

# **SUMMARY OF CHANGES FOR THE MULTI-COUNTY ENTERPRISE UNIT PILOT ENDORSEMENT (21-MCEU)**

**(Released June 2020)**

The following is a brief description of the changes to the Multi-County Enterprise Unit Pilot Endorsement that are effective for the 2021 and succeeding crop years for all crops with a contract change date on or after June 30, 2020, and for the 2022 and succeeding crop years for all crops with a contract change date prior to June 30, 2020. Please refer to the Endorsement for complete information.

Section 1- Revised definition of "multi-county enterprise unit."

Section 4- In paragraph 4(c), added unit structure assignment provisions instead of referencing back to the Common Crop Insurance Policy, Basic Provisions.

In paragraph (4)(c)(2), added unit structure assignment options when enterprise units for both irrigated and non-irrigated practices are elected, and it is discovered on or before the acreage reporting date that qualifications for both are not met.



21-MCEU

(Released June 2020)

**UNITED STATES DEPARTMENT OF AGRICULTURE  
FEDERAL CROP INSURANCE CORPORATION  
MULTI-COUNTY ENTERPRISE UNIT PILOT ENDORSEMENT**

In return for your payment of premium 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. Except as specified in this Endorsement, all provisions of the underlying policy apply. In addition to enterprise units as defined in section 1 of the Basic Provisions, you may elect to establish a multi-county enterprise unit under this Endorsement by combining acreage of the insured crop in contiguous counties for the purposes specified in this Endorsement.

(This is a continuous Endorsement. Refer to Section 2 of the Basic Provisions.)

**1. Definitions**

**Contiguous county** - Any county whose border touches at any point with the primary county.

**Multi-county enterprise unit** - All insurable acreage of the same insured crop or all insurable irrigated or non-irrigated acreage of the same insured crop, in the primary county and secondary county in which you have a share on the date coverage begins for the crop year.

**Primary county** - A county you designate to be the base county in a multi-county enterprise unit.

**Secondary county** - The county you designate to combine acreage with the primary county to establish a multi-county enterprise unit.

**2. Conditions of Insurance**

- (a) You must have the Basic Provisions, and applicable Crop Provisions, in force to elect coverage under this Endorsement.
- (b) In accordance with section 34(a)(3) of the Basic Provisions, on or before the earliest sales closing date of the insured crop in the county you must elect the enterprise unit structure and elect this Endorsement.
- (c) This Endorsement is available only when authorized by the actuarial documents for both the primary and secondary county.
- (d) This Endorsement does not combine the separate crop policies of the primary and secondary county, and the terms of each policy apply separately to each respective county, except as provided by this Endorsement.

**3. Multi-County Designation**

- (a) You must designate a primary county and secondary county on or before the earliest applicable acreage reporting date.
  - (1) The secondary county must be contiguous to the designated primary county for the multi-county enterprise unit.
  - (2) Contiguous counties will be listed in the actuarial documents.
- (b) For a primary county and secondary county to be part of a multi-county enterprise unit:
  - (1) There must be insured planted acreage of the same insured crop or all insurable irrigated or non-irrigated acreage, in which you have a share, in each county on the date coverage begins;

- (2) The insured crop policy in each county must have identical elections for:
  - (A) Multi-county enterprise unit(s);
  - (B) Insurance plan;
  - (C) Coverage level, by irrigated or non-irrigated practice if applicable; and
  - (D) Enterprise unit or enterprise unit by irrigated or non-irrigated practice;
- (3) The insured crop policy in both the primary and secondary county must be insured with us; and
- (4) The primary and secondary counties must be located in the same state.

- (c) If you elect enterprise units by irrigated or non-irrigated practice, multi-county enterprise units will be designated separately for each irrigation practice:
  - (1) The insurance plan and coverage level must be identical for the irrigation practice in each county.
  - (2) A county may be part of one multi-county enterprise unit for one irrigation practice and a different multi-county enterprise unit for the other irrigation practice.
  - (3) A county with enterprise units elected for one irrigation practice and a different unit structure elected for the other irrigation practice may only qualify for a multi-county enterprise unit on the irrigation practice for which an enterprise unit has been elected.
- (d) If you elect enterprise units by irrigation practice, you may designate a separate primary county and secondary county for each irrigation practice, provided the criteria of 3(b) are met.
- (e) If a county is contiguous to more than one county which is designated as a primary county, it may only be designated as a secondary county for one of the primary counties. You must designate which primary county the county is assigned to on or before the earliest applicable acreage reporting date.

**4. Qualifying for a Multi-County Enterprise Unit**

- (a) To qualify for a multi-county enterprise unit, the primary county must separately qualify for an enterprise unit, in accordance with all criteria in section 34(a)(4) of the Basic Provisions and the secondary county must not separately qualify for an enterprise unit.

- (b) If you have more than one designated primary county and secondary county, qualification for a multi-county enterprise unit will be determined independently for each primary-secondary county pair.
- (c) If the primary county does not qualify for an enterprise unit or the secondary county is not eligible to be part of a multi-county enterprise unit (including for either irrigation practice if applicable), then based on your enterprise unit structure elected in accordance with 2(b) your unit structure will be assigned as follows:
  - (1) If you elected one enterprise unit (including both irrigation practices in one unit) for the crop in the county and such discovery is made:
    - (i) On or before the acreage reporting date:
      - (A) If the crop in the county qualifies for an enterprise unit, then an enterprise unit on a crop and county basis will apply; or
      - (B) If the crop in the county does not qualify for an enterprise unit, then basic or optional units, whichever you report on your acreage report and qualify for, will apply.
    - (ii) After the acreage reporting date:
      - (A) If the crop in the county qualifies for an enterprise unit, then an enterprise unit on a crop and county basis will apply; or
      - (B) If the crop in the county does not qualify for an enterprise unit, then basic unit structure will apply.
  - (2) If you elected separate enterprise units for both irrigated and non-irrigated practices for the crop in the county, and such discovery is made:
    - (i) On or before the acreage reporting date:
      - (A) If both the irrigated and non-irrigated practices separately meet the enterprise unit requirements, then separate enterprise units by irrigated and non-irrigated practices will apply; or
      - (B) If both the irrigated and non-irrigated practices do not separately meet the enterprise unit requirements, you may elect:
        - (1) One enterprise unit for all irrigated or non-irrigated practices provided it meets the enterprise unit requirements and basic or optional units for the other practice, whichever you report on your acreage report and qualify for, and a multi-county enterprise unit will still apply if all requirements are met;
        - (2) One enterprise unit for both irrigated and non-irrigated practices on a crop in the county basis, provided it meets the qualifications for a single enterprise unit, and a multi-county enterprise unit will still apply if all requirements are met;
        - (3) Basic or optional units for both irrigated and non-irrigated practices, whichever you report on your acreage report and qualify for.
    - (ii) After the acreage reporting date:
      - (A) If both the irrigated and non-irrigated practices separately meet the enterprise unit requirements, then separate enterprise units by irrigated and non-irrigated practices will apply; or
      - (B) If both the irrigated and non-irrigated practices do not separately meet the enterprise unit requirements, then:
        - (1) One enterprise unit for both irrigated and non-irrigated practices apply on a crop in the county basis, provided the enterprise unit requirements are met; or
        - (2) If the requirements for an enterprise unit are not met, a basic unit will apply to both irrigated and non-irrigated practices.
  - (3) If you elected an enterprise unit on one irrigation practice and basic or optional units on the other irrigation practice, and such discovery is made:
    - (i) On or before the acreage reporting date:
      - (A) If the irrigation practice for which you elected an enterprise unit meets the enterprise unit requirements, then an enterprise unit for that irrigation practice will apply. You may choose basic or optional units for the other irrigation practice, whichever you report on your acreage report and qualify for; or
      - (B) If the irrigation practice for which you elected an enterprise unit does not meet the enterprise unit requirements, both irrigation practices will be basic or optional units, whichever you report on your acreage report and qualify for.
    - (ii) After the acreage reporting date:
      - (A) If the irrigation practice for which you elected an enterprise unit meets the enterprise unit requirements, then an enterprise unit for that irrigation practice will apply. You may choose basic or optional units for the other irrigation practice, whichever you report on your acreage report and qualify for; or
      - (B) If the irrigation practice for which you elected an enterprise unit does not meet the enterprise unit requirements, then the basic unit structure will apply to both irrigation practices.

**5. Annual Premium**

- (a) Premium will be calculated separately for each policy for each county in a multi-county enterprise unit, based on the acres physically located in the county and using the actuarial documents for that county; and
- (b) The total insured crop planted acreage in a multi-county enterprise unit will be used when determining the Unit Structure Discount Factor applied to the county (the Unit Structure Discount Factor will also apply to prevented planting acres).

**6. Settlement of Claim**

- (a) The multi-county enterprise unit will be the unit used to determine your loss, by irrigated and non-irrigated practices if applicable.
- (b) In accordance with section 15 of the Basic Provisions, the production to count for the multi-county enterprise unit will include all production from the primary and secondary county comprising the multi-county enterprise unit.

**7. Written Agreements**

- (a) Written agreements that modify the terms of this Endorsement are not permitted.
- (b) This Endorsement is applicable to acres of the insured crop in the county that are insured under a Written

Agreement.

**8. Example**

The following is an example of the calculation of the production guarantee and production to count in a multi-county enterprise unit:

Producer A has a 100 percent share in 100 acres of corn in two separate sections each containing a 50-acre field in county A and 50 acres of corn in a single field in county B. The APH of each field is 145 bushels per acre. County A separately qualifies for an enterprise unit and county B does not.

County A has a production guarantee set at 14,500 bushels. County B has a production guarantee of 7,250 bushels. The production guarantee for the MCEU is 21,750 bushels.

After the corn is harvested, the producer files a claim. Separate production worksheets are completed for county A and county B. The production to count for county A totals 10,000 bushels. The production to count for county B totals 5,000 bushels. The total harvested production to count for the MCEU is 15,000 bushels. The production shortfall of the MCEU is 6,750 bushels.