SUMMARY OF CHANGES FOR THE HURRICANE INSURANCE PROTECTION - WIND INDEX ENDORSEMENT (22-HIP-WI)

(Released June 2021)

The following is a brief description of changes to the endorsement that will be effective for the 2022 and succeeding crop years. Please refer to the crop provisions for more complete information.

Section 1 – Revised the definitions of “Adjacent county” and “County loss trigger.” Added definition of “County.”

Section 2 – Revised to clarify the impact of changing your coverage in subsequent crop years, and the limitations imposed on coverage resulting from said changes.

Section 3 – Revised to determine eligible acres where a loss is not triggered for your county before you report your acreage for the underlying policy.

Section 6 – Clarification that any adjustment in liability to the underlying crop policy will apply to the endorsement.

Section 7 – Revised to clarify that only one administrative fee per crop, per county is owed for HIP-WI.

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION
HURRICANE INSURANCE PROTECTION – WIND INDEX ENDORSEMENT

In return for your payment of premium and administrative fee for the coverage, this Endorsement will be attached to and made part of the Common Crop Insurance Policy, Basic Provisions (Basic Provisions) and Crop Provisions for the insured crop, subject to the terms and conditions described herein. The Hurricane Insurance Protection-Wind Index (HIP-WI) Endorsement provides coverage for a portion of the deductible of your underlying insurance policy that is not otherwise covered, when the insured county, or a county adjacent to it, is within the area of sustained hurricane force winds from a named hurricane according to the National Oceanic and Atmospheric Administration (NOAA). This Endorsement does not provide payments for prevented planting or replanting. Nor is it available with the Occurrence Loss Option (OLO) or the Comprehensive Tree Value (CTV) Endorsement. Factors other than wind damage may be associated with a hurricane but will not trigger a loss. The coverage provided by this Endorsement may be combined with the Supplemental Coverage Option (SCO) Endorsement, and the Stacked Income Protection Plan (STAX) when acreage covered by STAX is also insured by a companion policy.

1. **Definitions**

Adjacent county – Counties identified in the US Census County Adjacency File located at https://www2.census.gov/geo/docs/reference/county_adjacency.txt, unless modified in the actuarial documents.

County – In addition to the definition in the Basic Provisions, county boundaries may be modified for purposes of determining coverage and county loss trigger in the actuarial documents.

County loss trigger – The occurrence of sustained hurricane force winds in a county or adjacent county, as determined by the Risk Management Agency (RMA), in accordance with the Hurricane Data Provisions (HDP) and identified on the actuarial documents. The date of the county loss trigger will be the day of arrival of the sustained hurricane force wind field from a named hurricane in the county or adjacent county, as determined by RMA in accordance with HDP.

Coverage percentage – A factor elected, between 1 and 100 percent in whole percent increments, used to determine the Hurricane Protection Amount.

Expected crop value – The value of the crop based upon the underlying policy and determined by dividing the liability of the underlying policy by the coverage level, and further dividing by the percent of the price or price election of the underlying policy.

Hurricane coverage range – The amount of difference between 95 percent and the higher of the coverage level of your underlying policy, or the upper end of your SCO coverage range (if SCO coverage applies), or your STAX coverage range (if STAX coverage applies), if applicable, expressed as a whole percentage.

Hurricane Data Provisions (HDP) – A document that describes the methodology utilized by RMA, incorporating NOAA hurricane data, that identifies a county subjected to sustained hurricane force winds, and any county adjacent to that county.

Hurricane Protection Amount (HPA) - The dollar amount of insurance as determined by section 6 of this Endorsement.

Insurance period – In lieu of section 11 of the Basic Provisions,

(a) the period:
  (1) Beginning on the insurance attachment date, when provided in the HIP-WI actuarial documents, or the later of:
    (i) The sales closing date for the underlying policy; or
    (ii) The earliest planting date, for each planting period when applicable, for the underlying policy; and
  (2) Ending on:
    (i) The end of insurance date, for each planting period when applicable, when provided in the HIP-WI actuarial documents; or
    (ii) The end of insurance date published, for each planting period when applicable, provided in the underlying policy actuarial documents when not provided in the HIP-WI actuarial documents.

(b) In lieu of (a) in this definition, for those crops where the underlying policy requires a waiting period, the period:
  (1) Beginning on the date insurance attaches on the underlying policy; and
  (2) Ending on:
    (i) The end of insurance date, for each planting period when applicable, when provided in the HIP-WI actuarial documents; or
    (ii) The end of insurance date published, for each planting period when applicable, provided in the underlying policy actuarial documents when not provided in the HIP-WI actuarial documents.

Intended acreage report – In lieu of the definition contained in the Basic Provisions, a report of the acreage you intend to plant, by crop, for the current crop year and used solely for the purpose of establishing the number of eligible acres for coverage under this program as indicated in Section 4.

National Oceanic and Atmospheric Administration (NOAA) – An agency within the United States Department of Commerce, or its successor.

Supplemental Coverage Option (SCO) – A county-level crop insurance option that provides additional coverage for a portion of a producer's underlying policy deductible.

Stacked Income Protection Plan (STAX) – A crop insurance product for upland cotton that provides coverage for a portion of the expected revenue for a producer's area.

Underlying policy – The Common Crop Insurance Policy, Basic Provisions (Basic Provisions) published at 7 C.F.R. part 457 and Crop Provisions, to which this Endorsement is attached. A crop covered by any plan of insurance not under the Basic Provisions will not qualify as an underlying policy for this Endorsement.

2. **Conditions of Insurance**
   (a) There must be an underlying policy in force with us to elect coverage under this Endorsement.
   (b) This Endorsement is applicable only in those counties where coverage is offered in the actuarial documents.
   (c) This Endorsement is not available with STAX when the acreage insured under STAX is not also insured under a companion policy.
   (d) To be eligible to receive an indemnity payment, the county loss trigger must occur within the insurance period, as defined in this Endorsement. For crop policies with multiple planting periods within an insurance period, only one indemnity payment is allowed per eligible planting period, on a per acre basis.
   (e) For the initial year you elect this Endorsement, coverage will not begin until the later of 14 days after the sales closing date or the end of the waiting period for the underlying policy when the underlying policy also requires a similar waiting period.
   (f) For subsequent years, you may change your HIP-WI coverage (e.g., lowering coverage on the underlying policy, increasing HIP-WI coverage percentage, decreasing STAX coverage level) by the sales closing date, and:
      (1) If you decrease your HIP-WI coverage, the decreased coverage will be effective without a waiting period. If a loss is triggered for your county within the waiting period, coverage for the acreage insurable at that time will be based on the lower coverage for your current insured year.
      (2) If you increase your HIP-WI coverage, the increased coverage will take effect after the latter of 14 days after the sales closing date or the end of the waiting period for the underlying policy when the underlying policy also requires a similar waiting period. If a loss is triggered for your county within 14 days after the sales closing date or the underlying policy waiting period, coverage for the acreage insured under HIP-WI for the current crop year will be limited to the HIP-WI coverage from the previous crop year. If additional acreage is insured under HIP-WI after the 14-day waiting period, or the waiting period of the underlying policy, and an additional hurricane event occurs, that acreage will be insured using the current year's HIP-WI coverage.
3. **Life of Endorsement**
   (a) This is a continuous Endorsement, in accordance with section 2 of the Basic Provisions.
   (b) If at any time your underlying policy for the crop is cancelled, voided, or terminated, coverage under this Endorsement is automatically cancelled, voided, or terminated as of the same date.
   (c) If you change the coverage level or plan of insurance on the underlying policy, or add, change, or remove any SCO or STAX coverage associated with your underlying policy, this Endorsement will remain in effect and will provide coverage based on the revised underlying coverage level or any SCO or STAX coverage, as appropriate, if the change is made before the SCD for the plan of insurance you selected, unless you cancel this Endorsement on or before the cancellation date or you change your underlying policy to a plan of insurance not covered by the Common Crop Insurance Policy Basic Provisions. After the SCD, if SCO coverage changes due to enrollment in the Agriculture Risk Coverage (ARC) program, or, STAX, either the ARC or Price Loss Coverage (PLC) program, then HIP-WI coverage is not increased to the underlying policy coverage level, unless you report such SCO or STAX coverage change by the acreage reporting date.
4. **Report of Acreage**
   You are not required to file a separate report of acreage when you elect this Endorsement. However, should a loss trigger before you report acreage for the underlying policy, your claim will not be settled in accordance with Section 9 until you submit your acreage report to us so we can determine your coverage under this Endorsement. The number of eligible acres of the insured crop under this Endorsement will be:
   (a) For the initial year the Endorsement is accepted:
      (1) If a loss is triggered for your county before you report your acreage for the underlying policy, the lesser of the following, as determined by us:
         (i) The number of acres specified on your intended acreage report submitted to us by the sales closing date of the underlying policy or the number of acres submitted within 10 days of the date you acquire such acreage; or
         (ii) The actual acres planted at the time of the occurrence of the triggering event and reported on the current crop year acreage report for the underlying policy; or
      (2) If a loss is not triggered for your county before you report your acreage for the underlying policy, the number of planted insurable acres specified on your current crop year acreage report filed and accepted by us for the underlying policy.
   (b) For any subsequent crop year:
      (1) If a loss is triggered for your county before you report your acreage for the underlying policy, the actual acres planted but limited to our determination of the lesser of:
         (i) The number of acres planted at the time of the occurrence of the triggering event and reported on the acreage report of the underlying policy you filed for the current crop year; or
         (ii) The highest number of planted insurable acres in any one of the immediate past four crop years.
      (2) If a loss is not triggered for your county before you report your acreage for the underlying policy, the number of planted insurable acres specified on the acreage report filed and accepted by us on or before the acreage reporting date for the underlying policy.
   (c) If an acreage report is not required for the underlying policy, use the crop's equivalent of an acreage report. For example, a Plant Inventory Value Report (PIVR) is required for the Nursery Crop Provisions instead of an acreage report; therefore, a PIVR is used in the same manner as an acreage report.
5. **Insurable Acreage, Inventory, and Unit Division**
   (a) All eligible planted acreage or inventory of the crop (including perennial or nursery crops and insurable trees) in the county that is insured by the underlying policy must be insured under this Endorsement when all acreage or inventory of the crop is required to be insured by the underlying crop policy. Any crop acreage or inventory that is not insured by the underlying crop policy is not covered by this Endorsement. This

Endorsement will not insure prevented planting acreage. Any acreage planted in a planting period, as defined in the actuarial documents, after a qualifying event has triggered an indemnity payment for eligible acreage, will be insurable and eligible for an indemnity payment if a second qualifying event occurs.

(b) In lieu of the provisions regarding units and unit division in the underlying policy, protection provided by this Endorsement will be based on all eligible planted acreage or inventory (including perennial or nursery crops and insurable trees) of the crop in the county insured by the underlying policy, regardless of whether such acreage or inventory is owned, rented for cash, or rented for a share of the crop, including acres on which you are insuring another person's share of the crop.

6. Hurricane Protection Amount

(a) If there are multiple coverage levels, types, or practices for the insured crop in the county, your HPA will be determined separately for each coverage level, type, and practice and then summed for the crop.

(b) To calculate your HPA for all eligible insured acres of the crop in the county with the same coverage level, type, practice, and SCO or STAX coverage insured by this Endorsement:

(1) Determine your hurricane coverage range;

(2) Determine the expected crop value by dividing the underlying policy liability for the eligible acres with the same coverage level, type, and practice by the underlying policy coverage level, as applicable, and then again by the percentage of price election or percentage of projected price, as applicable, of the underlying policy. When SCO or STAX coverage is in effect with the underlying policy, use only the liability and coverage level for the underlying policy, not the SCO or STAX liability or coverage level. Any adjustment in liability on the underlying crop policy will apply;

(3) Multiply your expected crop value by your hurricane coverage range; and

(4) Multiply the result of (3) by the coverage percentage elected by you. This is your HPA.

(c) If you have elected SCO with your underlying policy, your HPA will not increase on a crop, practice, type, and farm number if you enrolled that farm number in ARC for that crop but failed to report that enrollment on your acreage report. If you have elected STAX with your underlying policy, your HPA will not increase on a crop, practice, type, and farm number if you enrolled that farm number in ARC or PLC for seed cotton and failed to report such enrollment on your acreage report.

(d) For underlying policies with the amount of insurance not based on insured acres, to calculate your HPA for all of the crops in the county with the same coverage level, type, and practice, insured by this Endorsement:

(1) Determine your hurricane coverage range;

(2) Divide the underlying policy liability by the underlying policy coverage level, as applicable, and then again by the percentage of price election or percentage of projected price, as applicable, of the underlying policy to determine the expected crop value.

(3) Multiply your expected crop value by your hurricane coverage range; and

(4) Multiply the result of (3) by the coverage percentage elected by you.

(e) For crop policies where protection is provided by this Endorsement based on all eligible inventory, if you increase inventory values above what you reported on the original report (e.g. PIVR or Nursery Value Report) at any point during the crop year by submitting a revised report (e.g., Peak Inventory Value Report or revised PIVR) allowable by the underlying policy, the value of HIP-WI will not increase, but will remain consistent with the coverage established at the beginning of the insurance period according to the original report for each planting period, where applicable, for the underlying policy.

7. Annual Premium and Administrative Fee

(a) You will owe a separate annual premium and administrative fee for this Endorsement, in addition to any administrative fee owed for the underlying policy. Only one HIP-WI administrative fee per insured crop, per county is owed.

(b) Premium for this Endorsement is calculated by multiplying your HPA determined from section 6 by the premium rate and any premium adjustment percentages that may apply. All information needed to calculate the premium rate is contained in the actuarial documents.

(c) The administrative fee for this Endorsement is determined in accordance with the provisions in section 7(e) of the Basic Provisions.

8. Causes of Loss

(a) This Endorsement provides protection against widespread loss in the county, or adjacent county, due to sustained hurricane force winds. The county loss trigger will be determined from HDP and shown in the actuarial documents as determined by the Federal Crop Insurance Corporation (FCIC).

(b) Individual farm yields and revenues are not considered under this Endorsement. It is possible that your individual farm may experience reduced revenue or reduced yield and you do not receive an indemnity under this Endorsement.

(c) The notice provisions in section 14(b) of the Basic Provisions do not apply to this Endorsement.

9. Settlement of Claim

(a) An indemnity is due when the county loss trigger is identified for the insured county in the insurance period. Indemnities are calculated following the release by FCIC of any county that meets the county loss trigger.

(b) The indemnity is equal to the HPA determined in section 6.

(c) In lieu of the provisions in section 14(f)(1) of the Basic Provisions, we will pay your loss under this Endorsement within 30 days after the later of:

(1) The date FCIC releases the list of counties identified as meeting the county loss trigger;

(2) The date you provide an acceptable acreage report; or

(3) The conditions in Section 14(f)(2)-(4) of the Basic Provisions are met.

(d) Hurricane wind extent data may be updated by NOAA. FCIC may add counties that were not included in the initial county release by FCIC of the counties that met the county loss trigger following release of updated NOAA wind extent data for the applicable crop year. Once counties are listed by FCIC, they will not be removed even if later data indicates they did not meet the county loss trigger.

10. [Reserved]

11. Written Agreements

(a) This Endorsement is available only when authorized by the actuarial documents for the crop, type, and practice in the county and cannot be made available through a Written Agreement.

(b) This Endorsement is applicable when available on the actuarial documents when a Written Agreement applies to the underlying policy.

12. Examples

The following are examples of the calculation of the HPA and HIP-WI indemnity for the plans of insurance that may be selected for the underlying policy. Your information will likely be different, and you should consult the actuarial documents in your county and the policy information. The following examples are for illustration purposes only.

Producer A farms 100 acres of corn in county X and has an approved yield of 154.6 bushels per acre, with a 100 percent share. The projected price is $4.00, as published in the actuarial documents for county X. The producer elects a HIP- WI coverage percentage of 0.90. (This information, with some changing variables, applies to the following examples.)

<u>Example for underlying policy with CAT coverage and HIP-WI election:</u>

Resulting liability for the underlying policy is $17,006
<u>Hurricane Protection Amount calculation</u>:
Step 1: Calculate hurricane coverage range.
Formula: 95 percent minus the maximum coverage level from the underlying policy
0.95 – 0.50 = 0.45 hurricane coverage range
Step 2: Calculate the expected crop value of the underlying policy.
Formula: Divide the liability of the underlying policy by the coverage level of the underlying policy, and then by the percentage of price election or percentage of projected price, as applicable to determine the expected crop value
$17,006 ÷ 0.50 ÷ 0.55 = $61,840 expected crop value.
Step 3: Calculate HPA.
Multiply the expected crop value by the hurricane coverage range and the coverage percentage you elected under this Endorsement.
$61,840 x 0.45 x 0.90 = $25,045 HPA.
If FCIC determines the county meets the county loss trigger, the indemnity payment would be $25,045.

<u>Example for underlying policy with 70 percent coverage, 100 percent of price, and HIP-WI election:</u>

Resulting liability for the underlying policy is $43,288.
<u>Hurricane Protection Amount calculation</u>:
Step 1: Calculate hurricane coverage range.
Formula: 95 percent minus the maximum coverage level from the underlying policy.
0.95 – 0.70 = 0.25 hurricane coverage range
Step 2: Calculate the expected crop value of the underlying policy.
Formula: Divide the liability of the underlying policy by the coverage level of the underlying policy, and then by the percentage of price election or percentage of projected price, as applicable of the underlying policy to determine the expected crop value.
$43,288 ÷ 0.70 ÷ 1 = $61,840 expected crop value.
Step 3: Calculate the HPA.
Formula: Multiply the expected crop value of the underlying policy by the hurricane coverage range and the coverage percentage you elected under this Endorsement.
$61,840 x 0.25 x 0.90 = $13,914 HPA.
If FCIC determines the county meets the county loss trigger, the indemnity payment would be $13,914.

<u>Example for SCO election:</u>

<u>Hurricane Protection amount calculation</u>:
Step 1: Calculate hurricane coverage range.
Formula: 95 percent minus the higher of the coverage level from the underlying policy (70 percent) or the upper end of the SCO coverage range (86 percent).
0.95 – 0.86 = 0.09 hurricane coverage range
Step 2: Calculate the expected crop value of the underlying policy.
Formula: Divide the liability of the underlying policy by the coverage level of the underlying policy, and then by the percentage of price election or percentage of projected price, as applicable of the underlying policy to determine the expected crop value.
$43,288 ÷ 0.70 ÷ 1.00 = $61,840 expected crop value of the underlying policy.
Step 3: Calculate the HPA.
Formula: Multiply expected crop value of the underlying policy by the hurricane coverage range and the coverage percentage you elected under this Endorsement.
$61,840 x 0.09 x .90 = $5,009 HPA.
If FCIC determines the county meets the county loss trigger, the indemnity payment would be $5,009.

<u>Example for STAX election:</u>

The STAX coverage band ranges from 75 percent to 90 percent.
<u>Hurricane Protection amount calculation</u>:
Step 1: Calculate hurricane coverage range.
Formula: 95 percent minus the higher of the coverage level from the underlying policy (70 percent) or the upper end of the STAX coverage range (90 percent).
0.95 – 0.90 = 0.05 hurricane coverage range
Step 2: Calculate the expected crop value of the underlying policy.
Formula: Divide the liability of the underlying policy by the coverage level of the underlying policy, and then by the percent of price election or percentage of projected price, as applicable of the underlying policy to determine the expected crop value.
$43,288 ÷ 0.70 ÷ 1.00 = $61,840 expected crop value of the underlying policy with STAX.
Step 3: Calculate the HPA.
Formula: Multiply expected crop value of the underlying policy by the hurricane coverage range and the coverage percentage.
$61,840 x 0.05 x 0.90 = $2,783 HPA.
If FCIC determines the county meets the county loss trigger, the indemnity payment would be $2,783.