kinds of dissolution such as dissolution of a partnership are not included. The commenters presumed the phrase was in error since section 2(l)(4) refers to if an insured entity is dissolved and section 2(l)(5) refers to the dissolution of the entity without either 2(l)(4) or 2(l)(5) being restricted to a dissolved marriage.

Response: FCIC agrees with the commenters and will remove the phrase ''of marriage'' since this provision is intended to include all legal types of dissolution.

Comment: A commenter noted that section 2(l)(3)(ii)(A) states ''A new application for insurance must be submitted prior to the sales closing date . . .'' The commenter suggested replacing the phrase ''prior to'' with ''by'' or ''on or prior to'' since as currently written an application submitted on the actual sales closing date could not be accepted.

Response: FCIC agrees with commenter but will replace the phrase ''prior to'' with the phrase ''on or before.'' In addition, FCIC will also make the same change in section 2(l)(4)(ii)(A).

Comment: A commenter stated section 2(o) is burdensome, unnecessary and serves no benefit to report on any crop previously obtained from FSA or an insurance provider and requiring the date obtained and amount of the administrative fee. The commenter asked if this remains in the final rule, then what will be the penalty to the producer if this is not properly reported. The insurance providers do not want to incur a lot of additional expense to track this down when this has very little to no benefit and is already captured by FCIC's past and current processing system.

Response: FCIC agrees and has removed this provision and redesignated section 2(p) and 2(q) as 2(o) and 2(p), respectively. This provision is unnecessary since there are no longer maximum allowable amounts of administrative fees that need to be accounted for.

Comment: Several commenters suggested updating the years in the example given in section 2(q)(2).

Response: FCIC agrees with the commenters and has advanced the years given in redesignated section 2(p)(2) example by two years.

Section 3 Contract Changes

Comment: A commenter questioned in section 3(b) the reference to the actuarial documents. If referencing the actuarial documents, consider referencing the Special Provisions instead, as they are subject to change (see 3(d) and (e) where the Special Provisions are referenced), and are not part of the actuarial documents.

Response: FCIC agrees there may be some confusion with sections 3(d) and 3(e) having a reference to the Special Provisions and section 3(b) referencing the actuarial documents. FCIC agrees with the commenter's suggestion of removing the reference to actuarial documents in section 3(b) and including the actuarial documents in the reference to the policy which, by definition, include the actuarial documents and Special Provisions. FCIC has added the language ''amounts of insurance'' in place of ''actuarial documents.'' In addition, since all information contained in section 3(b) is now viewable on RMA's Web site and in a crop insurance agent's office, insurance providers will no longer provide, in writing, a copy of the changes to the information noted in section 3(b) unless the insurance provider does not have the means to transmit such information by electronic means or the producer elects to receive a paper copy of such information. FCIC has revised section 3(d) to now state, ''Not later than 30 days prior to the cancellation date for the insured crop you will be provided, in accordance with section 20, a copy of the changes to the Basic Provisions, Crop Provisions, CEPP, if applicable, and Special Provisions.'' Distinction needs to be made because changes to the actuarial documents are only viewable on the RMA Web site because they are so voluminous. FCIC has revised section 3(e) to now state, ''Acceptance of all the changes will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.'' FCIC will also make changes accordingly to the notices required in section 20. These changes will reduce the burden of excess distribution of paper policy materials.

Section 4 Insured Crop

Comment: A commenter questioned why section 4(b)(7) is needed when section 4(b)(3) would appear to address any pricing, rating, and other issues contained in the actuarial documents. The commenter stated generally crops insurable on the Special Provisions are also contained in the actuarial documents but the language in section 4(b)(7) creates an insured crop exclusion. The commenter suggested removing this provision.

Response: FCIC agrees section 4(b)(7) is redundant and not necessary. FCIC has removed the provisions in section 4(b)(7) and redesignated section 4(b)(8) as 4(b)(7).

Comment: A commenter suggested in section 4(b)(8) the word ''Uninsurable'' at the end of the second sentence should not be capitalized.

Response: The word ''uninsurable'' is not capitalized in the Proposed Rule, which was published in the **Federal Register**. No change has been made.

Comment: A commenter suggested FCIC add the word ''or'' before ''practice'' and delete the comma after ''practice'' in the second sentence of section 4(c).

Response: FCIC agrees and has revised the provisions accordingly.

Section 5 Insurable Acreage

Comment: Several commenters mentioned FCIC should not capitalize the first word of a parenthetical phrase when the phrase is not a complete sentence. The commenters cited the two parenthetical phrases of section 5(a) where the first parenthetical is a sentence (but does not have a period at the end) and the second is not a complete sentence. The commenters

suggested not capitalizing either of these parenthetical phrases and review others throughout the policy provisions.

Response: FCIC agrees with the commenters and has revised the parenthetical phrases here and throughout the provisions to be lower case when the information contained in the parenthetical is not a complete sentence and has removed all periods within the parenthetical since the punctuation is more appropriate at the end of the provision.

Comment: A commenter noted the provisions in section 5(a)(1) are the exact same or similar to the provisions in the Common Crop Insurance Policy Basic Provisions and the commenter expressed concern that their inclusion in this rule increases the burden on insurance providers to assure compliance with provisions that heretofore were not required.

Response: FCIC understands the concerns of the commenter but the inclusion of this provision provides consistency amongst FCIC crop insurance products. While this is an area coverage policy, the expectation is that producers who purchase the policy have the same chance of making a crop as any other producer. This provision reduces the risk of FCIC insuring acreage that is not capable of producing a crop.

Comment: A commenter stated if ARPI is not offered on forage, consider revising section 5(a)(1)(iii) to remove the reference to pasture or rangeland as insured crops under this rule.

Response: Coverage for forage will be available under ARPI with its own Crop Provisions. Under ARPI, forage is a different crop from pasture or rangeland, and acreage from pasture or rangeland is not insurable as forage. A definition of ''forage'' has been added to the Forage Crop Provisions.

Comment: A commenter questioned in section 5(a)(1)(iv) if the phrases ''Crop Provisions'' or ''Special Provisions'' are considered singular documents or plural ''provisions.'' The commenter stated if the former, the statement, ''. . . specifically allows insurance for such acreage'' is correct; if the latter then the word ''allows'' needs to be change to ''allow.''

Response: These documents are considered plural so FCIC has changed ''allows'' to ''allow.''

Comment: In section 5(b) a commenter recommended FCIC provide clarification if acreage replanted after the final planting date is insured, provided it was originally planted before the final planting date. The commenter suggested FCIC add the word ''originally'' to the draft language so it reads, ''Only the acreage originally planted to the insured crop . . .'' The commenter also stated if this is not the intent of this paragraph, then FCIC should add clarification to let everyone know the situation described previously is not insurable.

Response: FCIC does not provide for or require replanting under the ARPI rule. Therefore, as long as the insured crop is planted on or before the final planting date it is insured, regardless of whether or not it was subsequently replanted. No changes have been made.

Comment: Several commenters questioned the parenthetical phrase ''(We will remove the acreage for which good farming practices were not carried out from the acreage report, no premium will be due, and no indemnity paid)'' in section 5(c)(2). The commenters questioned if this really should only apply to acreage in which good farming practices were not carried out or should this apply to other types of uninsured acreage in the rest of section 5(c).

Response: FCIC has revised the provisions by moving the parenthetical phrase to the stem in section 5 and clarifying that uninsured acreage and any production from uninsured acreage will not be included for the purposes of establishing the final county yield. The ACRSI requires the reporting of all acreage, including uninsured acreage. FCIC will not remove this acreage from the acreage report, but will instead consider this acreage on the acreage report as uninsurable.

Comment: Several commenters expressed concern about section 5(c)(5) only containing a portion of the language which had appeared in the GRP and GRIP Basic Provisions and currently appears in the Common Crop Insurance Policy Basic Provisions. The commenters questioned the omission and if FCIC's intention is for ARPI to only offer insurance for first crop and/or second crop as applicable but not three or more crops even if it is a practice generally recognized for an area. The commenters stated if this is FCIC's intent then any reference to the phrase ''two or more'' should be removed from section 13 and anywhere else it appears in the policy.

Response: FCIC does not intend to only offer insurance for first crop and second crop for ARPI because section 108 of the Agricultural Risk Protection Act of 2000 (ARPA) allows for conditions upon which a third crop planted on the same acreage in the same crop year can be insured. FCIC has added language to the provisions at the end of section 5(c)(5) that will allow for coverage of a third and subsequent crop.

Section 6 Coverage, Coverage Levels, Protection Factor, and Policy Protection

Comment: A commenter noted section 6 provides rules for electing the coverage level and protection factor but not the percentage of the projected price.

Response: The ARPI policy allows the election of a protection factor, which has the same effect on coverage as the selection of a percentage of price.

Comment: Several commenters stated it is their understanding that FCIC has the authority to offer area-wide policies at coverage levels up to 95 percent, but only 90 percent coverage levels have been offered. One commenter believed the higher coverage level would offset sky rocketing production costs and narrowing margins of profit. Another commenter stated since the area-wide policy is structured in a manner that does not allow manipulation by the actions of an individual producer, the 95 percent coverage level could be accurately rated and would provide an appealing alternative for producers in high-yielding regions.

Response: FCIC will take the commenters' recommendation under consideration. FCIC currently considers a 90 percent coverage level to provide an adequate deductible level for insureds consistent with sound insurance principles.

Comment: Several commenters stated they would like to see FCIC offer separate irrigated and non-irrigated practices in more counties. A commenter stated they support the advent of area-wide policies with insurance offers that differentiate between irrigated and non-irrigated practices. The commenters advocated FCIC use actual yield data reported by producers to FCIC to separate NASS data into irrigated and non-irrigated practices in counties where there is irrigation but NASS does not issue practice-specific yields. The commenter also supported allowing producers who have both irrigated and non-irrigated acreage in the same county to have separate units by practice under the area plans of insurance since there will be separate loss determinations by practice.

Response: FCIC will continue to work toward making separate offers for irrigated and non-irrigated practices in more counties, if there is available data to make actuarially appropriate insurance offers. The ARPI production reporting requirement and additional yield data sources, including FCIC data, should assist in providing more insurance offers by practice in the future. If FCIC provides both an irrigated and non-irrigated insurance

offer in a county, then a producer must insure their acreage according to the irrigation practice they actually carry out. Separate practices found on the actuarial documents are treated as separate offers and will have separate loss determinations.

Comment: Several commenters noted that under sections 6(a) through (c) producers have to elect the same plan of insurance (ARP, ARP–HPE, or AYP) for the crop/county, but could elect different protection factors (percentages) and coverage levels for each crop practice/type. The commenters stated this raises concerns by allowing different protection factors and coverage levels by practice and type and there are consequences for allowing elections at this detailed level. The commenters questioned the rationale for allowing these elections within a crop/county.

Response: FCIC understands the commenters concerns, but allowing producers the opportunity to choose different coverage levels by type and practice were allowed in the GRP and GRIP plans of insurance and carried over here. Since producers insured under area plans of insurance are unable to generate a loss at an individual level, the exposure to adverse selection by having different coverage levels for the same crop is greatly diminished. The ability to elect different coverage levels and protection factors by types and practices within a crop allows producers to customize their insurance coverage to better reflect their actual insurance risk by type and practice within a crop. No change has been made.

Comment: Several commenters recommended not capitalizing the first word in the parenthetical phrases in sections 6(c)(1)(ii) and 6(c)(2)(ii).

Response: FCIC agrees and has revised the provisions accordingly.

Comment: Several commenters noted the first parenthetical phrase in section 6(c)(2)(ii) does not have an end parenthesis, and should.

Response: The parenthetical phrase noted by the commenters should not be a parenthetical phrase. FCIC has removed the parenthesis in the first sentence of section 6(c)(2)(ii).

Comment: Several commenters recommended deleting the comma in the phrase ''. . . type, and practice . . .'' in sections 6(c)(2)(iii).

Response: FCIC agrees and has revised the provisions accordingly.

Comment: A commenter recommended in the first sentence of section 6(c)(2)(iii) deleting the phrase ''. . . as long as they are different types or practices . . .'' and also replacing words ''actuarial documents'' with ''Special Provisions.''

Response: FCIC agrees and has removed the phrase ''. . . as long as they are different types or practices . . .'' FCIC disagree with replacing ''actuarial documents'' with ''Special Provisions'' in the first sentence as this term reflects where available types and practices are shown. The reference to ''Special Provisions'' in the second sentence was removed.

Comment: Several commenters recommended in section 6(c)(2)(iii) FCIC consider adding a reference to the insured having to pay administrative fees for both CAT and additional levels of coverage if both levels are elected on different practices/types of a crop/county. The commenters also stated this information is contained in section 7(a)(5), which might be sufficient, but some indication here might be useful.

Response: Section 7 contains the provisions regarding the payment of fees and premium and to avoid any potential conflict or confusion, FCIC has elected not to include a separate reference to the fees in section 6(c)(2)(iii). No changes have been made.

Comment: A commenter questioned in section 6(e) if the phrase ''. . . and the expected county yield and projected price may change each year . . .'' is necessary and recommended the phrase be removed.

Response: FCIC agrees and has revised the provisions accordingly.

Comment: Several commenters suggested adding the word ''the'' between the words ''Multiply'' and ''dollar'' in section 6(f)(1).

Response: FCIC agrees and has revised the provision accordingly.

Comment: A commenter recommended in section 6(g)(2) adding the phrase ''of the projected price'' between the phrases ''Notice of availability'' and ''will be provided''.

Response: FCIC agrees and has revised the provisions accordingly.

Comment: Several commenters recommended in section 6(g)(4) changing the phrase ''change your coverage by the sales closing date'' to ''change your plan of insurance by the sales closing date.'' The commenters stated this would be consistent with the same phrase in section 6(g)(1).

Response: FCIC agrees and has revised the provisions accordingly.

Section 7 Annual Premium and Administrative Fees

Comment: A commenter stated FCIC should consider revising sections 7(a)(1) and (2) by changing the phrase ''actuarial documents'' to ''Special Provisions'' to match the CAT Endorsement which state ''. . . The administrative fee owed is $300 for each crop in the county unless otherwise specified in the Special Provisions.''

Response: FCIC agrees with the commenter and has revised the provisions accordingly. FCIC has also revised the definition of ''administrative fee'' by changing ''actuarial documents'' to ''Special Provisions'' to reflect this change.

Comment: Several commenters recommended FCIC consider combining the information in sections 7(a)(5) and (7) since the limitation of not more than one additional administrative fee and one CAT administrative fee will apply if a producer elects both for the crop in the county. The commenters suggested adding the word ''but'' at the end of (5) followed by the statement currently in (7).

Response: FCIC agrees with the commenters and has revised the provisions in section 7(a)(5) to include the provisions proposed in section 7(a)(7). FCIC has removed section 7(a)(7) and has also removed section 7(a)(6) because this provision duplicates the provision that is now contained in redesignated section 7(a)(5)(ii). FCIC has redesignated sections 7(a)(8) through 7(a)(10) as sections 7(a)(6) through 7(a)(8), respectively.

Comment: A commenter recommended removing the word ''levels'' from section 7(a)(5) since additional level of coverage is composed of multiple levels of coverage and the current use may cause confusion.

Response: FCIC agrees and has revised the provision by removing the word ''levels'' from new section 7(a)(5)(i).

Comment: A commenter stated in section 7(e) the word ''properly'' in the phrase ''properly planted'' is subjective and should be removed.

Response: FCIC agrees with the commenter but will revise the provision by removing the entire phrase ''. . . the insured crop is properly planted by the final planting date and reported on the acreage reporting date . . .'' and replacing it with the phrase ''. . . coverage begins . . .'' This will provide better consistency with other provisions in ARPI and with the Common Crop Insurance Policy Basic Provisions.

Section 8 Report of Acreage and Production

Comment: Several commenters suggested changing the section heading to ''Report of Acreage and Production.''

Response: FCIC agrees and has changed the heading for section 8 accordingly.

Comment: A commenter stated the multiple references of crop, types and practices as shown on the Special Provisions seems redundant to have repeated throughout the rule. The commenter recommended adding definitions of type and practice and including the phrase ''as shown on the Special Provisions'' in the definitions.

Response: FCIC agrees that the repeated use of some phrases throughout the policy can seem redundant. FCIC revised the definitions of type and practice to specify they are as shown on the actuarial documents, and FCIC has removed some of the redundant phrases throughout the provisions.

Comment: Several commenters noted inconsistencies between the definition of ''share'' and section 8. The definition of share states, ''Your percentage of the insured crop that is at financial risk. Premium will be determined on your share as of the acreage reporting date. However, only for the purpose of determining the amount of indemnity, your share will not exceed your share at the acreage reporting date or on the date of harvest, whichever is less.'' The commenters noted in section 8(c)(2) the acreage report must include ''Your share at the time coverage begins.'' The date coverage begins is addressed in section 10 and, except for the initial year of application (when it is the date the application is submitted and accepted), is the date the insured crop is planted. The commenters asked if section 8(e)(3) allows for revisions to the acreage report to add land acquired after the acreage reporting date under certain circumstances, how would the producer have had an insurable share ''as of the acreage reporting date'' (or on ''the date the insured crop is planted'') on land acquired after that date. The commenters further asked based on the definition of ''share'' how can coverage be added by a revised acreage report if premium is determined on the share as of the acreage reporting date, and indemnities cannot exceed the share as of the acreage reporting date. The commenters stated perhaps this needs to be reworded or otherwise clarified as an exception (as is the case with land/shares acquired by Transfer of Right to an Indemnity). Also several commenters noted section 8(g)(2) addresses when the share is misreported, using the reported share if under-reported and the ''share we determine to be correct'' if over-reported, and asked if this is separate procedure for this particular situation so it does not have to match the share as of acreage reporting date or date of harvest.

Response: FCIC agrees there are inconsistencies between the definition of ''share'' and section 8 and has revised the definition of share to state ''Your insurable interest in the insured crop as an owner, operator, or tenant.'' FCIC has also added a new section 8(f) which states, ''Except as provided in section 8(h), your premium and indemnity, if any, will be based on your insured acreage and share on your acreage report or section 8(e), if applicable.'' FCIC has also redesignated section 8(f) through 8(l) as section 8(g) through 8(m), section 8(m) was redesignated as section 8(r), and changed any applicable section references accordingly. New section 8(f) clarifies how redesignated section 8(h)(2) applies to misreported share.

Comment: A commenter noted section 8(d) states ''We will not insure any acreage of the insured crop planted after the final planting date.'' The commenter asked if the planting date now needs to be captured to determine if the acreage is insurable based on when the insured crop was planted. This section currently does not require that the planting date must be reported as a part of the acreage report. The commenter stated if capturing the planting date is now required, it should be added to this section. The commenter also stated if this is now required, it would be another requirement being added under the new ARPI program when compared to the existing GRP and GRIP plans of insurance. Another commenter asked if replanted acreage seeded after the final planting date is covered under ARPI.

Response: FCIC understands the commenter's concern of adding additional requirements and agrees with the commenter that this language should be added to require insureds to report the planting date on the acreage report to determine if the acreage is insurable. FCIC has added the following language ''. . . and the last date any acreage of the insured crop was planted and the number of acres planted by such date;'' to the end of section 8(c)(1). FCIC does not provide for or require replanting under the ARPI rule and the insurable acreage will be all the acreage planted on or before the final planting date. A parenthetical has been added to clarify that acreage planted for the first time after the final planting date must be reported as uninsurable.

Comment: Several commenters had concerns about the ability of the insurance provider to revise an acreage report as stipulated in section 8(e). The commenters stated section 8(e)(2) introduces a subjective factor and that without parameters will make it virtually impossible for insurance providers to determine that the crop in the county will likely produce at least 90 percent of the expected county yield. The commenters also asked if the insurance providers could make this determination for all the acreage of the insured crop planted in the entire county at any time an insured requests revision of the acreage report and would the insurance provider be able to reject the revised acreage report rather than make this determination. Additionally, the commenters questioned the last sentence of section 8(e)(3). The commenters questioned if this section is intended to refer to land acquired after the acreage reporting date via a Transfer of Right to Indemnity, and perhaps meaning that the requirements in section 8(e)(1) and 8(e)(2) do not apply. Or is it supposed to mean that a landlord who has requested the tenant to insure the landlord's share on the tenant's policy per section 9(a)(ii) cannot try to switch that coverage to his/her own policy (which he/she cannot have as a result) later that year. The commenters stated, as worded, it could prevent an insured from adding coverage to land acquired by becoming a tenant on a share-rent basis because his/her new landlord has coverage on his/her share and the previous tenant did not have coverage. Another commenter noted this section does not contain provisions for inadvertent error (*e.g.* transposition).

Response: FCIC agrees that section 8(e)(2) lacks specific parameters and would be burdensome to the insurance provider to make this kind of determination for the county, and has removed this provision. FCIC agrees with including provisions for inadvertent error and has revised section 8(e)(2) to address such. The last sentence of section 8(e)(3) has been clarified to mean sections 8(e)(1) and 8(e)(2) do not apply to a transfer of coverage so there would not be dual policies.

Comment: A commenter recommended changing section 8(g)(1)(i) from ''A lower liability than the actual, correct liability determined, the production guarantee or amount of insurance on the unit . . .'' to ''A lower liability than the actual, correct liability determined, the amount of insurance on the unit . . .''

Response: FCIC agree with the commenter that redesignated section 8(h)(1)(i) was in error but in addition FCIC also notes that other parts of this provision were in error as well. FCIC has revised redesignated section 8(h)(1)(i) and removed the entire phrase ''the production guarantee or amount of insurance on the unit'' and replaced with the phrase ''the policy protection''

as this term better reflects the liability under an area plan and since units are not applicable.

Comment: Several commenters questioned the order of sections 8(i)(2) and 8(i)(3) as it seems to be in reverse chronological order when compared to the similar sections contained in the Common Crop Insurance Policy Basic Provisions.

Response: FCIC agrees and will reverse the order by moving the provisions in redesignated section 8(j)(2) to 8(j)(3) and moving the provisions from redesignated section 8(j)(3) to 8(j)(2).

Comment: Several commenters recommended adding a hyphen in the first phrase of ''. . . on-farm measurement . . .'' to match the same phrase in the rest of sections 8(i)(5)(i) and 8(i)(5)(ii).

Response: FCIC agrees and has revised redesignated section 8(j)(5)(i) accordingly.

Comment: Many commenters noted that production reporting is a significant conceptual difference from what was required under GRP or GRIP and questioned how FCIC intends to implement this new requirement. The commenters stated the provisions or underwriting guidelines need to specify how production or potential production will be handled. The commenters asked how will acreage that has been pastured or destroyed and will not go to harvest be accounted for and if FCIC will expect insurance providers to appraise this acreage. The commenters asked how FCIC expects to correlate corn production that was harvested as hay, fodder, silage, or earlage. The commenters asked if FCIC intends to use the same production forms as used for crops insured under the Common Crop Insurance Policy. The commenters also stated the ARPI Basic Provisions should include definitions for ''production report'' and ''production reporting date.'' The commenters asked if reported production by types and practices will correspond to the same types and practices as other plans of insurance that require production reporting, and how will differences in units between individual and area plans be handled. The commenters also asked if producers elect ARPI as new insureds will be required to provide a production report for the initial year of coverage, or if production reporting will only apply to carryover insureds. The commenters stated this provision seems to apply only to carryover insureds, as new insureds would not receive the policy provisions containing the production reporting requirement until after they provide an acceptable application. The commenters also asked if ARPI production reports will be subject to APH reviews and whether they will be considered valid certified production reports that can subsequently be used for individual plans of insurance if a producer elects to change the next year. The commenters asked if the yields reported for this program will be subject to the APH rules as outlined in the Crop Insurance Handbook for individual plans of insurance.

Response: FCIC procedures will provide production reporting requirements including procedures for production, potential production, and how ARPI production reports will be used if an insured subsequently transfers to other plans of insurance that use an individual production guarantee. FCIC does not plan to require insurance providers to perform appraisals. In situations where acreage has been destroyed or pastured and will not be harvested, an insured will be required to report the acreage as unharvested in accordance with FCIC procedures. FCIC anticipates that similar production reporting forms used for the Common Crop Insurance Policy will be used for ARPI. FCIC has added definitions for the terms ''production report'' and ''production reporting date'' to the ARPI Basic Provisions. The insurable types and practices of a crop insured under an area plan of insurance have, in the past, been different from individual plans of insurance. FCIC intends to use similar types and practices by crop between area and individual plans of insurance. All insureds will provide a production report by the production reporting date at the conclusion of the crop production cycle of the current crop year. FCIC anticipates ARPI production reports being subject to the requirements of Appendix IV of the Standard Reinsurance Agreement, and FCIC will work with insurance providers as appropriate.

Comment: Many commenters expressed concerns about production reporting for forge and livestock producers. A commenter stated they agree that the yields for the ''major'' crops should be reported, but reporting the yields for forage crops will be burdensome as it is too cumbersome and difficult to accurately keep track of three or four harvest cycles of forage. This requirement will cause producers to either not purchase coverage as they are unwilling or unable to accurately report their yields or to simply guess at a yield because whatever value they report will not change their insurance coverage. Another commenter stated that requiring production reports under ARPI for forage production could prove problematic. Many producers feed their forage to livestock, and have, in the past, elected to insure it under an area plan of insurance in order to avoid the requirement to provide livestock feeding records which are difficult and time consuming to provide the required detail in order to be considered adequate records.

Response: FCIC recognizes there may be certain crops, like forage for which production reporting may be problematic. FCIC has added the following phrase ''. . . unless otherwise specified in the Special Provisions, . . .'' to section 8(l). This additional language will allow FCIC to exclude certain crops from production reporting if stated on the Special Provisions.

Comment: Several commenters suggested in section 8(k) changing the phrase ''on the date'' to ''by the date'' to be consistent with the same phrase in section 8(l).

Response: FCIC agrees and has revised redesignated section 8(l) accordingly.

Comment: Several commenters noted sections 8(k) and 8(l) refer to the deadline for submitting production reports as ''the date specified in the Special Provisions'' and it is unclear what date on the Special Provisions is being referenced since a sample Special Provisions was not provided. A commenter suggested giving this date a name designation, *i.e.* production reporting date. Several commenters questioned how the ARPI production reporting date will correspond with the ARPI acreage reporting dates, end of insurance period dates, dates of normal harvest, and dates by which any ARPI claim will be settled. The commenters recommended making the production reporting dates for ARPI similar to the dates for individual plans of insurance and having a common date would be beneficial in administering this new requirement for the insured, agent, and insurance provider. Another commenter encouraged FCIC to coordinate reporting with USDA, so the producer is not required to provide multiple reports of the same information, and a single report containing the necessary information for multiple agencies is desirable.

Response: FCIC agrees the date is unclear and in both redesignated sections 8(l) and 8(m) has changed the phrase ''. . . the date specified in the Special Provisions . . .'' to ''. . . the production reporting date specified in the actuarial documents . . .'' The end of insurance and harvest dates are not applicable to ARPI, but the production reporting date by crop will be a date in advance of the final county yield and

final county revenue determination date specified in the ARPI Crop Provisions. FCIC is working toward having a common production reporting date by crop for all plans of insurance. FCIC is striving to establish common reporting of information consistent with the ACRSI and will also keep in consideration the common reporting of production consistent with USDA requirements and practices.

Comment: Numerous comments were received that expressed concern regarding the provisions in section 8(l) which indicate that if an insured does not submit a production report by the required date, the yield used to determine the final county yield will be equal to the expected county yield and the insured would not be eligible for any potential indemnity. The commenters assumed insureds would still be required to pay their premium even though they could not receive an indemnity, which is a severe penalty, especially when the reported production has no bearing on the amount of coverage offered under ARPI. Several commenters stated this penalty for not reporting yields is excessive and unjust since yields are needed for program integrity, not the insured's insurability. A commenter noted that under individual plans of insurance where the insured's yields are used to establish the coverage offered, if the production is not reported then an assigned yield of seventy-five percent is applied to the previous years approved yield, but coverage continues to be offered at a reduced amount. The commenter recommended a more reasonable approach would be to allow the insured to have coverage but limit the coverage to the lowest protection factor. Another commenter suggested a one-year grace period before elimination of a potential indemnity for failure to report production. Another commenter encouraged insureds to report annual production information and also encouraged FCIC to establish procedures for late reporting due to extenuating circumstances that would allow an indemnity to be paid. Another commenter suggested in section 8(l) adding the word ''harvest'' in front of the word ''price.''

Response: FCIC agrees the proposed penalty for not reporting production could be considered excessive. FCIC agrees that a more reasonable penalty would be to limit coverage. FCIC has revised the provisions in redesignated section 8(m) that involve the failure to provide a production report to no longer deny the indemnity but instead to limit the following year's protection factor to the lowest protection factor offered. FCIC will consider procedures for instances of late reporting, and FCIC may allow late reporting under certain circumstances such as widespread late harvesting in an area and has added language to allow such discretion. In addition, FCIC has added new sections 8(n) through 8(p), which include provisions for inaccurate production reports, lack of verifiable records, and misreported production reports similar to the Common Crop Insurance Policy Basic Provisions. FCIC has also added new section 8(q) which includes provisions for not reporting production or misreporting production and then changing to another plan of insurance the following year. FCIC agrees with the commenter's suggestion of having a grace period. FCIC will allow a one-year grace period the initial crop year of ARPI implementation before imposing provisions for failing to report production. Regarding the comment of adding the word ''price'' before ''harvest'' FCIC removed from redesignated section 8(m) the phrase containing the word ''price'' so it is not necessary to add the word ''harvest'' before the word ''price.''

Comment: Several commenters questioned what are the ''errors'' being referenced in section 8(m) as the word error is not used anywhere else in this section. The commenters suggested adding clarification as to what the errors are or in which sections those errors are listed. One commenter suggested adding some additional text as errors in reporting extend beyond acreage but to remove the reference to yield, as this section does not address yield errors. The commenter suggested revising the first sentence to state, ''Errors in reporting acreage, share, and other information required in this section, may be corrected by us at the time we become aware of such errors.''

Response: FCIC agrees and has revised redesignated section 8(n) as suggested providing more clarification of what errors may be corrected by the insurance provider.

Section 9 Share Insured

Comment: A comment was received regarding differing shares and how share must be reported separately and not combined or commingled with other shares. The commenter stated this has caused problems in the past with single line reporting and as the new policy requires production reported by farm, tract, and field (CLU) so should the acreage report.

Response: FCIC is unsure about the commenter's question as FCIC does not require production reported by farm, tract, and field (CLU) and FCIC already has language in section 8(c) that requires acreage reporting by share. No changes have been made.

Comment: Several commenters stated the reference in section 9(b)(2)(i) to sections 18(a)(1) and (2) is incorrect since those sections do not exist in the ARPI Basic Provisions.

Response: FCIC agrees and has updated the reference to section 18(c)(1) and (2) in the provisions.

Comment: Several commenters requested deleting the comma following ''etc.'' at the end of the parenthetical phrase in section 9(c).

Response: FCIC agrees with the commenters and has revised the provisions accordingly.

Section 10 Insurance Period

Comment: Several commenters noted section 10 specifies when ARPI coverage begins but asked should there not also be some indication of when the insurance period ends.

Response: FCIC believes an end of insurance period is unnecessary since there is no individual loss adjustment performed for area plans of insurance. The insurance period effectively ends when harvest is generally complete for the area and FCIC determines the final county revenues or final county yields. No changes have been made.

Section 11 Causes of Loss

Comment: Several commenters questioned the phrase ''natural occurrences'' in section 11(a). One commenter asked how is a loss of revenue that is price or market driven related or caused by natural occurrences, and are natural occurrences and natural causes the same thing. Several commenters asked if there is no need to specify the natural occurrences that are considered insured causes of loss other than excluding failure to follow good farming practices. The commenters also asked why producers would be required to submit their individual production history as proposed when this indicates that information is unrelated. Another commenter recommended moving the word ''widespread'' from before the phrase ''loss of revenue or'' to after the phrase.

Response: FCIC agrees the wording in section 11(a) is confusing. Section 508(a) of the Act expressly states that insurance is only available for flood, drought, or other natural disaster. This would apply to both area and individual plans of insurance. FCIC agrees that the term ''widespread'' is ambiguous and instead has revised the provisions to clarify that there must be a natural cause of loss that results in the final county

yield or final county revenue less than the trigger yield or trigger revenue. The prices used to establish the dollar amount of insurance and whether an indemnity is due are generally based on the commodity markets and are presumed to be the result of natural causes. FCIC is not certain what the commenters mean when they say the requirement to submit individual production records is unrelated. However, if the commenters mean the submission of individual production records is unnecessary to calculate the guarantee or the indemnity, the commenter are correct, but the individual production record could be used as part of the determination for the area wide guarantee and indemnity.

Comment: A commenter asked how the insurance provider will make a failure to follow good farming practices determination based on section 11(b) considering losses are triggered at the county level and individual loss adjustment or inspections do not apply. Another commenter noted the word ''count'' should be changed to ''county'' Several commenters suggested adding commas before the phrase ''. . . or planting. . . '' and after the phrase ''. . . expected county yield. . .''.

Response: Section 508(a)(3) of the Act provides that failure of the producer to follow good farming practices is not a covered cause of loss. This requirement applies to all plans of insurance offered by FCIC. While individual loss adjustment and inspections are not required under ARPI, insurance providers are authorized to perform growing season inspections. However, there have been numerous instances where FCIC or insurance providers have learned that producers may be using practices that do not qualify as good farming practices. If there are any questions, the definition of ''good farming practices'' allows the producer or the insurance provider to contact FCIC to determine whether or not production methods used by the producer will be considered to be good farming practices. FCIC agrees with the commenter that the word ''count'' should be ''county'' and agrees with the other commenter's suggestion of the added commas, and has revised the provisions accordingly.

Section 12 Triggers, Final Policy Protection, Payment Factor, and Indemnity Calculations

Comment: Several commenters stated producers may question why they are required to submit their production records since individual farm revenues and yields are not considered when calculating losses under ARPI.

Response: FCIC agrees that individual farm revenues and yields are not considered when calculating losses under ARPI, but with the possibility of less available data from other sources such as NASS and producers seeking expansion of ARPI and separation of practices, additional credible data is required and the only source of such data may be within the crop insurance program. Many producers already keep this information on a year-to-year basis and many insurance providers also maintain records containing this information to use when producers need their actual production history when changing to an individual plan of insurance.

Comment: Several commenters stated FCIC should change the semicolon at the end of section 12(b) to a colon.

Response: FCIC agrees and has revised the provisions accordingly.

Section 13 Indemnity and Premium Limitations

Comment: Several commenters suggested FCIC add a comma after the phrase ''two of the last four crop years'' in section 13(d)(2).

Response: FCIC agrees and has revised the provisions accordingly.

Section 14 Organic Farming Practices

Comment: Several commenters noted section 14(c) identifies certified organic, transitional acreage, and buffer zone acreage as being insurable under the organic farming practice. The commenters stated FCIC needs to resolve section 14(e) since it says to separate certified organic and transitional acreage on the acreage report but makes no mention of how to report buffer zone acreage.

Response: FCIC agrees and has removed section 14(e) as this section is redundant with section 8(c) which already requires the reporting of acreage by practice. Any insurable or uninsurable buffer zone acreage will be reported as part of the practice that it buffers.

Section 15 Yields

Comment: Several commenters commended FCIC's decision to utilize additional data sources beyond only the county level production data provided by NASS. The commenters stated NASS county estimates have proved to be unreliable and likely contributed to area plans of insurance being discontinued in some locations. Several commenters stated that FCIC's proposal to incorporate their own data, as well as other USDA sources, will improve the accuracy and reliability of the yield estimates and ultimately the program's performance. Several commenters stated they would also encourage FCIC to explore the possibility of also relying on data from the FSA and classing data from the USDA Agricultural Marketing Service, and for cotton to use NASS data on cotton ginnings. Several commenters stated that while they encourage FCIC to explore the use of additional data, they requested that FCIC publish their methodology, their sources for arriving at county yield estimates, and their explanation for any discrepancies with NASS. They stated it is important that there be sufficient transparency regarding any adjustments to the data or methods used to resolve discrepancies among various USDA data, as well as possible other data sources.

Response: FCIC appreciates the support for its efforts. ARPI was written to provide FCIC with the flexibility to use the most credible yield data available in the future for providing insurance offers and determining indemnities. FCIC will continue to evaluate yield data sources but it is not possible to publish the methodology used to determine area yields because it will depend on the source of the data, the credibility, and numerous other factors. However, anyone can request the methodology used to establish any particular yield.

Comment: A commenter urged FCIC to make every effort to preserve the accuracy and reliability of the yield estimation process. The commenter stated that while not perfect, NASS datasets provide the longest most consistent record of production in a county and should continue to be the basis from which county yield estimates are calculated. The proposed use of alternative data sets should be used primarily to verify the accuracy of the calculations made by NASS. The commenter then stated when FCIC identifies inaccuracies, FCIC should publish the methodology they use to resolve such discrepancies in order to ensure the ongoing support and understanding of producers and insurance providers.

Response: FCIC needs the flexibility to use data sources other than NASS yield data, because of questions regarding its continued availability, requests for expansion, and the division of practices. However, FCIC plans to continue to use NASS yield data in the future for area plans of insurance but it may use other sources of data if they are more credible.

Comment: Several commenters stated FCIC should review expected county yields with the goal of ensuring that long-term trends produce expected county yields that are indicative of

current levels. Another commenter stated a ten-year APH yield should be assigned to each individual county as they are more reliable and reflect up-to-date cultural practices and production trends.

Response: As stated above, FCIC plans to use the most credible data and methodology to establish yields and will consider the suggestions in this process.

Comment: A commenter stated the expected county yields should closely reflect recent yield history and not use long term, historical data that penalizes producers for recent variety and production innovations and does not provide adequate insurance coverage.

Response: As stated above, FCIC plans to use the most credible data and methodology to establish yields and will consider the suggestions in this process.

Comment: Several commenters stated throughout this entire section, it is implied that FCIC retains sole discretion in determining credibility, application, and source of data utilized in establishing yields. This approach is open-ended and subjective. The commenters stated the provisions need to include the specific criteria FCIC will utilize in making these determinations as well as prioritize and list all data sources that might be considered.

Response: FCIC agrees that the approach appears open-ended and subjective but RMA cannot predict what data sources may be available in the future and what may best reflect the expected or final yields in a county. Therefore, flexibility is needed to ensure that the best available data can be used. FCIC has rewritten this section to specify that the actuarial documents will show what data source will be used for determining the yield and that data source will remain consistent throughout the insurance period unless unforeseen events occur that would result in the need for other data sources to be used. The methodology used to adjust any yield is available upon request.

Comment: Several commenters stated if the language in section 15(b) is going to allow FCIC to make an exception in the data source used for a specific county in any given crop year, then the commenters suggested section 15(a) should be changed from ''Yields used under this insurance program for a crop, may be based on'' to ''Yields used under this insurance program for a crop generally will be based on.'' Another commenter stated FCIC should consider expanding the authority in section 15(b) to include nationwide determinations. Also, the commenters stated the phrase ''not withstanding'' should be changed to one word.

Response: FCIC agrees with the commenters that the yields section is unclear. FCIC will revise the language currently in section 15(b) to be clearer when it is applicable and revise the rest of section 15 to clarify how the yields are established.

Comment: Several commenters made suggestions regarding changing section 15(d). One commenter stated it is one thing to suggest data used to establish the expected yield is no longer available to establish the final county yield but to suggest the data used to establish the expected yield was not credible to begin with is something else entirely. The commenter suggested deleting the phrase ''or credible'' or clarify by saying FCIC determined the data is no longer credible due to changes occurring during the crop year. Several commenters asked when will insurance providers and producers be notified that the data source identified in the actuarial documents is not available or credible so that FCIC will determine the final county yield based on the most accurate data available.

Response: FCIC agrees and for clarity has revised the provisions in redesignated section 15(b). A provision has been added to specify that FCIC with provide notice of the data source used to establish the final county yield, if different from the data source used to establish the expected county yield, and the reason for the change when it publishes the final county yields.

Comment: Several commenters objected to section 15(h) which states, ''If there is not credible data available from any source, as determined at the sole discretion of FCIC, to establish the final county yield in accordance with this section, no coverage for the crop year will be provided and your premium will be refunded.'' The commenters stated it is unreasonable to make this determination at the end of the crop year and justify it by merely returning the producer's premium. If this possibility exists, the decision should be made at the beginning of the crop year to not offer ARPI coverage so producers can make other risk management decisions including electing another plan of insurance. Another commenter asked when will this determination be made and would this present problems for producers whose loans were dependent on their having crop insurance.

Response: FCIC agrees and has removed this provision from the rule. FCIC will still provide coverage and FCIC will determine the final county yields based on the most accurate data available from a data source determined by FCIC.

Section 16 Assignment of Indemnity

Comment: Several comments recommended making ''lienholder'' one word throughout section 16.

Response: FCIC agrees and has revised the provisions accordingly.

Section 18 Other Insurance

Comment: A commenter noted this proposed policy does not allow multiple policies issued or reinsured by FCIC for the same crop in the county. The commenter stated they would encourage FCIC to consider allowing producers to combine various crop insurance policies to obtain the desired coverage level for the crop. The commenter suggested wording the restriction like ''no persons may have in force more than one insurance policy issued or reinsured by FCIC covering the same portion of crop revenue or yield, in the same county/parish for the same crop year.''

Response: The commenter is proposing a substantive change that would require a legislative change because the Act currently only allows producers to elect area or individual coverage but not both. No change was made.

Comment: A commenter recommended in sections 18(c)(1) and (2) changing the phrase ''additional level of coverage policy'' to ''additional coverage policy'' and changing the phrase ''CAT level of coverage policy'' to ''CAT policy.''

Response: FCIC agrees and has revised the provisions accordingly.

Section 20 Notices

Comment: Several commenters stated section 20(a)(2) is not grammatically correct and suggest adding the word ''the'' to the start of the sentence.

Response: FCIC agrees and has revised the provisions accordingly. In addition, FCIC has revised section 20(b) to be consistent with revisions to the contract change provisions contained in section 3. All of the policy information that is subject to change contained in section 3(b) is now viewable on RMA's Web site and available in a crop insurance agent's office. Therefore, insurance providers will no longer have to provide a written notice of the changes to this policy information unless the insurance provider does not have the means to transmit such information by electronic means or the producer elects to receive a paper copy of such policy information. These changes will reduce the burden of excess distribution of paper policy materials.

Section 21 Access to Insured Crop and Records, and Record Retention

Comment: Several commenters asked FCIC to consider if there is a way to abbreviate the phrase ''any employee of USDA authorized to investigate or review any matter related to crop insurance'' which is repeated five times throughout sections 21(a) thru (d). The commenters suggested after the first occurrence referring and using ''authorized employee of USDA'' or adding a definition in section 1.

Response: FCIC agrees with the commenters and after the first occurrence has changed the phrase ''any employee of USDA authorized to investigate or review any matter related to crop insurance'' to ''authorized employee of USDA'' in sections 21(b) thru 21(d).

Comment: Several commenters noted in section 21(e) the ARPI provisions state the failure to provide needed records will result in a determination that no indemnity is due for those acres in which the records are not provided. The commenters stated this is different from similar provisions in the Common Crop Insurance Policy Basic Provisions which states that no indemnity is due for the crop year in which such failure occurred. The commenters stated the APRI language implies that some insured acreage on a policy or even a type or practice may still be eligible for an indemnity but some acreage may not. The commenters recommended the provisions need to specify how unavailability of any particular record will be allocated to any specific acreage on the policy.

Response: FCIC agrees with the commenters and has removed the phrases ''maintain or provide any required records'' and ''no indemnity is due for those acres in which the records are not provided'' and has revised this provisions to be consistent with the Common Crop Insurance Policy Basic Provisions.

Section 23 Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review

Comment: Several commenters suggested FCIC combine sections 23(a) and (b) by putting the language in section 23(b) immediately after the last sentence in section 23(a).

Response: FCIC agrees with the commenters and has moved all the language from section 23(b) to the end of section 23(a). However, FCIC has separated section 23(a) into paragraphs to improve readability. FCIC has also redesignated sections 23(c) through 23(h) as sections 23(b) through 23(g), respectively.

Comment: A commenter stated in section 23(c) it seems somewhat redundant to repeat the phrase ''what constitutes a good farming practice'' five times throughout section 23(c) even though this is comparable to the Common Crop Insurance Policy Basic Provisions. The commenter suggested FCIC delete the repeated phrase.

Response: FCIC has considered this change but does not know how it can revise redesignated section 23(b) by removing the phrase ''what constitutes a good practice'' without substantially reducing clarity. No change has been made.

Comment: Several commenters suggested in the last sentence of section 23(e)(3)(iii) deleting the word ''to'' and the word ''is'' from the phrase ''you must to request a determination of non-appealability from the Director of the National Appeals Division is not later than''.

Response: FCIC agrees and has revised the provisions in redesignated section 23(d)(3)(iii) accordingly.

Comment: Several commenters noted in section 23(f) the phrases ''this policy'' and ''your policy'' are used which is consistent with the Common Crop Insurance Policy Basic Provisions. The commenters suggested in the last sentence changing the phrase ''your policy'' to ''this policy.''

Response: FCIC has considered this change but it does not substantially clarify the rule or improve readability. No change has been made.

Section 24 Interest Limitations

Comment: Several commenters stated the opening sentence in the first paragraph in section 24 should end with the phrase ''as specified in the applicable Crop Provisions'' instead of ''as specified on the applicable crop provisions.''

Response: FCIC agrees and has revised the provisions accordingly.

Section 28 Concealment, Misrepresentation, or Fraud

Comment: A commenter recommended adding a comma in section 28(e) after the phrase ''If you willfully and intentionally provide false or inaccurate information to us.''

Response: FCIC agrees and has revised the provision.

Section 407.11 Area Risk Protection Insurance for Corn

Corn Crop Provisions Section 2—Insured Crop

Comment: Several commenters asked FCIC to consider rephrasing section 2(b) to avoid referencing section 2(a)(1) twice.

Response: FCIC has considered this change and because section 2(b) is corn other than what is referenced in section 2(a)(1) but it references a corn type that is similar to that referenced in section 2(a)(1), there needs to be the second cross reference to section (2)(a)(1) to distinguish between the high-oil and high-protein corn insured in sections 2(a)(1) and 2(b). No change has been made.

Comment: Several commenters recommended moving section 2(b)(1) to the end of section 2(b) before the colon and then renumbering sections 2(b)(2) and 2(b)(3) accordingly as sections 2(b)(1) and 2(b)(2).

Response: FCIC agrees and has revised the provisions accordingly.

Section 407.12 Area Risk Protection Insurance for Cotton

Cotton Crop Provisions—Section 2—Insured Crop

Comment: Several commenters questioned why two situations in a list of what is not insured in the GRP Cotton Crop Provisions were omitted from the ARPI Cotton Crop Provisions. The two omitted situations were ''Grown on acreage in which a hay crop was harvested in the same calendar year unless the acreage is irrigated'' and ''Grown on acreage on which a small grain crop reached the heading stage in the same calendar year unless the acreage is irrigated or adequate measures are taken to terminate the small grain crop prior to heading and less than 50 percent of the small grain plants reach the heading stage.'' The commenters asked are these planting practices considered insurable under ARPI or are they perhaps going to be moved to the Special Provisions.

Response: FCIC agrees and has added these provisions to section 2(b). There may be areas where these practices are insurable and they will be specified in the Special Provisions.

Comment: Several commenters recommended moving section 2(c)(1) to the end of section 2(c) before the colon and then renumbering sections 2(c)(2) and 2(c)(3) accordingly as sections 2(c)(1) and 2(c)(2). Commenters also noted a period should be added to the end of section 2(c)(2).

Response: FCIC agrees and has revised the provisions accordingly.

Section 407.13 Area Risk Protection Insurance for Forage

Forage Crop Provisions—General

Comment: A commenter asked why forage is included in this product, and will forage be limited to the AYP. The commenter also asked why sugarcane is

not included as an insurable ARPI crop since sugar is traded on the commodities market giving sugarcane an advantage over forage.

Response: FCIC included forage as an insurable crop under ARPI because forage was an insurable crop with active business under GRP. FCIC will only offer AYP for forage. Sugarcane is not an insurable crop under ARPI because sugarcane is insured under an area plan of insurance submitted by a private party under section 508(h) of the Act.

Forage Crop Provisions—Section 1 Definitions

Comment: Several commenters noted the definition of ''planted acreage'' has information that overlaps with the same term in the ARPI Basic Provisions. The commenters asked why the word ''spread'' is used instead of the word ''placed'' in the phrase ''land on which seed is initially spread.'' The commenters also asked why the word ''proper'' is used instead of the word ''correct'' in the phrase ''incorporated into the soil in a timely manner and at the proper depth.''

Response: FCIC agrees with the commenter that the definition of ''planted acreage'' in the Crop Provisions overlaps with the same term in the Basic Provisions and the definition is not necessary in the Forage Crop Provisions. FCIC has removed the definition of ''planted acreage'' from the Crop Provisions.

Forage Crop Provisions—Section 7 Annual Premium

Comment: A commenter stated the phrase ''in lieu of section 7(f) of the ARPI Basic Provisions'' is incorrect and should read ''in lieu of section 7(e) of the ARPI Basic Provisions.''

Response: FCIC agrees and has revised the provisions accordingly.

Section 407.15 Area Risk Protection Insurance for Grain Sorghum

Grain Sorghum Crop Provisions—Section 2 Insured Crop

Comment: Several commenters recommended moving section 2(b)(1) to the end of section 2(b) before the colon and then renumbering sections 2(b)(2) and 2(b)(3) accordingly as sections 2(b)(1) and 2(b)(2).

Response: FCIC agrees and has revised the provisions accordingly.

Section 407.16 Area Risk Protection Insurance for Soybean

Soybean Crop Provisions—Section 1 Definitions

Comment: Several commenters noted the definition of ''planted acreage'' has information that overlaps with the same term in the ARPI Basic Provisions. The commenters asked why is the word ''spread'' used instead of the word ''placed'' in the phrase ''land on which seed is initially spread.'' The commenters also asked why the word ''proper'' is used instead of the word ''correct'' in the phrase ''incorporated into the soil in a timely manner and at the proper depth.''

Response: FCIC defined ''planted acreage'' in the Crop Provisions to allow for insurable methods of planting acreage that are in addition to the definition of ''planted acreage'' contained in the Basic Provisions. The language noted by the commenters has not been revised but FCIC has added the phrase ''unless otherwise specified in the Special Provisions'' to disallow insurability of the planted acreage as defined in the Crop Provisions if necessary in certain areas.

Section 407.17 Area Risk Protection Insurance for Wheat

Wheat Crop Provisions—Section 1 Definitions

Comment: Several commenters noted the definition of ''planted acreage'' has information that overlaps with the same term in the ARPI Basic Provisions and may not be sound. The commenters asked why is the word ''spread'' used instead of the word ''placed'' in the phrase ''land on which seed is initially spread.'' The commenters also asked why the word ''proper'' is used instead of the word ''correct'' in the phrase ''incorporated into the soil in a timely manner and at the proper depth.''

Response: FCIC defined ''planted acreage'' in the Crop Provisions, to allow for insurable methods of planting acreage that are in addition to the definition of ''planted acreage'' contained in the Basic Provisions. The language noted by the commenters has been revised and is worded similar to the definition of ''planted acreage'' contained in the Crop Provisions used for wheat individual plans of insurance. No change has been made.

In addition to the changes described above, FCIC has made the following changes to the ARPI Insurance Regulations:

1. Since FCIC does not approve insurance forms, FCIC has revised paragraph (a) of part 407.8 to clarify the application for insurance form is developed in accordance with standards established by FCIC.

In addition to the changes described above, FCIC has made the following changes to the ARPI Basic Provisions:

1. FCIC revised the definition of ''payment factor'' to include that this factor will be no greater than 1.0. This change will provide clarity in ARPI indemnity calculations.

2. FCIC added the following language, ''unless otherwise specified in the Special Provisions'' to the end of the definition of policy protection. This additional language will allow FCIC the flexibility to modify as appropriate the method of calculating the policy protection in the event of regulatory changes from subsequent Farm Bill legislation.

3. FCIC is in the process of revising ineligibility provisions in 7 CFR Part 400 Subpart U, and as a result FCIC has made the following ARPI changes to section 2. FCIC revised section 2(k)(1)(i)(B) by replacing the language, ''. . . overpaid indemnity . . .'' with, ''. . . overpaid indemnity and any other amounts due, including but not limited to, premium billed with a delinquent date after the termination date for the crop year in which premium is earned, . . .'' FCIC revised section 2(k)(2)(i)(B) by adding the following language, ''. . . including but not limited to, premium billed with a delinquent date after the termination date for the crop in which premium is earned, . . .'' after ''For a policy with other amounts due, . . .'' FCIC revised section 2(p) by adding the word ''voidance'' at the beginning and replacing the word ''violation'' with ''. . . your policy is voided due to a conviction . . .''

4. In section 5(c)(4), added parentheticals around the phrase ''*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.''

5. Changed the title of section 7 from ''Administrative Fees and Annual Premium'' to ''Annual Premium and Administrative Fees'' to be consistent with the section of the same name in the Common Crop Insurance Policy Basic Provisions.

6. FCIC identified a payment factor calculation error for Area Revenue Protection in section 12(g)(1)(iii). Using the expected county revenue in section 12(g)(1)(iii) was in error as the incorrect answer is derived when the harvest price is greater than the projected price for the Area Revenue Protection plan of insurance. FCIC split out and moved the payment factor calculation for Area Revenue Protection with the Harvest Price Exclusion from section 12(g)(1) to section 12(g)(2) and redesignated the payment factor calculation for Area Yield Protection from section 12(g)(2) to new section 12(g)(3). FCIC replaced using expected county revenue

contained in section 12(g)(1)(iii) with the new calculation of multiplying the expected county yield by the greater of projected or harvest price. FCIC added a new section 12(g)(1)(iv) to multiply the results of (ii) and (iii). FCIC redesigned the rest of section 12(g)(1) accordingly and any cross-references accordingly. For new section 12(g)(2)(iii), FCIC replaced using expected county revenue with the new calculation of multiplying the expected county yield by the projected price. The remaining portion of new section 12(g)(2) was made similar to section 12(g)(1).

7. FCIC has added section 22 for [FCIC policies].

8. In accordance with the Food, Conservation, and Energy Act of 2008 (also known as the 2008 Farm Bill), the premium billing date for many crops were moved to August 15th. Section 22(a)(1) had specified that interest would start to accrue the first day of the month following the premium billing date. This results in producers having only 15 days to pay their premium before interest will start to accrue. As a result, FCIC has revised section 22(a)(1) by adding language that will provide a minimum of 30 days from the premium billing date before interest will start to accrue on premium amounts or administrative fees owed to FCIC.

9. FCIC has added section 23 for [FCIC policies].

10. As a result of the payment factor calculation error found in section 12(g)(1), FCIC has revised the indemnity calculation examples in section 30 for Area Revenue Protection and Area Revenue Protection with Harvest Price Exclusion accordingly. For the Area Revenue Protection example this change results in the payment factor contained in step nine changing from .371 to .385 and the indemnity in step ten changing from $26,371 to $27,367. For the Area Revenue Protection with Harvest Price Exclusion example the calculation changes result in no change to the payment factor or indemnity.

In addition to the changes described above, FCIC has made the following changes to the ARPI Crop Provisions:

1. Currently there are two acreage reporting dates for forage production. For forage production insured under the individual plans of insurance there is a fall acreage reporting date, and for forage production insured under the area plans of insurance there is a spring acreage reporting date. FCIC is evaluating a common acreage reporting date for forage production insured under the individual plans of insurance and under the area plans of insurance to meet the ACRSI effort to standardize information collection across the USDA. In order to facilitate any future changes to the ARPI forage acreage reporting date, FCIC added the phrase ''or as specified in the Special Provisions'' to section 6 of the Forage Crop Provisions to allow for the modification of program dates by the Special Provisions.

2. FCIC has determined that section 3 in each of the Crop Provisions is unnecessary and has removed this section and renumbered the remaining sections accordingly in each of the Crop Provisions.

3. FCIC has revised redesignated section 3 of all the Crop Provisions to allow the payment determination dates and indemnity payment dates to be changed if specified otherwise in the Special Provisions.

Good cause is shown to make this rule effective less than 30 days after publication in the **Federal Register**. Good cause to make a rule effective less than 30 days after publication in the **Federal Register** exists when the 30-day delay in the effective date is impracticable, unnecessary, or contrary to the public interest.

With respect to the provisions of this final rule, it would be contrary to the public interest to delay its implementation because public interest is served by implementing the new Area Risk Protection Insurance product which does the following: (1) Replaces the GRP and GRIP plans of insurance by offering Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, or Area Yield Protection, all within one Basic Provisions and the applicable Crop Provisions whereby reducing the amount of information for a producer to read to make risk management decisions; (2) establish common crop pricing between plans of insurance; (3) improve program performance; and (4) reduce fraud, waste, and abuse. Delaying the implementation of these provisions, which make a sounder, more stable program, would be contrary to the public interest.

If FCIC is required to delay the implementation of this rule until 30 days after the date of publication, the provisions of this rule could not be implemented until the 2015 crop year for those crops having a contract change date prior to the effective date of this publication.

For the reasons stated above, good cause exists to make these policy changes effective upon publication in the **Federal Register**.

List of Subjects in 7 CFR Part 407

Crop insurance, Reporting and recordkeeping requirements.

Final Rule

Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation revises 7 CFR part 407, Group Risk Plan of Insurance Regulations effective for the 2014 and succeeding crop years, to read as follows:

PART 407—AREA RISK PROTECTION INSURANCE REGULATIONS

Sec.

Authority: 7 U.S.C. 1506(l), 1506(o).

§ 407.1 Applicability.

The provisions of this part are applicable only to those crops for which a Crop Provision is contained in this part and the crop years specified.

§ 407.2 Availability of Federal crop insurance.

(a) Insurance shall be offered under the provisions of this part on the insured crop in counties within the limits prescribed by and in accordance with the provisions of the Federal Crop Insurance Act (7 U.S.C. 1501–1524) (Act). The crops and counties shall be designated by the Manager of the Federal Crop Insurance Corporation (FCIC) from those approved by the Board of Directors of FCIC.

(b) The insurance is offered through insurance providers reinsured by the FCIC that offer contracts containing the same terms and conditions as the contract set out in this part. These contracts are clearly identified as being reinsured by FCIC. FCIC may offer the contract for coverage contained in this part and part 402 of this chapter directly to the insured through the Department of Agriculture if the Secretary

determines that the availability of local agents is not adequate. Those contracts are specifically identified as being offered by FCIC.

(c) No person may have in force more than one insurance policy issued or reinsured by FCIC on the same crop for the same crop year, in the same county, unless specifically approved in writing by FCIC.

(d) Except as specified in paragraph (c) of this section, if a person has more than one contract authorized under the Act that provides coverage for the same loss on the same crop for the same crop year in the same county, all such contracts shall be voided for that crop year and the person will be liable for the premium on all contracts, unless the person can show to the satisfaction of the FCIC that the multiple contracts of insurance were without the fault of the person.

(1) If the multiple contracts of insurance are shown to be without the fault of the person and:

(i) One contract is an additional coverage policy and the other contract is a Catastrophic Risk Protection policy, the additional coverage policy will apply if both policies are with the same insurance provider, or if not, both insurance providers agree, and the Catastrophic Risk Protection policy will be canceled (If the insurance providers do not agree, the policy with the earliest date of application will be in force and the other contract will be canceled); or

(ii) Both contracts are additional coverage policies or both are Catastrophic Risk Protection policies, the contract with the earliest signature date on the application will be valid and the other contract on that crop in the county for that crop year will be canceled, unless both policies are with the same insurance provider and the insurance provider agrees otherwise or both policies are with different insurance providers and both insurance providers agree otherwise.

(2) No liability for indemnity or premium will attach to the contracts canceled as specified in paragraphs (d)(1)(i) and (ii) of this section.

(e) The person must repay all amounts received in violation of this section with interest at the rate contained in the contract (see § 407.9, section 22).

(f) A person whose contract with FCIC or with an insurance provider reinsured by FCIC under the Act has been terminated because of violation of the terms of the contract is not eligible to obtain crop insurance under the Act with FCIC or with an insurance provider reinsured by FCIC unless the person can show that the termination was improper and should not result in subsequent ineligibility.

(g) All applicants for insurance under the Act must advise the insurance provider, in writing at the time of application, of any previous applications for insurance or contracts of insurance under the Act within the last 5 years and the present status of any such applications or insurance.

§ 407.3 Premium rates, amounts of protection, and coverage levels.

(a) The Manager of FCIC shall establish premium rates, amounts of protection, and coverage levels for the insured crop that will be included in the actuarial documents on file in the agent's office. Premium rates, amounts of protection, and coverage levels may be changed from year to year in accordance with the terms of the policy.

(b) At the time the application for insurance is made, the person must elect an amount of protection and a coverage level from among those contained in the actuarial documents for the crop year.

§ 407.4 OMB control numbers.

The information collection activity associated with this rule has been submitted to OMB for their review and approval.

§ 407.5 Creditors.

An interest of a person in an insured crop existing by virtue of a lien, mortgage, garnishment, levy, execution, bankruptcy, involuntary transfer or other similar interest shall not entitle the holder of the interest to any benefit under the contract.

§ 407.6 [Reserved]

§ 407.7 The contract.

(a) The insurance contract shall become effective upon the acceptance by FCIC or the insurance provider of a complete, duly executed application for insurance on a form prescribed or approved by FCIC.

(b) The contract shall consist of the accepted application, Area Risk Protection Insurance Basic Provisions, Crop Provisions, Special Provisions, Actuarial Documents, and any amendments, endorsements, or options thereto.

(c) Changes made in the contract shall not affect its continuity from year to year.

(d) No indemnity shall be paid unless the person complies with all terms and conditions of the contract.

(e) The forms required under this part and by the contract are available at the office of the insurance provider, or such other location as specified by FCIC, if applicable.

§ 407.8 The application and policy.

(a) Application for insurance, developed in accordance with standards established by FCIC, must be made by any person who wishes to participate in the program in order to cover such person's share in the insured crop as landlord, owner-operator, tenant, or other crop ownership interest.

(1) No other person's interest in the crop may be insured under the application.

(2) To obtain coverage, the application must be submitted to the insurance provider on or before the applicable sales closing date on file in the insurance provider's local office.

(b) FCIC or the insurance provider may reject, no longer accept applications, or cancel existing insurance contracts upon the FCIC's determination that the insurance risk is excessive. Such determination must be made not later than 15 days before the cancellation date for the crop and may be made on an area, county, state, or crop basis.

§ 407.9 Area risk protection insurance policy.

This insurance is available for the 2014 and succeeding years.

[FCIC policies]

Department of Agriculture

Federal Crop Insurance Corporation

Area Risk Protection Insurance Policy

[Reinsured policies]

(Appropriate title for insurance provider)

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

[FCIC policies]

Area Risk Protection Insurance (ARPI) provides protection against widespread loss of revenue or widespread loss of yield in a county. Individual farm revenues and yields are not considered under ARPI and it is possible that your individual farm may experience reduced revenue or reduced yield and you do not receive an indemnity under ARPI.

This is an insurance policy issued by the FCIC, a United States government agency, under the provisions of the Federal Crop Insurance Act (7 U.S.C. 1501–1524) (Act). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the Act. The provisions of the policy may not be waived or modified in any way by us, your insurance agent or any employee of USDA. Procedures (handbooks, underwriting rules, manuals, memoranda, and bulletins),

issued by us and published on the Risk Management Agency's (RMA) Web site at *http://www.rma.usda.gov/* or a successor Web site, will be used in the administration of this policy, including the adjustment of any loss or claim submitted hereunder. Throughout this policy, ''you'' and ''your'' refer to the insured shown on the accepted application and ''we,'' ''us,'' and ''our'' refer to FCIC. Unless the context indicates otherwise, the use of the plural form of a word includes the singular and the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the commitment to pay a 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 among the Act, the regulations published at 7 CFR chapter IV, and the procedures as issued by us, the order of priority is: (1) the Act; (2) the regulations; and (3) the procedures as issued by us, with (1) controlling (2), etc. If there is a conflict between the policy provisions published at 7 CFR part 407 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 407 control. The order of priority among the policy is: (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) Special Provisions; (3) actuarial documents; (4) the applicable Commodity Exchange Price Provisions; (5) the Crop Provisions; and (6) these Basic Provisions, with (1) controlling (2), etc.

[Reinsured policies]

Area Risk Protection Insurance (ARPI) provides protection against widespread loss of revenue or widespread loss of yield in a county. Individual farm revenues and yields are not considered under ARPI and it is possible that your individual farm may experience reduced revenue or reduced yield and not receive an indemnity under ARPI.

This insurance policy is reinsured by the FCIC under the provisions of Subtitle A of the Federal Crop Insurance Act (7 U.S.C. 1501–1524) (Act). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the Act. The provisions of the policy may not be waived or varied in any way by us, our insurance agent or any other contractor or employee of ours or any employee of USDA. We will use the procedures (handbooks, underwriting rules, manuals, memoranda, and bulletins), as issued by FCIC and published on the Risk Management Agency (RMA's) Web site at *http://www.rma.usda.gov/* or a successor Web site, in the administration of this policy, including the adjustment of any loss or claim submitted hereunder. 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, FCIC will become your insurer, make all decisions in accordance with the provisions of this policy, including any loss payments, and 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 insured shown on the accepted application and ''we,'' ''us,'' and ''our'' refer to the insurance provider providing insurance. Unless the context indicates otherwise, the use of the plural form of a word includes the singular and the singular form of the word includes the plural.

AGREEMENT TO INSURE: In return for the commitment to pay a 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 among 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 there is a conflict between the policy provisions published at 7 CFR part 407 and the administrative regulations published at 7 CFR part 400, the policy provisions published at 7 CFR part 407 control. The order of priority among the policy is: (1) the Catastrophic Risk Protection Endorsement, as applicable; (2) Special Provisions; (3) actuarial documents; (4) Commodity Exchange Price Provisions; (5) the Crop Provisions; and (6) these Basic Provisions, with (1) controlling (2), etc.

Terms and Conditions

Basic Provisions

1. Definitions

Abandon. Failure to continue to care for the crop, or providing care so insignificant as to provide no benefit to the crop.

Acreage report. A report required by section 8 of these Basic Provisions that contains, in addition to other required 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 actuarial documents by which you are required to submit your acreage report.

Act. Subtitle A of the Federal Crop Insurance Act (7 U.S.C. 1501–1524).

Actuarial documents. The part of the policy that contains information for the crop year which is available for public inspection in your agent's office and published on RMA's Web site, *http://www.rma.usda.gov/*, and which shows available plans of insurance, coverage levels, information needed to determine amounts of insurance, prices, premium rates, premium adjustment percentages, type (commodity types, classes, subclasses, intended uses), practice (irrigated practices, cropping practices, organic practices, intervals), insurable acreage, and other related information regarding crop insurance in the county.

Additional coverage. A level of coverage greater than catastrophic risk protection.

Administrative fee. An amount you must pay for catastrophic risk protection, and additional coverage for each crop year as specified in section 7 of these provisions, the Catastrophic Risk Protection Endorsement, or the Special Provisions, as applicable.

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. Persons who have a personal or financial interest in you or the crop will not qualify as an agricultural expert. For example, contracting with a person for consulting would be considered to have a financial interest and a person who is a neighbor would be considered to have a personal interest.

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. The general geographical region in which the insured acreage is located, designated generally as a county but may be a smaller or larger geographical area as specified in the actuarial documents.

Area Revenue Protection. A plan of insurance that provides protection against loss of revenue due to a county level production loss, a price decline, or a combination of both. This plan also includes upside harvest price protection, which increases your policy protection at the end of the insurance period if the harvest price is greater than the projected price and if there is a production loss.

Area Revenue Protection with the Harvest Price Exclusion. A plan of

insurance that provides protection against loss of revenue due to a county level production loss, price decline, or a combination of both. This plan does not provide upside harvest price protection.

Area Risk Protection Insurance (ARPI). Insurance coverage based on an area, not an individual, yield or revenue amount. There are three plans of insurance available under ARPI: Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, and Area Yield Protection.

Area Yield Protection. A plan of insurance that provides protection against loss of yield due to a county level production loss. This plan does not provide protection against loss of revenue or upside harvest price protection.

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

Buffer zone. A parcel of land, as designated in your organic plan, that separates commodities grown under organic practices from commodities grown under non-organic practices, and used to minimize the possibility of unintended contact by prohibited substances or organisms.

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 (CAT). Coverage equivalent to 65 percent of yield coverage and 45 percent of price coverage, unless otherwise specified in the Special Provisions, and is the minimum level of coverage offered by FCIC, as specified in the actuarial documents for the crop, type, and practice. CAT is not available with Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion.

Catastrophic Risk Protection Endorsement. The part of the crop insurance policy that contains provisions of insurance that are specific to CAT.

Certified organic acreage. Acreage in the certified organic farming operation that has been certified by a certifying agent as conforming to organic standards in accordance with 7 CFR part 205.

Certifying agent. A private or governmental entity accredited by the USDA Secretary of Agriculture for the purpose of certifying a production, processing or handling operation as organic.

Class. A specific subgroup of commodity type.

Code of Federal Regulations (CFR). The codification of general 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://ecfr.gpoaccess.gov/*.

Commodity. An agricultural good or product that has economic value.

Commodity Exchange Price Provisions (CEPP). A part of the policy that is used for crops for which ARPI is available, unless otherwise specified. This document includes the information necessary to derive the projected and harvest price for the insured crop, as applicable.

Commodity type. A specific subgroup of a commodity having a characteristic or set of characteristics distinguishable from other subgroups of the same commodity.

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

Contract. (See ''Policy'')

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

Conventional farming practice. A system or process that is necessary to produce a commodity, excluding organic farming practices.

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 National Institute of Food and Agriculture, and who provide information to agricultural producers and others.

County. Any county, parish, political subdivision of a state, or other area specified on the actuarial documents shown on your accepted application, including acreage in a field that extends into an adjoining county if the county boundary is not readily discernible.

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.

Credible data. Data of sufficient quality and quantity to be representative of the county.

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

Cropping practice. A method of using a combination of inputs such as fertilizer, herbicide, and pesticide, and operations such as planting, cultivation, etc. to produce the insured crop. The insurable cropping practices are specified in the actuarial documents.

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

Crop year. The period within which the insured crop is normally grown and designated by the calendar year in which the crop is normally harvested.

Days. Calendar days.

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

Dollar amount of insurance per acre. The guarantee calculated by multiplying the expected county yield by the projected price and by the protection factor. Your dollar amount of insurance per acre is shown on your Summary of Protection. Following release of the harvest price, your dollar amount of insurance may increase if Area Revenue Protection was purchased and the harvest price is greater than the projected price.

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

Expected county revenue. The expected county yield multiplied by the projected price.

Expected county yield. The yield, established in accordance with section 15, contained in the actuarial documents on which your coverage for the crop year is based.

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

Final county revenue. The revenue determined by multiplying the final county yield by the harvest price with the result used to determine whether an indemnity will be due for Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion, and released by FCIC at a time specified in the Crop Provisions.

Final county yield. The yield, established in accordance with section 15, for each insured crop, type, and practice, used to determine whether an indemnity will be due for Area Yield Protection, and released by FCIC at a time specified in the Crop Provisions.

Final planting date. The date contained in the actuarial documents for

the insured crop by which the crop must be planted in order to be insured.

Final policy protection. For Area Revenue Protection only, the amount calculated in accordance with section 12(e).

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

FSA. The Farm Service Agency, an agency of the USDA, or a successor agency.

FSA farm number. The number assigned to the farm by the local FSA office.

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

Good farming practices. The production methods utilized to produce the insured crop, type, and practice and allow it to make normal progress toward maturity, which are: (1) for conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by organic agricultural experts for the area or contained in the organic plan. 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.''

Harvest price. A price determined in accordance with the CEPP and used to determine the final county revenue.

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.

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

Insurable loss. Damage for which coverage is provided under the terms of your policy, and for which you accept an indemnity payment.

Insurance provider. A private insurance company that has been approved by FCIC to provide insurance coverage to producers participating in programs authorized by the Act.

Insured. The named person as shown on the application accepted by us. This term does not extend to any other person having an insurable interest in the crop (*e.g.,* a partnership, landlord, or any other person) unless specifically indicated on the accepted application.

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

Intended use. The expected end use or disposition of the commodity at the time the commodity is reported.

Interval. A period of time designated in the actuarial documents.

Irrigated practice. A method of producing a crop by which water, from an adequate water source, is artificially applied in sufficient amounts by appropriate and adequate irrigation equipment and facilities and at the proper times necessary to produce at least the (1) yield expected for the area; (2) yield used to establish the production guarantee or amount of insurance/coverage on the irrigated acreage planted to the commodity; or (3) producer's established approved yield, as applicable. Acreage adjacent to water, such as but not limited to a pond, lake, river, stream, creek or brook, shall not be considered irrigated based solely on the proximity to the water. The insurable irrigation practices are specified in the actuarial documents.

Liability. (See ''Policy protection.'')

Limited resource farmer. Has the same meaning as the term defined by USDA at *http://www.lrftool.sc.egov.usda.gov* or a successor Web site.

Loss limit factor. Unless otherwise specified in the Special Provisions a factor of .18 is used to calculate the payment factor. This factor represents the percentage of the expected county yield or expected county revenue at which no additional indemnity amount is payable. For example, if the expected county yield is 100 bushels and the final county yield is 18 bushels, then no additional indemnity is due even if the yield falls below 18 bushels. The total indemnity will never be more than 100 percent of the final policy protection.

NASS. National Agricultural Statistics Service, an agency within USDA, or its successor, that publishes the official United States Government yield estimates.

Native sod. Acreage that has no record of being tilled (determined in accordance with FSA or other verifiable records acceptable to us) for the production of an annual crop on or before May 22, 2008, and on which the plant cover is composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing.

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

Organic agricultural experts. Persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the Cooperative Extension System, the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific organic crop or practice for which such expertise is sought.

Organic crop. A commodity that is organically produced consistent with section 2103 of the Organic Foods Act of 1990 (7 U.S.C. 6502).

Organic farming practice. A system of plant production practices used to produce an organic crop that is approved by a certifying agent in accordance with 7 CFR part 205.

Organic plan. A written plan, in accordance with the National Organic Program published in 7 CFR part 205, that describes the organic farming practices that you and a certifying agent agree upon annually or at such other times as prescribed by the certifying agent.

Organic practice. The insurable organic farming practices specified in the actuarial documents.

Organic standards. Standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 *et seq.*) and 7 CFR part 205.

Payment factor. A factor no greater than 1.0 used to determine the amount of indemnity to be paid in accordance with section 12(g).

Perennial crop. A plant, bush, tree or vine crop that has a life span of more than one year.

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. Except as otherwise specified in the Special Provisions, 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 in accordance with good farming practices for the area.

Policy. The agreement between you and us to insure a commodity and consisting of the accepted application,

these Basic Provisions, the Crop Provisions, the Special Provisions, the CEPP, other applicable endorsements or options, the actuarial documents for the insured commodity, the CAT Endorsement, if applicable, and the applicable regulations published in 7 CFR chapter IV. Insurance for each commodity in each county will constitute a separate policy.

Policy protection. The liability amount calculated in accordance with section 6(f) unless otherwise specified in the Special Provisions.

Practice. Production methodologies used to produce the insured crop consisting of unique combinations of irrigated practice, cropping practice, organic practice, and interval as shown on the actuarial documents as insurable.

Prairie Pothole National Priority Area. Consists of specific counties within the States of Iowa, Minnesota, Montana, North Dakota, South Dakota, or any other county as specified on the RMA's Web site at *http://www.rma.usda.gov/,* or a successor Web site, or the Farm Service Agency, Agricultural Resource Conservation Program 2–CRP (Revision 4), dated April 28, 2008, or a subsequent publication.

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 actuarial documents.

Production report. A written record showing your annual production in accordance with section 8. The report contains yield information for the current year, including acreage and production. This report must be supported by written verifiable records from a warehouseman or buyer of the insured crop, by measurement of farm-stored production, or by other records of production approved by us in accordance with FCIC approved procedures.

Production reporting date. The date contained in the actuarial documents by which you are required to submit your production report.

Prohibited substance. Any biological, chemical, or other agent that is prohibited from use or is not included in the organic standards for use on any certified organic, transitional or buffer zone acreage. Lists of such substances are contained at 7 CFR part 205.

Projected price. A price for each crop, type, and practice as shown in the actuarial documents, as applicable, determined in accordance with the CEPP, Special Provisions or the Crop Provisions, as applicable.

Protection factor (PF). The percentage you choose that is used to calculate the dollar amount of insurance per acre and policy protection.

Replanted crop. The same commodity replanted on the same acreage as the first insured crop for harvest in the same crop year. ARPI does not have a replant provision, therefore, it is only used for first and second crop determinations.

RMA. Risk Management Agency, an agency within USDA.

RMA's Web site. A Web site hosted by RMA and located at *http://www.rma.usda.gov/* or a successor Web site.

Sales closing date. The date contained in the actuarial documents by which an application must be filed and 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 any commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different commodity as the first insured crop, except the term does not include a replanted crop. 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 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. A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured.

Share. Your insurable interest in the insured crop as an owner, operator, or tenant.

Special Provisions. The part of the policy that contains specific provisions of insurance for each insured crop that may vary by geographic area, and is available for public inspection in your agent's office and published on RMA's Web site.

State. The state shown on your accepted application.

Subclass. A specific subgroup of class.

Subsidy. The portion of the total premium that FCIC will pay in accordance with the Act.

Subsidy factor. The percentage of the total premium paid by FCIC as a subsidy.

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 protection. Our statement to you specifying the insured crop, dollar amount of insurance per acre, policy protection, premium and other information obtained from your accepted application, acreage report, and the actuarial documents.

Sustainable farming practice. A system or process for producing a commodity, excluding organic farming practices, that is necessary to produce the crop and is generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.

Tenant. A person who rents land from another person for a share of the crop or a share of the proceeds of the crop (see the definition of ''share'' above).

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.

Tilled. The termination of existing plants by plowing, disking, burning, application of chemicals, or by other means to prepare acreage for the production of an annual crop.

Total premium. The amount of premium before subsidy, calculated in accordance with section 7(e)(1).

Transitional acreage. Acreage on which organic farming practices are

being followed that does not yet qualify to be designated as organic acreage.

Trigger revenue. The revenue amount calculated in accordance with section 12(b).

Trigger yield. The yield amount calculated in accordance with section 12(c).

Type. Categories of the insured crop consisting of unique combinations of commodity type, class, subclass, and intended use as shown on the actuarial documents as insurable.

Upside harvest price protection. Coverage provided automatically under the Area Revenue Protection plan of insurance. This coverage increases your final policy protection when the harvest price is greater than the projected price. This coverage is not available under either the Area Revenue Protection with the Harvest Price Exclusion or the Area Yield Protection plans of insurance.

USDA. 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.

Volatility factor. A measure of variation of price over time found in the actuarial documents.

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) The following information must be included on your application for insurance or your application will not be accepted and no coverage will be provided:

(1) Your election of Area Revenue Protection, Area Revenue Protection with the Harvest Price Exclusion, or Area Yield Protection;

(2) The crop with all type and practice combinations insured as shown on the actuarial documents;

(3) Your elected coverage level;

(4) Your elected protection factor;

(5) Identification numbers for you as follows:

(i) You must include your social security number (SSN) if you are an individual (if you are an individual applicant operating as a business, you must provide an employer identification number (EIN) and you must also provide your SSN); or

(ii) You must include your EIN if you are a person other than an individual;

(6) Identification numbers 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; and

(7) All other information required on the application to insure the crop.

(c) With respect to SSNs or EINs required on your application:

(1) 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;

(2) 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 of 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 beneficial interest in you could avoid an obligation or requirement under any State or Federal law; or

(iii) Except as provided in sections 2(c)(2)(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;

(d) When any of your policies are void under section 2(c):

(1) You must repay any indemnity that may have been paid for all applicable crops and crop years;

(2) 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

(3) If you previously paid premium or administrative fees, any amount in excess of the amount required in section 2(d)(2) will be returned to you.

(e) Notwithstanding any of the provisions in this section, you may be subject to civil, criminal or administrative sanctions if you certify to an incorrect SSN or EIN or any other information under this policy.

(f) If any of the information regarding persons with a substantial beneficial interest in you, changes:

(1) 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; or

(2) 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;

(3) And you fail to provide the required revisions, the provisions in section 2(c)(2) will apply; and

(g) If you are, or a person with a substantial beneficial interest in you is, not eligible to obtain an SSN or EIN, whichever is required, you must request an assigned number for the purposes of this policy from us:

(1) 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;

(2) If a number cannot be provided for you in accordance with section (2)(g)(1), your application will not be accepted; or

(3) If a number cannot be provided for any person with a substantial beneficial interest in you in accordance with section 2(g)(1), the amount of coverage for all crops on the application will be reduced proportionately by the percentage interest of such person in you.

(h) After acceptance of the application, you may not cancel this policy for the initial crop year unless you choose to insure the entire crop under another Federally reinsured plan of insurance with the same insurance provider on or before the sales closing date. After the first year, the policy will continue in force for each succeeding crop year unless canceled, voided or terminated as provided in this section.

(i) 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.

(j) Any amount due to us for any policy authorized under the Act will be offset from any indemnity 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 owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date FCIC publishes the final county yield for the applicable crop year.

(k) 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(k)(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(k)(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 overpaid indemnity and any other amounts due, including but not limited to, premium billed with a due date after the termination date for the crop year in which premium is earned, 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 section 2(k)(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(k)(2), you will not receive any indemnity, and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity 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(j), unless your policy was terminated in accordance with sections 2(k)(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 premium 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 will be owed);

(B) For a policy with other amounts due, including but not limited to, premium billed with a due date after the termination date for the crop year in which premium is earned, 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 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, 2011, your policy will terminate on November 30, 2010, for the 2011 crop year); or

(E) For dismissal of a bankruptcy petition before discharge, the termination date the policy was or would have been terminated under section 2(k)(2)(i)(A), (B), (C).

(ii) For all policies terminated under section 2(k)(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 crop 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 a 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(k)(2)(i).)

(4) If you are determined to be ineligible under section 2(k), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.

(l) In cases where there has been a death, disappearance, judicially declared incompetence, or dissolution of any insured person:

(1) If any married insured dies, disappears, or is judicially declared incompetent, the 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 insured; and

(ii) The spouse has a share of the crop.

(2) The provisions in section 2(l)(3) will only 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(l)(1) are not met, dies, disappears, or is judicially declared incompetent.

(3) If 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 on 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 on or before the sales closing date for coverage for the subsequent crop year; and

(B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment provided such person or persons comply with all policy provisions and timely pays 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 on or before the sales closing date for coverage for the subsequent crop year; and

(B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment provided such person or persons comply with all policy provisions and timely pays the premium.

(5) If section 2(k)(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 of the entity not later than the next cancellation date, except if section 2(k)(3)(ii) applies, notice must be provided by the cancellation date for the next crop year.

(m) We may cancel your policy if no premium is earned for 3 consecutive years.

(n) The cancellation and termination dates are contained in the Crop Provisions.

(o) 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(g), and any other consequences, including administrative, criminal or civil sanctions, if any information has been misreported.

(p) If voidance, 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 your policy is voided due to a conviction of the controlled substance provisions of the Food Security Act of 1985 or Title 21, a new application must be filed for the crop.

(1) Insurance coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.

(2) Since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment, or you otherwise become eligible, after the sales closing date, you cannot apply for insurance until the next crop year. For example, for the 2012 crop year, if crop A, with a termination date of October 31, 2012, and crop B, with a termination date of March 15, 2013, 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, 2012, and crop A's policy is terminated as of that date. Crop B's policy does not terminate until March 15, 2013, and an indemnity for the 2012 crop year may still be owed. 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.

3. Contract Changes

(a) We may change the terms and conditions of this policy from year to year.

(b) Any changes in policy provisions, the CEPP, amounts of insurance, expected county yields, premium rates, and program dates can be viewed on RMA's Web site not later than the contract change date contained in the Crop Provisions. We may only revise this information after the contract change date to correct obvious errors (*e.g.,* the expected county revenue for a county was announced at $2,500 per acre instead of $250 per acre).

(c) After the contract change date, all changes specified in section 3(b) will also be available upon request from your crop insurance agent.

(d) Not later than 30 days prior to the cancellation date for the insured crop you will be provided, in accordance with section 20, a copy of the changes to the Basic Provisions, Crop Provisions, CEPP, if applicable, and Special Provisions.

(e) Acceptance of all 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 acreage;

(2) That is a type not generally recognized for the area;

(3) For which the information necessary for insurance (projected price, expected county yield, premium rate, etc.) is not included in the actuarial documents;

(4) That is a volunteer crop;

(5) 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 grain sorghum would not be insurable if grain sorghum had already been planted and harvested on the same acreage during the crop year);

(6) That is planted for experimental purposes; or

(7) That is used solely for wildlife protection or management. If the lease states that specific acreage must remain unharvested, only 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 specific crop, type, or practice is not insurable, it does not mean all other crops, types, or practices are insurable. To be

insurable, the use of such crop, type, or practice must be a good faming practice, have been widely used in the county, and meet all the conditions in the Basic Provisions, the Crop Provisions, Special Provisions, and the actuarial documents.

5. Insurable Acreage

(a) Except as provided in section 5(c), the insurable acreage is all of the acreage of the insured crop for which a premium rate is provided by the actuarial documents, in which you have a share, and which is planted in the county listed on your accepted application. The dollar amount of insurance per acre, amount of premium, and indemnity will be calculated separately for each crop, type, and practice shown on the actuarial documents.

(1) The acreage must have been planted and harvested (grazing is not considered harvested for the purposes of this section) or insured (excluding pasture, rangeland, and forage, vegetation and rainfall insurance or any other specific policy listed in the Special Provisions) in at least one of the three previous crop years unless:

(i) Such acreage was not planted:

(A) In at least two of the three previous crop years to comply with any other USDA program;

(B) Due to the crop rotation, the acreage would not have been planted in the previous three years (e.g., a crop rotation of corn, soybeans, and alfalfa; and the alfalfa remained for four years before the acreage was planted to corn again); or

(C) Because a perennial crop was on the acreage in at least two of the previous three crop years;

(ii) Such acreage constitutes five percent or less of the insured planted acreage of the crop, type and practice as shown on the actuarial documents in the county;

(iii) Such acreage was not planted or harvested because it was pasture or rangeland and the crop to be insured is also pasture or rangeland; or

(iv) The Crop Provisions or Special Provisions specifically allow insurance for such acreage.

(b) Only the acreage planted to the insured crop on or before the final planting date, as shown in the actuarial documents, and reported by the acreage reporting date and physically located in the county shown on your accepted application will be insured.

(c) We will not insure any acreage (and any uninsured acreage and production from uninsured acreage will not be included for the purposes of establishing the final county yield):

(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;

(2) Where we determine you have failed to follow good farming practices for the insured crop;

(3) 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 corn crop after a failed small grain crop on the same acreage in the same crop year is not appropriate for the area);

(4) 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 13 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 ARPI, 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 ARPI, or before planting the second crop if it is insured under any other policy;

(ii) If the first insured crop is not insured under ARPI, at the time the first insured crop acreage is released by us or another insurance provider who insures the first insured crop (if no acreage in the first insured crop unit is released, this election must be made by the earlier of acreage reporting date for the second crop or when you sign the claim for the first insured crop);

(iii) If you fail to provide a notice as specified in section 5(c)(5)(i) or 5(c)(5)(ii), 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;

(iv) 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

(v) You must report the crop acreage that will not be insured on the applicable acreage report; and

(5) 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 by agricultural experts or organic agricultural experts 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 the same crop year in at least two of the last four years in which the insured crop was grown on the acreage; 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(c)(5)(i).

(d) If the Governor of a State designated within the Prairie Pothole National Priority Area elects to make section 508(o) of the Act effective for the State, any native sod acreage greater than five acres located in a county contained within the Prairie Pothole National Priority Area that has been tilled after May 22, 2008, is not insurable for the first five crop years of planting following the date the native sod acreage is tilled.

(1) If the Governor makes this election after you have received an indemnity or other payment for native sod acreage, you will be required to repay the amount received and any premium for such acreage will be refunded to you.

(2) If we determine you have tilled less than five acres of native sod a year for more than one crop year, we will add all the native sod acreage tilled after May 22, 2008, and all such acreage will be ineligible for insurance for the first five crop years of planting following the date the cumulative native sod acreage tilled exceeds five acres.

6. Coverage, Coverage Levels, Protection Factor, and Policy Protection

(a) For all acreage of the insured crop in the county, you must select the same plan of insurance (*e.g.,* all Area Revenue Protection, all Area Revenue Protection with the Harvest Price Exclusion, or all Area Yield Protection), if such plans are available on the actuarial documents.

(b) You must choose a protection factor:

(1) Unless otherwise specified in the Special Provisions from a range of 80 percent to 120 percent;

(2) As a whole percentage from amounts specified; and

(3) For each crop, type, and practice (you may choose a different protection factor for each crop, type, and practice).

(c) You may select any coverage level shown on the actuarial documents for each crop, type, and practice.

(1) For Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion:

(i) CAT level of coverage is not available; and

(ii) With respect to additional level of coverage, you may select any coverage level specified in the actuarial documents for each crop, type, and practice. For example: You may choose a 75 percent coverage level for one crop, type, and practice (such as corn irrigated practice) and a 90 percent coverage level for another crop, type, and practice (corn non-irrigated practice).

(2) For Area Yield Protection:

(i) CAT level of coverage is available, and you may select the CAT level of coverage for any crop, type, and practice;

(ii) With respect to additional level of coverage, you may select any coverage level specified in the actuarial documents for each crop, type, and practice. For example: You may choose a 75 percent coverage level for one crop, type, and practice (corn irrigated practice) and a 90 percent coverage level for another crop, type, and practice (corn non-irrigated practice); and

(iii) You may have CAT level of coverage on one type and practice shown on the actuarial documents for the crop, and additional coverage on another type and practice for the same crop. You may also have different additional levels of coverage by type and practice.

(d) You may change the plan of insurance, protection factor, or coverage level, for the following crop year by giving written notice to us not later than the sales closing date for the insured crop.

(e) Since this is a continuous policy, if you do not select a new plan of insurance, protection factor, and coverage level on or before the sales closing date, we will assign the same plan of insurance, protection factor, and coverage level as the previous year.

(f) Policy protection for ARPI plans of insurance is calculated as follows:

(1) Multiply the dollar amount of insurance per acre for each crop, type, and practice by the number of acres insured for such crop, type and practice; and

(2) Multiply the result of paragraph (1) by your share.

(g) If the projected price cannot be calculated for the current crop year under the provisions contained in the CEPP and you previously chose Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion:

(1) Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion will not be provided and you will automatically be covered under the Area Yield Protection plan of insurance for the current crop year unless you cancel your coverage by the cancellation date or change your plan of insurance by the sales closing date;

(2) Notice of availability of the projected price will be provided on RMA's Web site by the date specified in the applicable projected price definition contained in the CEPP;

(3) The projected price will be determined by FCIC and will be released by the date specified in the applicable projected price definition contained in the CEPP; and

(4) Your coverage will automatically revert back to Area Revenue Protection or Area Revenue Protection with the Harvest Price Exclusion, whichever is applicable, for the next crop year that revenue protection is available unless you cancel your coverage by the cancellation date or change your plan of insurance by the sales closing date.

7. Annual Premium and Administrative Fees

(a) The administrative fee:

(1) For CAT level of coverage will be an amount specified in the CAT Endorsement or the Special Provisions, as applicable;

(2) For additional levels of coverage is $30, or an amount specified in the Special Provisions, as applicable;

(3) Is payable to us on the premium billing date for the crop;

(4) Must be paid no later than the time premium is due or the amount will be considered a delinquent debt;

(5) If you select coverage in accordance with section 6(c)(2)(iii):

(i) Will be charged for both CAT and additional level of coverage if a producer elects both for the crop in the county; but

(ii) Will not be more than one additional and one CAT administrative fee no matter how many different coverage levels you choose for different type and practice combinations you insure for the crop in the county;

(6) Will be waived if you request it and:

(i) You qualify as a limited resource farmer; or

(ii) You were insured prior to the 2005 crop year or for 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;

(7) 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, civil and administrative sanctions; and

(8) If not paid when due, may make you ineligible for crop insurance and certain other USDA benefits.

(b) The premium is based on the policy protection calculated in section 6(f).

(c) The information needed to determine the premium rate and any premium adjustment percentages that may apply are contained in the actuarial documents.

(d) To calculate the premium and subsidy amounts for ARPI plans of insurance:

(1) Multiply your policy protection from section 6(f) by the applicable premium rate and any premium adjustment percentages that may apply;

(2) Multiply the result of paragraph (1) by the applicable subsidy factor (This is the amount of premium FCIC will pay);

(3) Subtract the result of paragraph (2) from the result of paragraph (1) to calculate the amount of premium you will pay.

(e) The amount of premium calculated in accordance with section 7(d)(3) is earned and payable at the time coverage begins. You will be billed for such premium and applicable administrative fees not earlier than the premium billing date specified in the actuarial documents.

(f) If the amount of premium calculated in accordance with section 7(d)(3) and administrative fees you are required to pay for any acreage exceeds the amount of policy protection 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).

(g) Premium or administrative fees owed by you will be offset from an indemnity due you in accordance with section 2(j).

8. Report of Acreage and Production

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

(b) If you do not have a share in an insured crop in the county for the crop year, you must submit an acreage report, on or before the acreage reporting date, so indicating.

(c) Your acreage report must include the following information, if applicable:

(1) The amount of acreage of the crop in the county (insurable and not insurable) in which you have a share, the last date any acreage of the insured crop was planted, and the number of acres planted by such date (Acreage initially planted after the final planting date must be reported as uninsurable);

(2) Your share at the time coverage begins;

(3) The practice;

(4) The type; and

(5) The land identifier for the crop acreage (*e.g.,* legal description, FSA farm number or common land unit number if provided to you by FSA, etc.) as required on our form.

(d) We will not insure any acreage of the insured crop planted after the final planting date.

(e) Regarding the ability to revise an acreage report you have submitted to us:

(1) You cannot revise any information pertaining to the planted acreage after the acreage reporting date without our consent;

(2) Consent may only be provided if the information on the acreage report is clearly transposed, or you provide adequate evidence that we have or someone from USDA has committed an error regarding the information on your acreage report; and

(3) The provisions in section 8(e)(1) and (2) also pertain to land acquired after the acreage reporting date, and we may choose to insure or not insure the acreage, provided the crop meets the requirements in section 5 and section 8. This requirement does not apply to any acreage acquired through a transfer of coverage in accordance with section 17.

(f) Except as provided in section 8(h), your premium and indemnity, if any, will be based on your insured acreage and share on your acreage report or section 8(e), if applicable.

(g) We may elect to determine all premiums and indemnities based on the information you submit on the acreage report or upon the factual circumstances we determine to have existed, subject to the provisions contained in section 8.

(h) 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(h)(2), if you submit information on any report that is different than what is determined to be correct and the information reported on the acreage report results in:

(i) A lower liability than the actual, correct liability determined, the policy protection will be reduced to an amount consistent with the information reported on the acreage report; or

(ii) 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.

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

(i) Under-reported at the time of the acreage report, any claim will be determined using the share you reported; or

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

(i) 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.

(j) You may request an acreage measurement from FSA or a business that provides such measurement service prior to the acreage reporting date, submit documentation of such request and an acreage report with estimated acreage by the acreage reporting date, and if the acreage measurement shows the estimated acreage was incorrect, we will revise your acreage report to reflect the correct acreage:

(1) If an acreage measurement is only requested for a portion of the insured crop, type, and practice, you must separately designate the acreage for which an acreage measurement has been requested;

(2) If an acreage measurement is not provided to us by the time the final county revenue or final county yield, as applicable, is calculated, we may:

(i) Elect to measure the acreage, and finalize your claim in accordance with applicable policy provisions;

(ii) Defer finalization of the claim until the measurement is completed with the understanding that if you fail to provide the measurement prior to the termination date, your claim will not be paid; or

(iii) Finalize the claim in accordance with applicable policy provisions after you provide the acreage measurement to us; and

(3) Premium will still be due in accordance with sections 2(k) and 7 (If the acreage is not measured as specified in section 8(j) and the acreage measurement is not provided to us at least 15 days prior to the premium billing date, your premium will be based on the estimated acreage and will be revised, if necessary, when the acreage measurement is provided);

(4) If the acreage measurement is not provided by the termination date, you will be precluded from providing any estimated acreage for all subsequent crop years;

(5) If there is an irreconcilable difference between:

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

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

(6) If the acreage report has been revised in accordance with sections 8(g) and 8(j), the information on the initial acreage report will not be considered misreported for the purposes of section 8(h).

(k) If you do not submit an acreage report by the acreage reporting date, or if you fail to report all acreage, we may elect to determine the insurable acreage, by crop, type, practice, and share, or to deny liability on such acreage. If we deny liability for the unreported acreage, no premium will be due on such acreage and no indemnity will be paid.

(l) An annual production report must be submitted, unless otherwise specified in the Special Provisions, to us on our form for each insured crop (separate lines for each type and practice) in the county by the production reporting date specified in the actuarial documents.

(m) Unless otherwise authorized by FCIC, if you do not submit a production report to us by the production reporting date specified in the actuarial documents, your protection factor for your policy in the following crop year

will be limited to the lowest protection factor available.

(n) You must certify to the accuracy of the information on your production report and if you fail to accurately report your production, you will be subject to the provisions in 8(m), unless the information is corrected:

(1) On or before the production reporting date; or

(2) Because the incorrect information was the result of our error or the error of someone from USDA.

(o) If you do not have records to support the information on your production report, you will be subject to the provisions in 8(m).

(p) At any time we discover you have misreported any material information on your production report, you will be subject to the provisions in 8(m).

(q) If you do not submit a production report or you misreported your production report and you switch to another plan of insurance in the following crop year, you will be subject to having a yield assigned in accordance with FCIC procedures.

(r) Errors in reporting acreage, share, and other information required in this section, may be corrected by us at the time we become aware of such errors. However, the provisions regarding incorrect information in this section will apply.

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 SSN, EIN, or other identification number we assigned for the purposes of this policy, as applicable.

(b) With respect to your share:

(1) We will consider 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 the 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 18(c)(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) Acreage rented for a percentage of the crop, or a lease containing provisions for both a minimum payment (such as a specified amount of cash, bushels, pounds, *etc.*) and a crop share will be considered a crop share lease.

(d) Acreage rented for cash, or a lease containing provisions for either a minimum payment or a crop share (such as a 50/50 share or $100.00 per acre, whichever is greater) will be considered a cash lease.

10. Insurance Period

Unless specified otherwise in the Crop Provisions, coverage begins at the later of:

(a) 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); or

(b) The date the insured crop is planted.

11. Causes of Loss

(a) ARPI provides protection against loss of revenue or against loss of yield in a county resulting from natural causes of loss that cause the final county yield or the final county revenue to be less than the trigger yield or the trigger revenue.

(b) Failure to follow good farming practices, or planting or producing a crop using a practice that has not been widely recognized as used to establish the expected county yield, is not an insurable cause of loss under ARPI.

12. Triggers, Final Policy Protection, Payment Factor, and Indemnity Calculations

(a) Individual farm revenues and yields are not considered when calculating losses under ARPI. It is possible that your individual farm may experience reduced revenue or reduced yield and you do not receive an indemnity under ARPI.

(b) To calculate the trigger revenue:

(1) For Area Revenue Protection, multiply the expected county yield by the greater of the projected or harvest price and by the coverage level.

(2) For Area Revenue Protection with the Harvest Price Exclusion, multiply the expected county yield by the projected price and by the coverage level.

(c) To calculate the Trigger Yield for Area Yield Protection, multiply the expected county yield by the coverage level.

(d) If the harvest price cannot be calculated for the current crop year under the provisions contained in the CEPP:

(1) Revenue protection will continue to be available; and

(2) The harvest price will be determined and announced by FCIC.

(e) The final policy protection for:

(1) Area Revenue Protection is calculated by:

(i) Multiplying the expected county yield by the greater of the harvest price or the projected price;

(ii) Multiplying the result of subparagraph (i) by your protection factor; and

(iii) Multiplying the result of subparagraph (ii) by your acres and by your share.

(2) Area Revenue Protection with the Harvest Price Exclusion and Area Yield Protection are equal to the policy protection and are calculated by:

(i) Multiplying the expected county yield by the projected price;

(ii) Multiplying the result of subparagraph (i) by your protection factor; and

(iii) Multiplying the result of subparagraph (ii) by your acres and by your share.

(f) An indemnity is due for:

(1) Area Revenue Protection and Area Revenue Protection with the Harvest Price Exclusion if the final county revenue is less than the trigger revenue.

(2) Area Yield Protection if the final county yield is less than the trigger yield.

(g) The payment factor is calculated for:

(1) Area Revenue Protection by:

(i) Subtracting the final county revenue from the trigger revenue to determine the amount of loss;

(ii) Multiplying the expected county yield by the greater of the projected or harvest price and by the loss limit factor;

(iii) Subtracting the result of subparagraph (ii) from the trigger revenue; and

(iv) Dividing the result of subparagraph (i) by the result of subparagraph (iii) to obtain the payment factor.

(2) Area Revenue Protection with the Harvest Price Exclusion by:

(i) Subtracting the final county revenue from the trigger revenue to determine the amount of loss;

(ii) Multiplying the expected county yield by the projected price and by the loss limit factor;

(iii) Subtracting the result of subparagraph (ii) from the trigger revenue; and

(iv) Dividing the result of subparagraph (i) by the result of subparagraph (iii) to obtain the payment factor.

(3) Area Yield Protection by:

(i) Subtracting the final county yield from the trigger yield to determine the amount of loss;

(ii) Multiplying the expected county yield by the loss limit factor;

(iii) Subtracting the result of subparagraph (ii) from the trigger yield; and

(iv) Dividing the result of subparagraph (i) by the result of subparagraph (iii) to obtain the payment factor.

(h) Indemnities for all three ARPI plans of insurance are calculated by multiplying the final policy protection by the payment factor.

(i) Indemnities for all three ARPI plans of insurance are calculated following release of the final county yield and harvest price as specified in the Crop Provisions.

13. Indemnity and Premium Limitations

(a) With respect to acreage where you are due an indemnity for your first insured crop in the crop year, except in the case of double cropping described in section 13(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 13(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 13(a)(2)(ii).

(b) In lieu of the priority contained in the Agreement to Insure section, which states that the Crop Provisions have priority over the Basic Provisions, the reduction in the amount of indemnity and premium specified in section 13(a) of these Basic Provisions, as applicable, will apply to any premium owed or indemnity paid in accordance with the Crop Provisions, and any applicable endorsement. This will apply:

(1) Even if another person plants the second crop on any acreage where the first insured crop was planted; or

(2) 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 or organic 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 insurance 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 13(c).

(1) If the records you provided are from acreage you double cropped in at least two of the last four crop years, you may apply your history of double cropping to any acreage of the insured crop in the county (*e.g.,* if you have double cropped 100 acres of wheat and soybeans in the county and you acquire an additional 100 acres in the county, you can apply that history of double cropped acreage to any of the 200 acres in the county as long as it does not exceed 100 acres); or

(2) If the records you provided are from acreage that another producer double cropped in at least two of the last four crop years, you may only use the history of double cropping for the same physical acres from which double cropping records were provided (*e.g.,* if a neighbor has double cropped 100 acres of wheat and soybeans in the county and you acquire your neighbor's 100 double cropped acres and an additional 100 acres in the county, you can only apply your neighbor's history of double cropped acreage to the same 100 acres that your neighbor double cropped).

(e) If any Federal or State agency requires destruction of any insured crop or crop production, as applicable, because it contains levels of a substance, or has a condition, that is injurious to human or animal health in excess of the maximum amounts allowed by the Food and Drug Administration, other public health organizations of the United States or an agency of the applicable State, you must destroy the insured crop or crop production, as applicable, and certify that such insured crop or crop production has been destroyed prior to receiving an indemnity payment. Failure to destroy the insured crop or crop production, as applicable, will result in you having to repay any indemnity paid and you may be subject to administrative sanctions in accordance with section 515(h) of the Act and 7 CFR part 400, subpart R, and any applicable civil or criminal sanctions.

14. Organic Farming Practices

(a) Insurance will be provided for a crop grown using an organic farming practice for only those acres of the crop that meet the requirements for an organic crop on the acreage reporting date.

(b) If an organic type or practice is shown on the actuarial documents, the projected price, dollar amount of insurance, policy protection, premium rate, etc., for such organic crop, type and practice will be used unless otherwise specified in the actuarial documents. If an organic type or practice is not shown on the actuarial documents, the projected price, dollar amount of insurance, policy protection, premium rate, etc., for the non-organic crop, type and practice will be used.

(c) If insurance is provided for an organic farming practice as specified in section 14(a) and (b), only the following acreage will be insured under such practice:

(1) Certified organic acreage;

(2) Transitional acreage being converted to certified organic acreage in accordance with an organic plan; and

(3) Buffer zone acreage.

(d) On the date you report your acreage, you must have:

(1) For certified organic acreage, a written certification in effect from a certifying agent indicating the name of the entity certified, effective date of certification, certificate number, types of commodities certified, and name and address of the certifying agent (A certificate issued to a tenant may be used to qualify a landlord or other similar arrangement);

(2) For transitional acreage, a certificate as described in section 14(d)(1), or written documentation from a certifying agent indicating an organic plan is in effect for the acreage; and

(3) Records from the certifying agent showing the specific location of each field of certified organic, transitional, buffer zone, and acreage not maintained under organic management.

15. Yields

(a) The data source used for the county yields will be based on the best available data and will be specified in the actuarial documents.

(b) Except as otherwise provided in this section, the data source used to establish the expected county yield will be the data source used to establish the final county yield.

(c) If the data source used to establish the expected county yield is not able to provide credible data to establish the final county yield because the data is no longer available, credible, or reflect changes that may have occurred after the yield was established;

(1) FCIC will determine the final county yield based on the most accurate data available from subsection (g), as determined by FCIC; or

(2) To the extent that practices used during the crop year change from those upon which the expected county yield is based, the final county yield may be adjusted to reflect the yield that would have resulted but for the change in practice. For example, if the county is traditionally 90 percent irrigated and 10 percent non-irrigated, but this year the county is now 50 percent irrigated and 50 percent non-irrigated, the final county yield will be adjusted to an amount as if the county had 90 percent irrigated acreage.

(d) If the final county yield is established from a data source other than that used to establish the expected county yield, FCIC will provide notice of the data source and the reason for the change at the time the final county yield is published.

(e) If yields are based on NASS data, the final county yield will be the most current NASS yield at the time FCIC determines the yield in accordance with the payment dates section of the applicable Crop Provisions.

(f) The final county yield determined by FCIC is considered final for the purposes of establishing whether an indemnity is due and will not be revised for any reason.

(g) Yields used under this insurance program for a crop, may be based on:

(1) Data collected by NASS, if elected by FCIC, regardless of whether such data is published or unpublished; or

(2) Crop insurance data, other USDA data, or other data sources, if elected by FCIC.

16. 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 all notices and forms as required by the policy.

17. Transfer of Coverage and Right to Indemnity

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.

(a) We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred.

(b) The transfer of coverage rights must be on our form and will not be effective until approved by us in writing.

(c) Both you and the transferee are jointly and severally liable for the payment of the premium and administrative fees.

(d) The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.

18. 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 on your share of the insured crop.

(b) 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.

(c) 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:

(1) One is an additional coverage policy and the other is a CAT policy:

(i) The additional coverage policy will apply if both policies are with the same insurance provider or, if not, both insurance providers agree; or

(ii) The policy with the earliest date of application will be in force if both insurance providers do not agree; or

(2) Both are additional coverage policies or both are CAT 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:

(i) The same insurance provider and the insurance provider agrees otherwise; or

(ii) Different insurance providers and both insurance providers agree otherwise.

19. Crops as Payment

You must not abandon any crop to us. We will not accept any crop as compensation for payments due us.

20. 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.

(1) Notices required to be given immediately may be by telephone or in person and confirmed in writing.

(2) The time the notice is provided will be determined by the time of our receipt of the written notice.

(3) 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 policy provisions, notices, and communications required to be sent by us to you will be:

(1) Provided by electronic means, unless:

(i) We do not have the ability to transmit such information to you by electronic means; or

(ii) You elect to receive a paper copy of such information;

(2) Sent to the location specified in your records with your crop insurance agent; and

(3) Will be conclusively presumed to have been received by you.

21. Access to Insured Crop and Records, and Record Retention

(a) We, and any employee of USDA authorized to investigate or review any matter relating to crop insurance (authorized employee of USDA), have the right to examine the insured crop and all records related to the insured crop and this policy, and any mediation, arbitration or litigation involving the insured crop as often as reasonably required during the record retention period.

(b) You must retain, and provide upon our request, or the request of any authorized employee of USDA, complete records pertaining to the planting, acres, share, replanting, inputs, production, harvesting and disposition of 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 indemnity, whichever is later. This requirement also applies to all such records for acreage that is not insured.

(c) We, or any authorized employee of USDA, 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, acres, share, replanting, inputs, production, harvesting, and disposition 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 authorized employee of USDA request from third parties.

(e) Failure to provide access to the insured crop or the farm, 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.

[FCIC Policies]

22. Amounts Due Us

(a) Any amount illegally or erroneously paid to you or that is owed to us but is delinquent may be recovered by us through offset by deducting it from any loan or payment due you under any Act of Congress or program administered by any United States Government Agency, or by other collection action.

(b) Interest will accrue at the rate of 1.25 percent simple interest per calendar month, or any part thereof, on any unpaid premium amount or administrative fee due us. With respect to any premiums or administrative fees owed, interest will start to accrue on the first day of the month following the premium billing date specified in the actuarial documents, provided a minimum of 30 days have passed from the premium billing date.

(c) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned:

(1) Interest will start on the date that notice is issued to you for the collection of the unearned amount;

(2) 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;

(3) The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us;

(4) Penalties and interest will be charged in accordance with 31 U.S.C. 3717 and 4 CFR part 102; and

(5) The penalty for accounts more than 90 days delinquent is an additional 6 percent per annum.

(d) Interest on any amount due us found to have been received by you because of fraud, misrepresentation or presentation by you of a false claim will start on the date you received the amount with the additional 6 percent penalty beginning on the 31st day after the notice of amount due is issued to you. This interest is in addition to any other amount found to be due under any other federal criminal or civil statute.

(e) If we determine that it is necessary to contract with a collection agency, refer the debt to government collection centers, the Department of Treasury Offset Program, or to employ an attorney to assist in collection, you agree to pay all the expenses of collection.

(f) All amounts paid will be applied first to expenses of collection if any, second to the reduction of any penalties which may have been assessed, then to reduction of accrued interest, and finally to reduction of the principal balance.

[Reinsured policies]

22. 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 actuarial documents,

provided a minimum of 30 days have passed from the premium billing date.

(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. After the termination date, FCIC will collect any unpaid administrative fees and any interest owed thereon for any CAT 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.

[FCIC Policies]

23. Appeal, Reconsideration, and Administrative and Judicial Review

(a) All determinations required by the policy will be made by us. All expected county yields and final county yields are calculated by us in accordance with section 15. However, calculations of expected county yields and final county yields are matters of general applicability.

(1) Any matter of general applicability is not subject to appeal under 7 CFR part 400, subpart J or 7 CFR part 11.

(2) Your only remedy is judicial review but if you want to seek judicial review of any determination by us 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.

(3) The timeframe to request a determination of non-appealability from the Director of the National Appeals Division is not later than 30 days after the date the yields are published on the RMA Web site.

(b) If you disagree with our determinations:

(1) Except for determinations specified in section 23(b)(2), obtain an administrative review in accordance with 7 CFR part 400, subpart J or appeal in accordance with 7 CFR part 11; or

(2) For determinations regarding whether you have used good farming practices, request reconsideration in accordance with the reconsideration process established for this purpose and published at 7 CFR part 400, subpart J.

(c) If you fail to exhaust your administrative remedies under 7 CFR part 11 or the reconsideration process for determinations of good farming practices described in section 23(b)(2), as applicable, you will not be able to resolve the dispute through judicial review.

(d) If reconsideration for good farming practices under 7 CFR part 400, subpart J or appeal under 7 CFR part 11 has been initiated within the time frames specified in those sections and judicial review is sought, any suit against us must be:

(1) Filed not later than one year after the date of the decision rendered in the reconsideration process for good farming practices or administrative review process under 7 CFR part 11; and

(2) Brought in the United States district court for the district in which the insured farm involved in the decision is located.

(e) You may only recover contractual damages from us. Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory or any other damages from us in administrative review, appeal or litigation.

[Reinsured policies]

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

(a) All expected county yields and final county yields are calculated by FCIC in accordance with section 15. However, calculations of expected county yields and final county yields are matters of general applicability.

(1) Any matter of general applicability is not subject to appeal under 7 CFR part 400, subpart J or 7 CFR part 11.

(2) Your only remedy is judicial review but 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.

(3) The timeframe to request a determination of non-appealability from the Director of the National Appeals Division is not later than 30 days after the date the yields are published on RMA's Web site.

(b) With respect to good farming practices:

(1) We will make preliminary decisions regarding what constitutes a good farming practice.

(2) 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.

(3) If you do not agree with any determination made by FCIC regarding what constitutes a good farming practice:

(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 as follows:

(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; and

(C) Suit must be filed against FCIC not later than one year after the date:

(*1*) Of the determination made by FCIC regarding what constitutes a good farming practice; or

(*2*) Reconsideration is completed, if reconsideration was requested under section 23(b)(2)(i).

(c) If you elect to bring suit against FCIC after seeking a Director's Review in accordance with section 23(a), 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 by the Director. Under no circumstances can you recover any punitive, compensatory or any other damages from FCIC.

(d) With respect to any other determination under this policy:

(1) If you and we fail to agree on any determination not covered by sections

23(a) and (c), the disagreement may be resolved through mediation. To resolve any dispute through mediation, you and we must both:

(i) Agree to mediate the dispute;

(ii) Agree on a mediator; and

(iii) Be present or have a designated representative who has authority to settle the case present, at the mediation.

(2) 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), unless otherwise stated in this subsection or rules are established by FCIC for this purpose. 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) 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. However, before such interpretation may be challenged in the courts, you must request a determination of non-appealability from the Director of the National Appeals Division not later than 30 days after the date the interpretation was published on RMA's Web site.

(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.

(i) The statement must also include any amounts awarded for interest.

(ii) Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator.

(iii) 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.

(5) Regardless of whether mediation is elected:

(i) 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;

(ii) If you fail to initiate arbitration in accordance with section 23(d)(5)(i) and complete the process, you will not be able to resolve the dispute through judicial review;

(iii) If arbitration has been initiated in accordance with section 23(d)(5)(i) 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

(iv) 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 on all parties.

(6) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 23(d)(5)(iii). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.

(e) 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 27. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.

(f) Except as provided in section 23(g), 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 24.

(g) In a judicial review only, you may recover attorney 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 for Compliance/Stop 0806, 1400 Independence Avenue, SW., Washington, DC 20250–0806.

24. 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 final county yield or final county revenue release date as specified in the applicable Crop Provision.

(a) 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.

(b) 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.

25. 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.

26. 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.

27. 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.

28. 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.

(e) If you willfully and intentionally provide false or inaccurate information to us or FCIC, or you fail to comply with a requirement of FCIC, in accordance with 7 CFR part 400, subpart R, FCIC may impose on you:

(1) A civil fine for each violation in an amount not to exceed the greater of:

(i) The amount of the pecuniary gain obtained as a result of the false or inaccurate information provided or the noncompliance with a requirement of this title; or

(ii) $10,000; and

(2) A disqualification for a period of up to 5 years from receiving any monetary or nonmonetary benefit provided under each of the following:

(i) Any crop insurance policy offered under the Act;

(ii) The Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7333 *et seq.*);

(iii) The Agricultural Act of 1949 (7 U.S.C. 1421 *et seq.*);

(iv) The Commodity Credit Corporation Charter Act (15 U.S.C. 714 *et seq.*);

(v) The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 *et seq.*);

(vi) Title XII of the Food Security Act of 1985 (16 U.S.C. 3801 *et seq.*);

(vii) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 *et seq.*); and

(viii) Any federal law that provides assistance to a producer of a commodity affected by a crop loss or a decline in the prices of commodities.

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 amount of the loss, unless otherwise provided by law. The amount of 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.

30. Examples

The following are examples of the calculation of the premium, amount of insurance and indemnity for each of the three plans of insurance under ARPI. Your information will likely be different and you should consult the actuarial documents in your county and the policy information. The following facts are for illustration purposes only and apply to each of the examples.

Producer A farms 100 acres in county X and has a 100 percent share, or 1.000, in those acres. From the actuarial documents in county X, Producer A elects the 75 percent coverage level and a protection factor of 110 percent or 1.10. The actuarial documents in county X also show that the expected county yield is 141.4 bushels per acre, the projected price is $4.00, and the expected county revenue is $565.60. The subsidy factor for the 75 percent coverage level is .55 for revenue coverage and .59 for yield coverage. The loss limit factor is 18 percent or .18. At the end of the insurance period, for county X, FCIC releases a harvest price of $4.57 and a final county yield for county X of 75.0 bushels.

The premium rate is based on the published volatility factor and for this example is .0166 for Area Revenue Protection, .0146 for Area Revenue Protection with Harvest Price Exclusion, and .0116 for Area Yield Protection.

Area Revenue Protection example:

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor equals dollar amount of insurance

141.4 bushels × $4.00 × 1.1 = $622.16 dollar amount of insurance per acre

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share equals policy protection

$622.16 × 100.0 × 1.000 = $62,216 policy protection

Step 3: Calculate the Total Premium

Formula: Policy protection times premium rate equals total premium

$62,216 × .0166 = $1,033 total premium

Step 4: Calculate the Subsidy amount

Formula: Total premium times subsidy factor equals subsidy

$1,033 × .55 = $568 subsidy

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy equals producer premium

$1,033 − $568 = $465 producer premium

Step 6: Calculate the Final Policy Protection

Formula: Expected county yield times (greater of projected price or harvest price) times protection factor times acres times share equals Final Policy Protection

141.4 bushels × $4.57 × 1.10 × 100.0 × 1.000 = $71,082 final policy protection

Step 7: Calculate the Final County Revenue

Formula: Final county yield times harvest price equals final county revenue

75.0 bushels × $4.57 = $342.75 final county revenue

Step 8: Calculate the Trigger Revenue

Formula: Expected county yield times (greater of projected price or harvest price) times coverage level equals trigger revenue

141.4 bushels × $4.57 × .75 = $484.65 trigger revenue

Step 9: Calculate the Payment Factor

Formula: (Trigger revenue minus final county revenue) divided by (trigger revenue minus (expected county yield times the greater of projected or harvest price times loss limit factor)) equals payment factor

($484.65 − $342.75) ÷ ($484.65 − (141.4 × $4.57 × .18)) = .385 payment factor

Step 10: Calculate the Indemnity

Formula: Final policy protection times payment factor equals indemnity

$71,082 × .385 = $27,367 indemnity

Area Revenue Protection with Harvest Price Exclusion example:

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor equals dollar amount of insurance

141.4 bushels × $4.00 × 1.10 = $622.16 dollar amount of insurance per acre

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share equals policy protection

$622.16 × 100.0 × 1.000 = $62,216 policy protection

Step 3: Calculate the Total Premium

Formula: Policy protection times rate equals total premium

$62,216 × .0146 rate = $908 total premium

Step 4: Calculate the Subsidy Amount

Formula: Total premium times subsidy factor equals subsidy

$908 × .55 = $499 subsidy

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy equals producer premium

$908 − $499 = $409 producer premium

Step 6: Calculate the Final Policy Protection

Use the policy protection amount calculated at the beginning of the insurance period in Step 2

$62,216 policy protection

Step 7: Calculate the Final County Revenue

Formula: Final county yield times harvest price equals final county revenue

75.0 bushels × $4.57 = $342.75 final county revenue

Step 8: Calculate the Trigger Revenue

Formula: Expected county yield times projected price times coverage level equals trigger revenue

141.4 bushels × $4.00 × .75 = $424.20 trigger revenue

Step 9: Calculate the Payment Factor

Formula: (Trigger revenue minus final county revenue) divided by (trigger revenue minus (expected county yield times projected price times loss limit factor)) equals payment factor

($424.20 − $342.75) ÷ ($424.20 − (141.4 × $4.00 × .18)) = .253

Step 10: Calculate the Indemnity

Formula: Final policy protection times payment factor equals indemnity

$62,216 × .253 = $15741 indemnity

Area Yield Protection example:

Step 1: Calculate the Dollar Amount of Insurance per Acre

Formula: Expected county yield times projected price times protection factor equals dollar amount of insurance

141.4 bushels × $4.00 × 1.10 = $622.16 dollar amount of insurance per acre

Step 2: Calculate the Policy Protection

Formula: Dollar amount of insurance per acre times acres times share = policy protection

$622.16 × 100.0 × 1.000 = $62,216 policy protection

Step 3: Calculate the Total Premium

Formula: policy protection times premium rate equals total premium

$62,216 × .0116 rate = $722 total premium

Step 4: Calculate the Subsidy amount

Formula: Total premium times subsidy factor equals subsidy

$722 × .59 subsidy factor = $426 subsidy

Step 5: Calculate the Producer Premium

Formula: Total premium minus subsidy equals producer premium

$722 − $426 = $296 producer premium

Step 6: Calculate the Final Policy Protection

Use the policy protection amount calculated at the beginning of the insurance period in Step 2

$62,216 policy protection

Step 7: Calculate the Trigger Yield

Formula: Expected county yield times coverage level equals trigger yield

141.4 bushels times .75 = 106.1 bushels

Step 8: Calculate the Payment Factor

Formula: (Trigger yield minus final county yield) divided by (trigger yield minus (expected county yield times loss limit factor)) equals payment factor

(106.1 bushels − 75.0 bushels) ÷ (106.1 bushels − (141.4 bushels × .18)) = .386

Step 9: Calculate the Indemnity

Formula: Final policy protection times payment factor equals indemnity

$62,216 times .386 = $24,015 Indemnity

§ 407.10 Area risk protection insurance for barley.

The barley crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Barley Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the barley for grain.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth will also be considered planted.

2. Insured Crop

The insured crop will be all barley:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Planted with the intent to be harvested;

(d) Not planted into an established grass or legume;

(e) Not interplanted with another crop; and

(f) Not planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and final county yields will be determined prior to April 1 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 1 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Kit Carson, Lincoln, Elbert, El Paso, Pueblo, Las Animas Counties, Colorado and all Colorado Counties south and east thereof; all New Mexico counties except Taos County; Kansas; Missouri; Illinois; Indiana; Ohio; Pennsylvania; New York; Massachusetts; and all states south and east thereof.	September 30.	June 30.
Arizona; California; and Clark and Nye Counties, Nevada	October 31 ..	June 30.
All Colorado counties except Kit Carson, Lincoln, Elbert, El Paso, Pueblo, and Las Animas Counties and all Colorado counties south and east thereof; all Nevada counties except Clark and Nye Counties; Taos County, New Mexico; and all other states except: Arizona, California, and (except) Kansas, Missouri, Illinois, Indiana, Ohio, Pennsylvania, New York, and Massachusetts and all States south and east thereof.	March 15	November 30.

§ 407.11 Area risk protection insurance for corn.

The corn crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Corn Crop Insurance Provisions

1. Definitions

Harvest. Combining or picking corn for grain or cutting for hay, silage, fodder, or earlage.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, corn seed that is broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all field corn that is:

(1) Yellow dent or white corn, including mixed yellow and white, waxy or high-lysine corn, high-oil corn blends containing mixtures of at least 90 percent high yielding yellow dent female plants with high-oil male pollinator plants, or commercial varieties of high-protein hybrids.

(2) Grown on insurable acreage in the county listed on the accepted application;

(3) Properly planted by the final planting date and reported on or before the acreage reporting date;

(4) Planted with the intent to be harvested; and

(5) Not planted into an established grass or legume or interplanted with another crop.

(b) Corn other than that specified in section 2(a)(1) including but not limited to high-amylose, high-oil or high-protein (except as authorized in section 2(a)(1)), flint, flour, hybrid seed corn, Indian, or blue corn, or a variety genetically adapted to provide forage for wildlife or any other open pollinated corn may be insurable under this policy if specified in the Special Provisions:

(1) The insurability requirements in 2(a) apply to this other corn and additional requirements for insurability may be stated for this other corn in the Special Provisions; and

(2) This other corn will be insured using the yields, rates, and prices for field corn unless otherwise specified in the actuarial documents.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and final county yields will be determined prior to April 16 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31 ..	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas Counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.12 Area risk protection insurance for cotton.

The cotton crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Cotton Crop Insurance Provisions

1. Definitions

Harvest. Removal of the seed cotton from the stalk.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, cotton seed broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all upland cotton:

(1) Grown on insurable acreage in the county listed on the accepted application;

(2) Properly planted by the final planting date and reported on or before the acreage reporting date;

(3) Planted with the intent to be harvested.

(b) That is not (unless allowed by the Special Provisions):

(1) Colored cotton lint;

(2) Planted into an established grass or legume;

(3) Interplanted with another spring planted crop;

(4) Grown on acreage in which a hay crop was harvested in the same calendar year unless the acreage is irrigated; or

(5) Grown on acreage on which a small grain crop reached the heading stage in the same calendar year unless the acreage is irrigated or adequate measures are taken to terminate the small grain crop prior to heading and less than 50 percent of the small grain plants reach the heading stage.

(c) Cotton other than upland cotton may be insurable under this policy if specified in the Special Provisions:

(1) The insurability requirements in 2(a) apply to other cotton and additional requirements for insurability may be stated for other cotton in the Special Provisions; and

(2) Other cotton will be insured using the yields, rates, and prices for cotton unless otherwise specified in the actuarial documents.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and final county yields will be determined prior to July 16 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to August 15 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31 ..	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28	November 30.
All other Texas counties and all other States	March 15	November 30.

§ 407.13 Area risk protection insurance for forage.

The forage crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Forage Crop Insurance Provisions

1. Definitions

Forage. Planted perennial alfalfa, perennial red clover, perennial grasses, or a mixture thereof, or other species as shown in the actuarial documents.

Harvest. Removal of the forage from the field, and rotational grazing.

Rotational grazing. The defoliation of the insured forage by livestock, within a pasturing system whereby the forage field is subdivided into smaller parcels and livestock are moved from one area to another, allowing a period of grazing followed by a period for forage regrowth.

2. Insured Crop

The insured crop will be the forage types shown on the actuarial documents:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Intended for harvest; and

(d) Not grown with another crop.

3. Insurable Acreage

In addition to section 5 of the Area Risk Protection Insurance Basic Provisions, acreage seeded to forage after July 1 of the previous crop year will not be insurable.

4. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county yields will be determined prior to May 1 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 31 following the crop year and following the determination of the final county yield.

5. Program Dates

November 30 is the cancellation and termination date for all states, or as specified in the Special Provisions. The contract change date is August 31 for all states, or as specified in the Special Provisions.

6. Annual Premium

In lieu of section 7(e) of the Area Risk Protection Insurance Basic Provisions, the annual premium is earned and payable on the acreage reporting date. You will be billed for premium due on the date shown in the actuarial documents. The premium will be determined based on the rate shown on the actuarial documents.

§ 407.14 Area risk protection insurance for peanuts

The peanut crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Peanut Crop Insurance Provisions

1. Definitions

Harvest. The completion of digging and threshing and removal of peanuts from the field.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, peanuts must initially be planted in a row pattern which permits mechanical cultivation, or that allows the peanuts to be cared for in a manner recognized by agricultural experts as a good farming practice. Acreage planted in any other manner will not be insurable unless otherwise provided by the Special Provisions.

2. Insured Crop

(a) The insured crop will be all peanuts:

(1) Grown on insurable acreage in the county listed on the accepted application;

(2) Properly planted by the final planting date and reported on or before the acreage reporting date;

(3) Planted with the intent to be harvested as peanuts; and

(4) Not planted into an established grass or legume or interplanted with another crop.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and or final county yields will be determined prior to June 16 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to July 16 and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas Counties lying south thereof.	January 15 ..	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties south and east thereof; and all other states except New Mexico, Oklahoma, and Virginia.	February 28	November 30.
New Mexico; Oklahoma; Virginia; and all other Texas Counties	March 15	November 30.

§ 407.15 Area risk protection insurance for grain sorghum.

The grain sorghum crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Grain Sorghum Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the sorghum for grain or cutting for hay, silage, or fodder.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, sorghum seed broadcast and subsequently mechanically incorporated will not be considered planted.

2. Insured Crop

(a) The insured crop will be all sorghum excluding hybrid sorghum seed:

(1) Grown on insurable acreage in the county listed on the accepted application;

(2) Properly planted by the final planting date and reported on or before the acreage reporting date;

(3) Planted with the intent to be harvested; and

(4) Not planted into an established grass or legume or interplanted with another crop.

(b) Other sorghum including hybrid sorghum seed may be insurable under this policy if specified in the Special Provisions:

(1) The insurability requirements in 2(a) apply to these other sorghum and additional requirements for insurability may be stated for these crops in the Special Provisions; and

(2) This other sorghum will be insured using the yields, rates, and prices for sorghum unless otherwise specified in the actuarial documents.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and final county yields will be determined prior to April 16 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Val Verde, Edwards, Kerr, Kendall, Bexar, Wilson, Karnes, Goliad, Victoria, and Jackson Counties, Texas, and all Texas counties lying south thereof.	January 31 ..	November 30.
El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties south and east thereof to and including Terrell, Crockett, Sutton, Kimble, Gillespie, Blanco, Comal, Guadalupe, Gonzales, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 15	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; and South Carolina.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.16 Area risk protection insurance for soybean.

The soybean crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Soybean Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the soybeans.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth, will also be considered planted, unless specified otherwise in the Special Provisions.

2. Insured Crop

The insured crop will be all soybeans:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Planted with the intent to be harvested; and

(d) Not planted into an established grass or legume or interplanted with another crop.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions final county revenues and final county yields will be determined prior to April 16 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 16 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
Jackson, Victoria, Goliad, Bee, Live Oak, McMullen, La Salle, and Dimmit Counties, Texas and all Texas counties lying south thereof.	January 31 ..	November 30.
Alabama; Arizona; Arkansas; California; Florida; Georgia; Louisiana; Mississippi; Nevada; North Carolina; South Carolina; and El Paso, Hudspeth, Culberson, Reeves, Loving, Winkler, Ector, Upton, Reagan, Sterling, Coke, Tom Green, Concho, McCulloch, San Saba, Mills, Hamilton, Bosque, Johnson, Tarrant, Wise, and Cooke Counties, Texas, and all Texas counties lying south and east thereof to and including Maverick, Zavala, Frio, Atascosa, Karnes, De Witt, Lavaca, Colorado, Wharton, and Matagorda Counties, Texas.	February 28	November 30.
All other Texas counties and all other states	March 15	November 30.

§ 407.17 Area risk protection insurance for wheat.

The wheat crop insurance provisions for Area Risk Protection Insurance for the 2014 and succeeding crop years are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

Area Risk Protection Insurance

Wheat Crop Insurance Provisions

1. Definitions

Harvest. Combining or threshing the wheat for grain.

Planted acreage. In addition to the definition contained in the Area Risk Protection Insurance Basic Provisions, land on which seed is initially spread onto the soil surface by any method and which subsequently is mechanically incorporated into the soil in a timely manner and at the proper depth will also be considered planted.

2. Insured Crop

The insured crop will be all wheat:

(a) Grown on insurable acreage in the county listed on the accepted application;

(b) Properly planted by the final planting date and reported on or before the acreage reporting date;

(c) Planted with the intent to be harvested;

(d) Not planted into an established grass or legume;

(e) Not interplanted with another crop; and

(f) Not planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

3. Payment Dates

(a) Unless otherwise specified in the Special Provisions the final county revenues and final county yields will be determined prior to April 1 following the crop year.

(b) If an indemnity is due, unless otherwise specified in the Special Provisions we will issue any payment to you prior to May 1 following the crop year and following the determination of the final county revenue or the final county yield, as applicable.

4. Program Dates

State and county	Cancellation and termination dates	Contract change date
All Colorado counties except Alamosa, Conejos, Costilla, Rio Grande, and Saguache; all Montana counties except Daniels and Sheridan Counties; all South Dakota counties except Corson, Walworth, Edmonds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties and all South Dakota counties east thereof; all Wyoming counties except Big Horn, Fremont, Hot Springs, Park, and Washakie Counties; and all other states except Alaska, Arizona, California, Maine, Minnesota, Nevada, New Hampshire, North Dakota, Utah, and Vermont.	September 30.	June 30.
Arizona; California; Nevada; and Utah	October 31 ..	June 30

State and county	Cancellation and termination dates	Contract change date
Alaska; Alamosa, Conejos, Costilla, Rio Grande, and Saguache Counties, Colorado; Maine; Minnesota; Daniels and Sheridan Counties, Montana; New Hampshire; North Dakota; Corson, Walworth, Edmunds, Faulk, Spink, Beadle, Kingsbury, Miner, McCook, Turner, and Yankton Counties, South Dakota, and all South Dakota counties east thereof; Vermont; and Big Horn, Fremont, Hot Springs, Park, and Washakie Counties, Wyoming.	March 15	November 30.

Signed in Washington, DC, on June 20, 2013.

Brandon Willis,

Manager, Federal Crop Insurance Corporation.

[FR Doc. 2013–15222 Filed 6–21–13; 4:15 pm]

BILLING CODE 3410–08–P