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Department of
Agriculture



Federal Crop
Insurance Corporation



Risk Management
Agency



Product Administration
and Standards Division

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HIGH-RISK ALTERNATE COVERAGE ENDORSEMENT STANDARDS HANDBOOK

2020 and Succeeding Crop
Years

**UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250**

TITLE: HIGH-RISK ALTERNATE COVERAGE ENDORSEMENT INSURANCE STANDARDS HANDBOOK	NUMBER: 20190-1
EFFECTIVE DATE: 2020 and Succeeding Crop Years	ISSUE DATE: November 26, 2019
SUBJECT: Provides the procedures and instructions for the High-Risk Alternate Coverage Endorsement crop insurance program	OPI: Product Administration and Standards Division
	APPROVED: <i>/s/ Richard H. Flournoy</i> Deputy Administrator for Product Management

This slip-sheeted handbook is issued to provide official FCIC-issued underwriting instructions for administering the High-Risk Alternate Coverage Endorsement (HR-ACE) for the 2020 and subsequent crop years for crops with a contract change date on or after November 30, 2019. It is effective until reissued or until the program is terminated by FCIC.

SUMMARY OF CHANGES/CONTROL CHART

The following list contains significant changes to the HR-ACE Insurance Standards Handbook, as determined by us. It may not represent all changes made. All changes made to this handbook are applicable regardless of whether or not listed.

Major Changes: See changes or additions in text which have been highlighted. Three stars (***) identify where information has been removed.

Changes for Crop Year 2020:

Paragraph 21 – Added EC (enterprise units by cropping practice) as an eligible unit structure.

Paragraph 32 – Removed the sentence that refers to an exception in paragraph 1031 of the CIH, which was removed in the most recent issuance of the CIH.

Paragraph 33 – Revised to amend the definition of enterprise unit that is contained in the GSH to account for enterprise units by practice.

HIGH-RISK ALTERNATE COVERAGE ENDORSEMENT STANDARDS HANDBOOK

CONTROL CHART

High-Risk Alternate Coverage Endorsement Standards Handbook						
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Page(s)	Date	Directive Number
Remove	1-2		3-4 9	10	11-2018 11-2018	FCIC-20190 FCIC-20190
Insert	1-2		3-4 9	10	11-2019 11-2019	FCIC-20190-1 FCIC-20190-1
Current Index	1-2	1	1-2 3-4 5-8 9	10 11-14	11-2018 11-2019 11-2018 11-2019 11-2018	FCIC-20190 FCIC-20190-1 FCIC-20190 FCIC-20190-1 FCIC-20190

FILING INSTRUCTIONS

This handbook replaces the 2019 High-Risk Alternate Coverage Endorsement Handbook, FCIC 20190 (11-2018). This handbook is effective for the 2020 and succeeding crop years for crops with a contract change date on or after November 30, 2019, and is not retroactive to any 2019 or prior crop year determinations.

PART 2 ELIGIBILITY

21 HR-ACE

A. Applicability

The HR-ACE applies to all acreage that meets the requirements for insurability under the terms of the Common Crop Insurance Policy-Basic Provisions (BP) and is designated as high-risk land.

B. Eligibility Requirements

To be eligible for the HR-ACE, the insured must comply with all of the terms of the HR-ACE.

- (1) High-risk land is not eligible for HR-ACE if the insured chooses the CAT level of coverage.
- (2) The insured must execute a HR-ACE application prior to the SCD for the crop.

C. Eligible States and Counties

Eligible states and counties are specified on the actuarial documents.

D. Eligible Crops

Eligible crops are limited to corn, soybeans, wheat and grain sorghum, unless the actuarial documents provide HR-ACE for additional crops.

E. Units

WUs are not allowed on high-risk land covered by the HR-ACE.

- (1) BU, EU/EP/EC, and OU are allowed on high-risk land covered by the HR-ACE.
- (2) Election of the HR-ACE does not impact the unit structure of the base policy in effect.
- (3) Insureds can elect a different unit structure on their base policy than on the HR-ACE. For example, insureds can elect EU on their base policy and OU on the HR-ACE.

F. Coverage levels (continued)

High-risk land excluded from the base policy under the terms of the HR-ACE must be insured under an additional coverage policy at any coverage level, not to exceed the coverage level of the base policy.

- (1) If the base policy is under the yield protection (YP) plan of insurance, the coverage level on the high-risk land covered by the HR-ACE is limited to a lower YP coverage level.

Example: The insured's corn policy is YP at 85 percent coverage level. The coverage level for the high-risk land covered by the HR-ACE must be YP with 80 percent coverage level or less.

- (2) If the base policy is under a revenue protection (RP) plan of insurance, the HR-ACE can have YP or the same RP plan of insurance.
 - (a) If RP is elected on the base policy, the following are available for the high-risk land covered by HR-ACE:
 - 1 RP at a lower coverage level than the coverage level on the non-high-risk land; or
 - 2 YP at the same or lower coverage level than the RP coverage level on the non-high-risk land.

Example: The insured's corn policy is RP at 85 percent coverage level. The corn planted on high-risk land covered by the HR-ACE can have RP at 80 percent coverage level or less; or YP at 85 percent coverage level or less.

- (b) If RP-HPE is elected on the base policy, the following are available for the high-risk land covered by HR-ACE:
 - 1 RP-HPE at a lower coverage level than the coverage level on the non-high-risk land; or
 - 2 YP at the same or lower coverage level than the RP-HPE coverage level on the non-high-risk land.

Example: The insured's wheat policy is RP-HPE at 85 percent coverage level. The wheat planted on high-risk land covered by HR-ACE can have RP-HPE at 80 percent coverage level or less, or YP at 85 percent coverage level or less.

*** For county/crops where HR-ACE is available, replace Paragraph 1032(3) with the following:

- (3) An EU may not be further divided except as specified in this procedure [and allowing exceptions for HR-ACE]. However, the unit structure may be changed based on information determined to be correct when adjusting a loss or at any other time.

For county/crops where HR-ACE is available, replace Paragraph 1034D with the following:

D. Qualification Determination

Qualification for the EU will be determined at acreage reporting time when the insured reports the following:

- (1) For the base policy, all insurable non-high-risk acreage of the insured crop in the county for all BUs and/or OUs comprising the EU; and
- (2) For the HR-ACE, all insurable high-risk acreage of the insured crop in the county for all BUs and/or OUs comprising the EU.

33 GSH Exhibit 3

For county/crops where HR-ACE is available, replace the definition of Enterprise Unit with the following:

Enterprise Unit –

For the base policy, which covers all the non-high-risk land in the county when the HR-ACE is elected. All insurable non-high-risk acreage of the same insured crop or all insurable **acreage within a practice** of the same insured crop in the county in which an insured has a share on the date coverage begins for the crop year provided the EU requirements are met. **EUs by irrigation and cropping practices are only allowed when provided in the actuarial documents and available for each practice the insured uses.**

For the HR-ACE, which covers all the high-risk land in the county. All insurable high-risk acreage of the same insured crop or all insurable **acreage within a practice** of the same insured crop in the county in which an insured has a share on the date coverage begins for the crop year provided the EU requirements are met. **EUs by irrigation and cropping practices are only allowed when provided in the actuarial documents and available for each practice the insured uses.**

34-40 (Reserved)

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronyms/Abbreviations	Term
AIP	Approved Insurance Provider
BP	Common Crop Insurance Policy-Basic Provisions
BU	Basic Unit
CAT	Catastrophic Risk Protection Endorsement
CIH	Crop Insurance Handbook
EU	Enterprise Unit
FCIC	Federal Crop Insurance Corporation
GSH	General Standards Handbook
HR-ACE	High-Risk Alternate Coverage Endorsement
LAM	Loss Adjustment Manual
LASH	Loss Adjustment Standards Handbook
OU	Optional Unit
PP	Prevented Planting
RMA	Risk Management Agency
RP	Revenue Protection Plan of Insurance
RP-HPE	Revenue Protection with Harvest Price Exclusion Plan of Insurance
RO	RMA Regional Office
SCD	Sales Closing Date
WA	Written Agreement
WU	Whole Farm Unit
YP	Yield Protection Plan of Insurance