



**DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION**

WHOLE-FARM REVENUE PROTECTION PILOT POLICY

Whole-Farm Revenue Protection (WFRP) pilot provides protection against loss of revenue that you expect to earn or will obtain from commodities you produce or purchase for resale during the insurance period. Whole-farm revenue consists of revenue from all insured commodities on the farm operation, including revenue from animals and animal products.

This insurance policy is reinsured by the Federal Crop Insurance Corporation (FCIC) 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 varied in any way by us, our insurance agent or any other contractor or employee of ours, or any employee of the United States Department of Agriculture (USDA). We will use the procedures, including but not limited to handbooks, 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 under this policy.

In the event that we cannot pay your indemnity because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy, and FCIC will 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 application accepted by us, and "we," "us," and "our" refer to the insurance provider providing insurance. Unless the context indicates otherwise, use of the plural form of a word includes the singular and the singular form of the word includes the plural. Some of the provisions contained in this policy require information contained on farm tax form Schedule F for the Federal tax return (Form 1040) or other alternative farm tax forms. Specific line numbers from the Schedule F for the cash accounting method (2013 tax year version) are referenced in the policy. To the extent that the line numbers may change, the corresponding line number for the Schedule F for the insurance year the policy is in effect will apply.

AGREEMENT TO INSURE: We agree that in return for the payment of the premium, and subject to all of the provisions of this policy, we will provide the insurance as stated in this policy. If there is a conflict between the (1) Act; (2) regulations published at 7 CFR, Chapter IV; (3) policy provisions; and (4) procedures issued by FCIC, the order of priority is (1) controlling (2), etc. If there is a conflict between the policy provisions, the order of priority is the (1) Special Provisions, (2) actuarial documents; and (3) these Basic Provisions, with (1) controlling (2).

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Terms and Conditions

Your Insurance Contract

1. Application.

- (a) For your initial year of insurance, you must provide the completed, signed, application to your agent not later than the sales closing date.
- (b) 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 premium payment, or you otherwise become eligible, after the sales closing date, you cannot apply for insurance until the next insurance year. For example, for the 2012 insurance 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 insurance 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.
- (c) To change your coverage in a subsequent year, you must provide policy change form reflecting the changes by the sales closing date or the policy terms from the previous year will remain in effect.
- (d) You must include the following information on your application for insurance or your application will not be accepted and no coverage will be provided:
 - (1) The coverage level;
 - (2) 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;
- (3) Your EIN if you are a person other than an individual; and
- (4) The following 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;
 - (iii) Any child of yours will not be considered to have an interest in you, unless the child has a separate legal interest in you.
- (5) Whether your farm taxes, in accordance with this policy, are filed as a:
 - (i) Calendar year;
 - (ii) Early fiscal year; or
 - (iii) Late fiscal year.
- (6) Any other material information required on the application for this policy.
- (7) The county listed on the application should be the county where the majority of the total expected revenue is earned.
- (e) 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 insurance years, as applicable, and such policies will be void if:
 - (i) The 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; and
- (2) With respect to persons with a substantial beneficial interest in you:
- (i) If the SSNs or EINs of such persons are included on your application and the SSNs or EINs are correct, but the persons with a substantial beneficial interest in you are ineligible for insurance, the insurance coverage for all revenue 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);
 - (ii) Your policy 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) The 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);
 - (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
- (D) Except as provided in sections 2(f)(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;
- (f) Your approved revenue will be reduced proportionately by the percentage interest in you of persons with a substantial beneficial interest in you if such persons are ineligible for insurance as long as:
 - (1) The SSN's or EIN's of such persons are included on your application; and,
 - (2) The SSN's or EIN's are correct.
 - (g) When any of your policies are void under section (e):
 - (1) You must repay any indemnity or replant payment that may have been paid for all applicable insurance 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 (2) will be returned to you;
 - (h) 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.
 - (i) If any of the information regarding persons with a substantial beneficial interest in you, changes:
 - (1) After the sales closing date from the previous insurance year, you must revise your application by the sales closing date for the current insurance year to reflect the correct information; or
 - (2) Less than 30 days before the sales closing date for the current insurance year, you must revise your application by the sales closing date for the next insurance year; and,
 - (3) You fail to provide the required revisions, the provisions in section (f) will apply;

- (j) If you are, or a person with a substantial beneficial interest in you is, not eligible to obtain a 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 (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 (1), the amount of insurance for all commodities on the application will be reduced proportionately by the percentage interest of such person in you.

- (k) You must provide information to us regarding insurance you obtained from any other insurance provider or from any FSA office on commodities insured by this policy. The information provided must include the date such insurance was obtained.

- (l) If your farm operation is vertically integrated, or you own or have interest in related tax entities, you must clearly identify and explain the relationship between such entities at the time you file your application.

- (m) Your application will not be accepted, and no coverage will be provided, if you are ineligible under the contract or under any Federal statute or regulation.

2. Qualifying Person Criteria.

- (a) To be considered a qualifying person, you must:

- (1) Be eligible to receive federal benefits;
- (2) Be a U.S. citizen or resident;
- (3) File either a Schedule F tax form or other farm tax forms that can be converted to a Substitute Schedule F, to the IRS;
- (4) The Schedule F, or Substitute Schedule F, must cover 100 percent of your farm operation. (A tax entity which reports a fractional share of farming activity conducted by a partnership, corporation or any other "joint venture" does not qualify for

WFRP coverage on the fractional share of farming activity);

- (5) Be engaged in the business of farming and derive revenue from the production of commodities;

- (6) Derive 50 percent or more of the expected revenue for the insurance year from the pilot counties but may also derive revenue from commodities produced in non-pilot counties that are contiguous to pilot counties;

- (7) Derive not more than 50 percent of allowable revenue from commodities purchased for resale; and

- (8) File a United States Federal income tax return for each year of the revenue and expense history that is the same tax entity and farm operation as the insured person for the insurance year unless one of the following applies in which case you are still a qualified person:

- (i) Your tax entity (taxpayer identification number) changed (e.g., you and your spouse form a partnership and file a U.S. Partnership Return of Income and you previously filed a U.S. Individual Income Tax Return that included your spouse's interest in the farm operation); or

- (ii) You stop farming as an individual and farm as a tax entity other than an individual; or

- (iii) You form a successor farming operation that is a different tax entity but is basically the same operation.

- (b) Your farm operation will be ineligible for insurance under this policy if:

- (1) Your insured revenue is greater than \$8.5 million on the sales closing date;

- (2) Your expected revenue from animals and animal products is greater than \$1 million or more than 35 percent of your expected revenue on the sales closing date;

- (3) Your expected revenue from nursery and greenhouse products is greater than \$1 million or more than 35 percent of your expected revenue on the sales closing date;

- (4) You raise potatoes and your commodity count, based on your commodity count calculation, under this policy indicates you do not qualify as having two commodities. (This limitation is a legislated requirement under section 508(a)(3)(C) of the Act);
 - (5) You will only have one commodity on your farm operation based on your commodity count calculation, during the insurance year, and revenue protection is available for that commodity under another policy offered under the authority of the Act; or
 - (6) You purchase CAT coverage for another policy offered under the authority of the Act for any commodity on your farm operation.
- (c) If you purchase, inherit, or lease another person's farm operation you may use their tax returns including adding the amounts to your allowable revenue and expenses for the particular year, if:
- (1) You obtain control of at least 90 percent of the other person's farm operation, which includes the land and facilities, such as irrigation equipment and systems, greenhouses, and other facilities;
 - (2) For each year of the other person's tax returns that you intend to use, the other person:
 - (i) Had an insurable interest in all commodities produced on the farm operation you obtained;
 - (ii) Filed Federal income taxes for the revenue received from those commodities; and
 - (iii) Is willing to provide all records necessary under this policy including the farm tax forms necessary ;
 - (3) On or before the sales closing date, you submit to us:
 - (i) A written request to use the other person's farm tax forms for the specific years;
 - (ii) A copy of the other form tax forms for each specific year;
 - (iii) Verifiable documentation that:
 - (A) At least 90 percent of the other person's farm operation was obtained by you and added to your farm operation; and
 - (B) The other person whose farm tax forms you wish to use had an insurable interest in all commodities produced on the farm operation you obtained; and
- (iv) A completed and signed Whole-Farm History Report that represents the combination of your allowable revenue and expenses and the allowable revenue and expenses for the other person's farm tax forms you wish to use for the applicable years; and
- (4) Within 15 days of our request, you provide:
- (i) Verifiable documentation that supports the revenue and expenses on the other person's farm tax forms; and,
 - (ii) Verifiable documentation of all market readiness operations and post-production operations related to the other person's farm operation for the tax year's you wish to use.
- (5) We will not approve the use of another persons' tax returns if:
- (i) All requirements in subsection (c) are not met; and
 - (ii) Obtaining the farm operation or the change in person type was done to circumvent any tax law or any program eligibility criteria, including evading ineligibility for program benefits under 7 CFR part 400, subpart U.
- (6) We will notify you whether your request to use another person's farm tax forms is approved or denied within 15 days of receiving all required information.
- (i) If we approve your request, your allowable revenue and allowable expenses and the allowable revenue and allowable expenses of the other person will be combined for each applicable year.
 - (ii) If we deny your request to use any of the other person's farm tax forms, your Whole-Farm History Report, and all other applicable reports, will be modified to reflect only the approved allowable revenue and allowable expenses from your farm tax returns for each applicable year.
- (d) You will not be considered a qualifying person for this insurance year if you

have a short tax year for the insurance year, if you have short tax years in your whole-farm history period, or if your lag year is a short tax year. If you have a short tax year(s) in your history and you resubmit your whole-farm history based on the calendar or fiscal year used for the insurance year, we may, at our discretion and based on your resubmitted records, allow you to obtain insurance.

- (e) Originating pass-through entities may insure the allowable revenue from commodities produced by the farm operation under WFRP. Owners of a pass-through entity that are not the originating entity may not insure pass-through revenue or loss under WFRP.

3. Life of Policy, Termination and Cancellation.

- (a) After we have accepted your application, you may not cancel this policy for the initial insurance year.
- (b) This is a continuous policy and will remain in effect for each succeeding insurance year following the acceptance of the original application until canceled by you in accordance with the terms of the policy or by us. In accordance with section 4, FCIC may change the coverage provided from year to year.
- (c) Either you or we may cancel this policy after the initial insurance year by providing written notice to the other on or before the cancellation date.
- (d) We may cancel your policy if no premium is earned for 3 or more consecutive years.
- (e) If any amount due, including premium or administrative fees, or overpaid indemnities, is not paid or an acceptable arrangement for payment is not made on or before the termination date for the insurance year on which an amount is due, you will be determined to be ineligible to participate in any crop insurance program authorized under the Act in accordance with 7 CFR part 400, subpart U.
 - (1) For a policy with unpaid administrative fees or premium, the policy will terminate effective on the first day of the insurance year immediately subsequent to the insurance year for which such amount was due (insurance will be

considered not to have attached in the subsequent year and no premium will be owed or indemnity paid);

- (2) For a policy with other amounts due, the policy will terminate effective on the termination date immediately after the account becomes delinquent;
- (3) Ineligibility will be effective as of the date that this policy was terminated and for all other insurance policies with coincidental termination dates;
- (4) All other crop insurance policies that are reinsured by FCIC under the authority of the Act will also terminate as of the next termination date contained in the policy;
- (5) If you are ineligible, you may not obtain any insurance under the Act until payment is made in full, you execute an agreement to repay the debt or you have your debts discharged in bankruptcy;
- (6) If you execute an agreement to pay the debt and fail to make any scheduled payment, all policies will be terminated effective on the termination date for the insurance year in which you failed to make the scheduled payment and no indemnity payment or replant payment, if applicable, will be due for that crop or insurance year. You will no longer be eligible to obtain crop insurance by execution of an agreement to pay the debt. You will be ineligible for crop insurance until the debt is paid in full or you have your debts discharged in bankruptcy;
- (7) Once the policy is terminated, the policy cannot be reinstated for the current insurance year unless the termination was in error;
- (8) After you again become eligible for insurance, if you want to obtain insurance coverage, you must reapply on or before the applicable sales closing date (Since applications for insurance cannot be accepted after the sales closing date, if you become eligible after the sales closing date, you cannot

- apply for insurance until the next insurance year); and
- (9) If we deduct the amount due us from an indemnity, the date of payment for the purpose of this section will be the date you sign the properly executed claim for indemnity.
- For example, if policy A, with a termination date of January 31, 2015, and policy B, with a termination date of March 15, 2015, are issued and you do not pay the premium for policy A by the termination date, you are ineligible for insurance as of January 31, 2015, and policy A is terminated on that date. Policy B is terminated as of March 15, 2015. If you enter an agreement to repay the debt on December 31, 2015, you can apply for insurance for policy A by the January 31, 2016, sales closing date and policy B by the March 15, 2016, sales closing date. If you fail to make a scheduled payment on April 1, 2016, your policy will terminate as of January 31, 2016, for crop A, and March 15, 2016, for crop B, and no indemnity payment will be due for that insurance year for either crop. You will not be eligible to apply for crop insurance for any crop until after the debt is paid in full or you have your debts discharged in bankruptcy and you make application in accordance with section(3)(e).
- (f) Any amount due to us for any policy authorized under the Act will be offset from any indemnity due you for this or any policy 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 payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date that you submit the claim for indemnity in accordance with section 25.
- (g) A delinquent debt for any policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent insurance year and result in termination of all policies in accordance with section 3(g)(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 3(g)(2)) for the insurance year 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, or replanting payment, 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 insurance year prior to the insurance 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 sections 3(g)(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 3(g)(2), you will not receive any indemnity, or replanting payment, if applicable, and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity, or replanting payment 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 14(j) unless your policy was terminated in accordance with sections 3(g)(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 insurance year (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current insurance 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 insurance year and no indemnity, or replant payment will be owed);

(B) For a policy with other amounts due, 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 insurance 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 insurance year and no indemnity, or replant payment 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 insurance year prior to the insurance year in which you failed to make the scheduled payment (for this purpose only, the insurance year will start the day after the termination date and end on the next termination date, e.g., if the termination date is March 15 and you fail to make a payment on March 15, 2015 your policy will terminate on March 30, 2015, for the 2016 insurance year); or

(E) For dismissal of a bankruptcy petition before discharge, the termination date the policy was or would have been terminated under sections 3(g)(2)(i)(A), (B) or (C).

(ii) For all policies terminated under sections 3(g)(2)(i)(A), (B), (D) or (E), any indemnities, or replanting payments paid subsequent to the termination date must be repaid.

(iii) Once the policy is terminated, it cannot be reinstated for the current insurance year unless:

(A) The termination was in error;

(B) The Administrator of the Risk Management Agency, at their sole discretion, determines in accordance with 7 CFR part 400, subpart U and FCIC issued procedures that the following are met:

(1) You provide documentation that your failure to pay your debt is due to an unforeseen or unavoidable event or

- an extraordinary weather event that created an impossible situation for you to make timely payment;
- (2) You remit full payment of the delinquent debt owed to us or FCIC with your request submitted in accordance with section 3(g)(2)(iii)(B)(3);
 - (3) You submit a written request for reinstatement of your policy to us no later than 60 days after the termination date or the missed payment date of a previously executed written payment agreement, or the due date specified in the notice to you of the amount due, if applicable;
 - (4) If authorization for reinstatement is granted, your policies will be reinstated effective at the beginning of the insurance year for which you were determined ineligible, and you will be entitled to all applicable benefits under such policies, provided you meet all eligibility requirements and comply with the terms of the policy; and
 - (5) There is no evidence of fraud or misrepresentation.
- (C) We determine, in accordance with 7 CFR part 400, subpart U and FCIC issued procedures, that the following are met:
- (1) You can demonstrate:
 - (i) You acted in good faith when you made timely

- payment and you omitted the most recent month's interest or the amount of the payment was clearly transposed from the amount that was otherwise due; or
- (ii) You acted in good faith when you made the payment and the payment was delayed and postmarked by no more than 7 calendar days after the termination date or the missed payment date of a previously executed written payment agreement, or the due date specified in the notice to you of the amount due, if applicable.
- (2) You remit full payment of the delinquent debt owed to us; and
 - (3) You submit a written request for reinstatement of your policy to your agent no later than 30 days after the termination date or the missed payment date of a previously executed written payment agreement, or the due date specified in the notice to you of the amount due, if applicable; and
 - (4) There is no evidence of fraud or misrepresentation.
- (iv) A determination made in section 3(g)(2)(iii)(B) exhausts all administrative remedies for purposes of termination.

- (h) 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 15(j), and any other consequences, including administrative, criminal or civil sanctions, if any information has been misrepresented.

4. Contract Changes.

- (a) The contract change date is August 31 of the calendar year preceding the calendar year or fiscal year in which your insurance year begins.
- (b) The terms and conditions of this policy may change from year to year.
 - (1) Any changes to this policy, including the applicable policy provisions or the actuarial documents, will be published on RMA's website not later than the contract change date.
 - (2) After the contract change date information may be revised only to correct obvious errors.
 - (3) After the contract change date, all changes made in accordance with this section will be available upon request from your crop insurance agent.
- (c) We will provide you, in writing, with a copy of changes to this policy, any other applicable policy provisions, and the actuarial documents, not later than 30 days prior to the cancellation date for the insurance year. If available from us, you may elect to receive these documents and changes electronically.
- (d) Your acceptance of all changes made in accordance with this section will be conclusively presumed in the absence of notice from you to change or cancel your insurance.

5. 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 may be given by telephone, in person, or

electronically and confirmed in writing.

- (2) The date the notice is provided will be determined by the date 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 the notice or report, the notice or report must be submitted on the next business day.
- (b) All policy provisions, notices, and communications we are required to send to you will be:
 - (1) Provided by electronic means, unless:
 - (i) We do not have the ability to transmit the information to you by electronic means; or
 - (ii) You elect to receive a paper copy of such information;
 - (2) Sent to the email address or physical address contained in your records located with your crop insurance agent.
 - (c) All notices will be conclusively presumed to have been received by you. You should advise us immediately of any change of address.

6. Record Retention and Access to Insured Commodities and Records.

- (a) For a period of three years after the end of the insurance year, or three years after the date of final payment of the indemnity, whichever is later, you must retain and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to insurance authorized under the Act, complete and verifiable records pertaining to:
 - (1) The planting, replanting, inputs, production, harvest, storage, sale, shipment, and disposition of the insured commodities;
 - (2) Your land and facilities;
 - (3) The allowable revenue and allowable expenses stated on the farm tax forms, including the farm tax forms and records supporting these figures;
 - (4) The value of post-production operations and market readiness

- operations for your insured commodities;
 - (5) The beginning and ending inventory information;
 - (6) Accounts receivable and payable information; and
 - (7) All lease or other agreements that may be applicable to the insured commodities.
 - (b) 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 insurance authorized under the Act, to obtain records relating to the planting, replanting, lease, ownership, share, production, inputs, harvesting, disposition, or marketing contract agreements of the insured commodity from any person who may have custody of such records, including but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, landlords, and accountants. You must assist in obtaining all records we or any employee of USDA, or any person acting for us or USDA authorized to investigate or review any matter relating to insurance authorized under the Act, requests from third parties.
 - (c) We, any employee of USDA, or any person acting for us or USDA authorized to investigate or review any matter relating to insurance authorized under the Act:
 - (1) May extend the record retention period beyond three years by notifying you of such extension in writing; and
 - (2) Have the right to examine, as often as reasonably required during the record retention period:
 - (i) The insured commodities on the farm operation or at any location where the commodities may be found or maintained; and
 - (ii) All records related to the insured commodities, this policy, and mediation, arbitration or litigation involving the insured commodities, at any location where the records may be found or maintained.
 - (d) Failure to provide access to the insured commodities or the farm, maintain or provide any required records, 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 insurance year for which the failure occurred.
- 7. (Reserved)**
8. (Reserved)

Your Coverage

9. Coverage.

- (a) This policy insures the approved revenue that you expect to earn or will obtain from commodities that you produce or purchase for resale during the insurance year and in which you have an insurable interest.
- (b) The following calculation will determine the commodity count to be used for: (1) coverage level qualifications, (2) to determine the amount of premium rate discount you will receive based on farm diversification, (3) to determine eligibility if you raise potatoes or have commodities with other available revenue coverage, and (4) to determine your subsidy amount:
 - (1) Determine the number of commodities on the farm. Each separate commodity code on the Farm Operation Report is counted once to determine the number of commodities, regardless of the number of times the commodity code is used;
 - (2) Divide 1.0 by the result of paragraph (1) (round to three decimals);
 - (3) Multiply the result of paragraph (2) by 0.333 (round to three decimals); and
 - (4) Multiply the result of paragraph (3) by the expected revenue shown on your Farm Operation Report (round to whole dollars);
 - (5) Sum the expected revenue for each individual commodity code;
 - (6) Determine how many of the commodities in paragraph (5) have expected revenue equal to or

- greater than the result of paragraph (4);
- (7) Sum the expected revenue amounts from the result of paragraph (6) and subtract the result from the Total Expected Revenue;
 - (8) Divide the result of paragraph (7) by the result of paragraph (4) to determine the number of additional commodities to count (use whole numbers, do not round); and
 - (9) Add the result of paragraph (6) to the result of paragraph (8) to determine the commodity count.
- (c) You must choose one coverage level as shown in the actuarial documents for the insurance year (Catastrophic risk protection is not available under this policy).
- (1) You must produce at least the number of commodities as determined by the commodity count and stated in the Special Provisions to qualify for the coverage level you selected.
 - (2) You must meet the requirements for the coverage level through the entire insurance year, unless the requirements are not met due to a covered cause of loss that we verify, or the level of coverage will be reduced to the highest level for which you qualify.
 - (3) If you were insured last year under WFRP you may change your coverage level for this year by giving us written notice by the sales closing date. However, you may not increase your coverage level if any cause of loss that could, or would, reduce your allowable revenue for the insurance year is evident prior to the time you request the increase.
- (d) You may insure individual commodities under other individual FCIC plans of insurance and purchase WFRP, however you must purchase buy-up coverage levels of the other insurance.
- (e) Both your Farm Operation Report and Whole-Farm History Report, adjusted as applicable to reflect allowable income and allowable expenses, are used to determine the approved revenue used to calculate the insured revenue under this policy.
- (f) Your insured revenue will be determined by multiplying your approved revenue by the coverage level.
- (1) If your allowable expenses for the insurance year fall below 70 percent of your approved expenses, an expense reduction factor, will be applied to your approved revenue to account for expenses not incurred during the insurance year.
 - (2) An indemnity will be due under this policy if your revenue-to-count for the insurance year falls below your insured revenue.
- (g) We will reduce your approved revenue and any indemnity or deny coverage at any time we become aware that the information used to determine your approved revenue is incorrect or is not supported by verifiable records. Your premium will be adjusted to reflect any revised approved revenue.
- (h) A replant payment may be allowed if specified in the Special Provisions.
- (i) For native sod acreage, your insured revenue for the first four insurance years of planting an annual crop on more than five acres of native sod acreage in any county in Iowa, Minnesota, Montana, Nebraska, North Dakota or South Dakota will be will be adjusted to 65 percent of the approved revenue for those acres.
- 10. Allowable Revenue.**
- (a) Allowable revenue for WFRP purposes is limited to the revenue from:
- (1) The sales of animals, and other commodities you purchased for resale, less the cost or other basis of such animals or other commodities (line 1c of Schedule F);
 - (2) The sales of animals, produce, grains and other commodities you raised. (Line 2 of Schedule F.);
 - (3) The taxable amount of total cooperative distributions (line 3b of Schedule F) (Include only those directly related to the sale of commodities.); and
 - (4) Other revenue, including Federal and State gasoline or fuel tax credit or refund (line 8 of Schedule F) (Exclude Federal and State gasoline or fuel tax credits or refunds if reported on this line). Include all revenue directly related to the

production of commodities that the IRS requires you to report, including, but not limited to:

- (i) Revenue from bartering (This amount will be determined in accordance with IRS rules.); and
 - (ii) Payments from buyers of commodities for bypassed acreage (These are payments made to you in accordance with a marketing contract between you and a buyer for not harvesting your crop).
- (b) Allowable revenue specifically excludes:
- (1) Revenue for any post-production operations;
 - (2) Net gain from commodity hedging;
 - (3) Revenue from commodities in which you do not have an insurable interest;
 - (4) Revenue earned from custom hire activities;
 - (5) Cooperative distributions that are not directly related to the production of a commodity;
 - (6) Revenue earned as an animal contract grower;
 - (7) Revenue from wages, salaries, tips, and cash rent;
 - (8) Revenue from government agricultural programs, including the Non-insured Assistance Program (NAP), and federal crop disaster payments;
 - (9) Revenue from uninsurable commodities, such as, animals for show or sport, timber, forest, and forest products;
 - (10) Crop insurance indemnities, prevented planting payments from other FCIC policies, and replant payments;
 - (11) CCC loans and CCC loans forfeited;
 - (12) Value assigned for uninsured cause of loss or abandoned acreage; and
 - (13) Accrual adjustments for beginning and ending accounts receivable and inventories.

11. Allowable Expenses.

- (a) Allowable Expenses are limited to the following expenses:
 - (1) The cost or other basis of animals and other commodities you bought for resale (line 1(b) of Schedule F);

- (2) Car and truck expenses (line 10 of Schedule F);
 - (3) Chemicals (line 11 of Schedule F);
 - (4) Conservation expenses (line 12 of Schedule F);
 - (5) Custom hire (machine work) (line 13 of Schedule F);
 - (6) Depreciation and section 179 expense deduction not claimed elsewhere (line 14 of Schedule F) (Include only the amount of depreciation allowed for animals);
 - (7) Feed purchased (line 16 of Schedule F);
 - (8) Fertilizers and lime (line 17 of Schedule F);
 - (9) Freight and trucking (line 18 of Schedule F);
 - (10) Gasoline, fuel and oil (line 19 of Schedule F);
 - (11) Insurance (other than health) (line 20 of Schedule F);
 - (12) Labor hired (less employment credits) (line 22 of Schedule F) (Exclude shareholder wages, if reported on this line.);
 - (13) Repairs and maintenance (line 25 of Schedule F);
 - (14) Seeds and plants purchased (line 26 of Schedule F);
 - (15) Storage and warehousing (line 27 of Schedule F);
 - (16) Supplies purchased (line 28 of Schedule F) (Exclude those used in post-production operations);
 - (17) Utilities (line 30 of Schedule F);
 - (18) Veterinary, breeding, and medicine (line 31 of Schedule F); and
 - (19) Other farm expenses (line 32 of Schedule F) (Include only those directly related to the production of commodities that the IRS allows you to report).
- (b) Allowable expenses specifically exclude any expenses associated with post-production operations, or commodities in which you do not have an insurable interest.

12. Your Approved Revenue and Approved Expenses.

- (a) Your approved revenue is the LOWER of your whole-farm historic average revenue or your total expected revenue and will be determined on the Farm Operation Report.

(b) Your approved expenses are based on the determination of your approved revenue. If your approved revenue on the Farm Operation Report is:

- (1) Equal to the total expected revenue, approved expenses are calculated by:
 - (i) Dividing your total expected revenue by the average allowable revenue on the Whole-Farm History Report; and
 - (ii) Multiplying the result of clause (i) by your average allowable expenses on the Whole-Farm History Report.
- (2) Equal to the Whole-Farm historic average revenue, approved expenses are equal to the whole-farm historic average expenses.

13. Share Insured.

Insurance will be provided against loss of revenue only on your insurable interest of the commodities on your farm operation and will not extend to any other person having a share in the agricultural operation. This policy may not be transferred to any person except upon death of the insured if farm taxes are still filed for the insured operation.

14. Administrative Fees, Subsidy, and Annual Premium.

(a) The administrative fee:

- (1) Is \$30, or an amount specified in the Special Provisions, as applicable;
- (2) Must be paid no later than the time premium is due;
- (3) The administrative fee will be waived if you request it and:
 - (i) You qualify as a beginning farmer or rancher; or
 - (ii) You qualify as a limited resource farmer.
- (4) Failure to pay the administrative fee when due may make you ineligible for certain other USDA benefits.

(b) Your WFRP farm premium rate is determined by:

- (1) Dividing the expected revenue from each commodity in your Farm Operation Report by the total expected revenue to calculate the percent of expected revenue for each commodity;
- (2) Multiplying each result of paragraph (1) by the commodity rate shown in the actuarial documents;

(3) Summing the result of paragraph (2) for all commodities on the Farm Operation Report to calculate the farm premium rate before any diversification discount;

(4) Determining the commodity count using the formula in section 9(b);

(5) Dividing 1 by the result of paragraph (4) (round to three decimals);

(6) Subtracting the result of paragraph (1) for each commodity from the result of paragraph (5). Ignore any negative mathematical signs and record each number as a positive number;

(7) Sum the results of paragraph (6) to calculate the deviation (DEV) number (round to three decimals);

(8) Using the appropriate formula selected from the special provisions, substitute the result of paragraph (7) where DEV appears in the formula and then calculate the diversification discount that will be used to reduce the farm premium rate for farm level diversification (round to three decimals); and

(9) Multiplying the result of paragraph (3) by the result of paragraph (8) and any other rate adjustment factors that may apply (round to 3 decimals).

(c) If you choose to purchase other individual FCIC insurance policies that are issued under the authority of the Act and that could compensate you for damage to, or loss of, commodities insured under WFRP, for premium calculation purposes only your insured revenue will be adjusted to reflect these purchases. The adjustment to your insured revenue amount will be calculated by:

(1) Adding together the total liability amount of all other policies that are issued under the authority of the Act, (For policies where the liability can change during the coverage period, the liability used for the purpose of this paragraph will be that used to determine the amount of premium.);

(2) Dividing the insured revenue by 2 to calculate the maximum adjustment; and,

(3) Subtracting the smaller of paragraph (1) or paragraph (2) from the insured revenue to calculate the insured

- revenue to use for premium calculation purposes.
- (d) Your WFRP total premium amount is calculated by:
 - (1) Multiplying the result of subsection (c)(3) by the farm premium rate from subsection (b)(6); or if subsection (c)(3) is not applicable,
 - (2) Multiplying your insured revenue by the premium rate from subsection (b)(6); and
 - (3) Multiplying the result from paragraph (1) or paragraph (2), as applicable, by any premium adjustment amounts that may apply to calculate the total premium.
 - (e) The information needed to determine the WFRP premium rate and any premium adjustment percentages that may apply are contained in the actuarial documents.
 - (f) To calculate the premium amount you will pay after premium subsidy:
 - (1) Your subsidy amount will be based on the commodity count determined in 9(b). If your commodity count is:
 - (i) Two or more commodities, you will receive whole-farm subsidy; or
 - (ii) One commodity count, you will receive basic subsidy;
 - (2) Multiply the total premium amount calculated in subsection (d)(3) by the applicable subsidy rate found in the actuarial documents; and
 - (3) Subtract the result of paragraph (2) from the result of subsection (d)(3).
 - (g) Your premium amount will be calculated based on your Intended Farm Operation Report but if your Revised Farm Operation Report is different than the Intended Farm Operation Report, we will recalculate your premium based on that information. If you make changes to your farm operation following that time, we may revise your premium amount accordingly.
 - (h) The amount of premium calculated in accordance with this section is earned when your application is accepted. You will be billed for your premium and the applicable administrative fee not earlier than the premium billing date contained in the actuarial documents.
 - (1) The total due, plus any accrued interest, will be considered delinquent if it is not paid on or before the termination date.
 - (2) Premium must be paid by the termination date regardless of whether a claim is pending.
 - (i) If the amount of premium (WFRP total premium less premium subsidy paid on your behalf by FCIC) and administrative fee you are required to pay for this policy exceeds your insured revenue, coverage will not be provided (no premium or administrative fee will be due and no indemnity will be paid).
 - (j) Premium and administrative fees owed by you will be offset from any indemnity due to you.
 - (k) If you qualify as a beginning farmer or rancher, your premium subsidy will be 10 percentage points greater than the premium subsidy that you would otherwise receive, unless otherwise specified in the Special Provisions.
 - (l) Effective for policies with a sales closing date on or after July 1, 2015, you will be ineligible for any premium subsidy paid on your behalf by FCIC for any policy issued by us if:
 - (1) USDA determines you have committed a violation of the highly erodible land conservation or wetland conservation provisions of 7 CFR part 12 as amended by the Agricultural Act of 2014; or
 - (2) You have not filed form AD-1026 or successor form with FSA by June 1 prior to the sales closing date to be properly identified as in compliance with the conservation provisions specified in paragraph (1) (For example, to be eligible for a premium subsidy for a crop with a sales closing date of March 15, 2016, you must have filed your form AD-1026 by June 1, 2015).
 - (m) Notwithstanding paragraph (l)(2) of this section, if you demonstrate you began farming for the first time after June 1 and prior to the beginning of the reinsurance year (July 1), you may be eligible for Federal crop insurance premium subsidy for the subsequent reinsurance year.
 - (n) If you planted an annual crop on more than five acres of native sod acreage in any county in Iowa, Minnesota, Montana, Nebraska, North Dakota, or South Dakota, your premium subsidy for that portion of your expected revenue for

native sod will be reduced by 50 percentage points during the first four insurance years of planting. If the premium subsidy applicable to that portion of your revenue is less than 50 percent before reduction, you will receive no premium subsidy.

(o) Your premium billing date is:

- (1) August 15, or the date shown in the Special Provisions for calendar or early fiscal year filers; or
- (2) December 1, or the date shown on the Special Provisions, for late fiscal year filers.

15. Required Reports.

(a) On or before the sales closing date for each insurance year you must provide:

- (1) Your completed Whole-Farm History Report in accordance with section 16; and
- (2) Your Intended Farm Operation Report in accordance with section 17.

(b) For each insurance year, you must provide a Beginning Inventory Report, and a Beginning Accounts Receivable and Payable Report. These reports must be submitted by:

- (1) The sales closing date if you are a calendar year filer; or
- (2) The last day of the month in which your fiscal year begins if you file fiscal tax years but no later than October 31 (Late fiscal year filers with fiscal years beginning in November or December are required to submit their reports by October 31).

(c) You must provide a Revised Farm Operation Report by:

- (1) July 15, unless otherwise specified in the Special Provisions, if you are a calendar or an early fiscal year filer;
- (2) The last day of the month in which your fiscal year begins, but no later than October 31, if you are a late fiscal year filer. (Late fiscal year filers with fiscal years beginning in November or December are required to submit their reports by October 31).

(d) You must notify us within 30 days if you make changes to the commodities grown on your farm after the Revised Farm Operation Report is completed and we may revise your premium amount based

on these changes, except those resulting from a covered cause of loss.

(e) If you lose an annual commodity and are able to replant the commodity under good farming practices, you may request a replant payment under this policy. You must notify us within 72 hours of the discovery of damage to request a replant payment.

(f) If you have a loss under this policy;

- (1) You must provide us with a notice of loss within 72 hours of your initial discovery that your allowable revenue for the insurance year could fall below the insured revenue; and
- (2) You must submit a Claim for Indemnity Report not later than 60 days after the original date that your farm tax forms must be provided to the IRS.

(g) You must complete the final section of the Farm Operation Report by providing actual production and revenue information by commodity at the earliest of the time an indemnity is claimed for the insurance period or by the sales closing date for the following year, unless this is not required as specified in the Special Provisions.

(h) If you have any of the following special circumstances on your farm operation, the following sections of this policy apply to your insurance and you may be required to file additional reports or worksheets:

- (1) Organic Commodities: If you use organic farming practices, you must comply with the requirements of section 44.
- (2) Post-Production Operations: If you sell commodities that include value from post-production operations, you must comply with the requirements of section 45.
- (3) Animal and Animal Products: If you have animals or animal products, you must comply with the requirements of section 46.
- (4) Nursery and Greenhouse: If you have nursery or greenhouse commodities, you must comply with the requirements of section 47.

(i) If you fail to timely submit any required information, or we are unable to verify the information that was submitted, we will deny any indemnity, or replant payment

and you will still be required to pay the premium due.

- (j) You must provide, sign and certify all required reports and you are responsible for the accuracy of all information contained in those reports. You should verify the information on all reports prior to submitting them to us. If you submit information on any report that is different than what is determined to be correct and the information you originally submitted resulted in:
 - (i) A lower insured revenue than the corrected insured revenue, the insured revenue under this policy will remain consistent with the reported information and all revenue will be counted as revenue to count; or
 - (ii) A higher insured revenue than the corrected insured revenue, the information contained in the Farm Operation Report will be revised to be consistent with the correct information and your insured revenue will be lowered to the correct amount.
- (k) If we discover you have incorrectly reported any information on your reports for any insurance year, corrections may be made if authorized in section 41 but you may be required to provide documentation in subsequent insurance years substantiating your reports for those insurance 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, or replant payment that was paid in a prior insurance year, the claim will be adjusted and you will be required to repay any overpaid amounts.
- (l) Errors in reporting may be corrected by us at any time we discover the incorrect information unless corrections are authorized in section 41.

16. Your Whole-Farm History Report

- (a) On or before the sales closing date for each insurance year, you must provide a completed Whole-Farm History Report and the following documentation:
 - (1) A Schedule F Tax or other farm tax form for each year in your 5-year whole-farm history period. If you use a farm tax form that is not the

Schedule F, you must complete a Substitute Schedule F Worksheet;

- (2) An Allowable Revenue Worksheet and Allowable Expense Worksheet for each year in your whole-farm history period; and
 - (3) Other signed tax forms if needed to verify your entity information and as requested by us. For example, if your farm is a disregarded entity for tax purposes, we may request other tax forms to verify the entity information under which your farm taxes were filed.
- (b) To calculate your average allowable revenue:
 - (1) Sum the allowable revenue from each year in your whole-farm history period; and
 - (2) Divide the result of paragraph (1) by 5.
 - (c) To calculate your average allowable expenses:
 - (1) Sum the allowable expenses from each year in your whole-farm history period; and
 - (2) Divide the result of paragraph (1) by 5.
 - (d) If the allowable revenue in either of the two most recent tax years in your whole-farm history period is greater than your average allowable revenue for the whole-farm history period, use the following indexing calculation to account for growth in the farm operation:
 - (1) Divide each tax year's allowable revenue by the preceding tax year's allowable revenue. (Round to three decimal places, with a maximum set at 1.200, and minimum set at .800) (These are the four index factors that measure the amount of growth in the operation);
 - (2) Sum the results of paragraph (1), with a minimum set at 1.000;
 - (3) Divide the result of paragraph (2) by 4 to calculate the average index factor;
 - (4) Multiply the result of paragraph (3) by itself four times to get the revenue trend factor; and
 - (5) Multiply the result of paragraph (4) by your average allowable revenue to calculate your indexed average revenue.

- (e) If your farm operation qualified for indexing in subsection (d), calculate the indexed expenses:
 - (1) Divide each tax year's allowable expense amount by the preceding tax year's allowable expense amount. (Round to three decimal places, with a maximum set at 1.200, and minimum set at .800);
 - (2) Sum the results of paragraph (1), with a minimum set at 1.000;
 - (3) Divide the result of paragraph (2) by 4 to calculate the average index factor;
 - (4) Multiply the result of paragraph (3) by itself four times to get the expense trend factor; and.
 - (5) Multiply the result of paragraph (4) by your average allowable expenses to calculate indexed average allowable expenses.
- (f) If you can show us your operation is physically expanding (for example through added land, an increase of animals produced or purchased, or an addition of a greenhouse), and the increase for the current year's total expected revenue is at least ten percent over the simple average allowable revenue (on the whole-farm history report), and we approve your farm as an expanding operation, you may increase your Average Allowable Revenue by ten percent by multiplying the Average Allowable Revenue by 1.10 to recognize your expanding operation.
- (g) If your operation is approved by us as an expanding operation in section (f), you will also multiply your approved expenses by 1.10 to calculate the expanded operations approved expenses.
- (h) Your whole-farm historic average allowable revenue is equal to the HIGHER of:
 - (1) Your simple average revenue;
 - (2) Your expanded operation average allowable revenue, if approved; or
 - (3) Your indexed average allowable revenue.
- (i) Your whole-farm historic average allowable expense is equal to the expenses that correspond to the whole-farm historic average allowable revenue in subsection (h).
- (j) For the initial insurance year, we will notify you if the whole-farm historic average allowable revenue we determine to be correct is less than 95 percent of the whole-farm historic average allowable revenue stated on the Whole-Farm History Report you submitted.
 - (1) If we provide you such notification:
 - (i) You may submit a written request for reconsideration; and
 - (ii) Such requests must be made not later than 30 days after the date we provided such notification.
 - (2) If you do not request reconsideration, we will revise your Whole-Farm History Report to reflect the amount of allowable revenue and allowable expenses we determine to be correct for each year in your whole-farm history period.
 - (3) Changes to your Whole-Farm History Report may also result in changes to your Farm Operation Report, resulting approved revenue, insured revenue and your premium amount.

17. Your Farm Operation Report.

- (a) On or before the sales closing date for each insurance year, you must provide a completed Intended Farm Operation Report to include:
 - (1) Detailed information for each commodity you intend to produce or purchase for resale on your farm operation during the insurance year. The information should reflect what your farm can reasonably produce given changes in your farm operation, availability of irrigation water supply, or any other changes that may affect your farm in the insured year compared to previous years; and,
 - (2) Your expected revenue for each commodity reported in paragraph (1), with values reflecting the expected sale price by markets where the crop is normally sold as of the date your Farm Operation Report is completed. Expected values used, in accordance with the Expected Values section of this policy, will be as of the time you submit your Farm Operation Report which will be the later of:

- (i) The time the Intended Farm Operation Report is submitted;
 - (ii) The time the Revised Farm Operation Report is submitted for commodities that are different than those submitted on the Intended Farm Operation Report; or
 - (iii) The date of planting for revisions made after the Revised Farm Operation Report date and allowed by us; and
- (3) If you have multiple types or practices of a commodity that have different values, you will enter the commodity on multiple lines with the appropriate expected values.
- (b) For the initial insurance year, you must report to us any damage that has occurred to any commodity already established on your farm operation at the time you complete your application.
 - (1) Your expected revenue on the Farm Operation Report for these commodities must reflect any reduction in potential revenue for the insurance year caused by damage that occurred prior to acceptance of your application.
 - (2) If you grow a perennial commodity, you must complete a Pre-Acceptance Worksheet each year. We may inspect the condition of any perennial crop, and will inspect any perennial crop with damage, prior to the beginning of the insurance period;
 - (3) We will make applicable reductions to your Farm Operation Report based on our inspection of any damaged commodities, and our estimate of the effect of these conditions.
- (c) You must complete a Revised Farm Operation Report by the date specified in section 15 depending on what type of tax filer you are.
 - (1) If you change the commodities grown on your farm from what you reported on the Intended Farm Operation Report, the change will be reflected in the updated information on the Revised Farm Operation Report.
 - (2) Your insured revenue, coverage level, commodity count calculation,

premium rate, and premium will also be adjusted to reflect the changes. If your Revised Farm Operation Report shows that:

- (i) You have exceeded the policy limits shown in section 2 and your farm exceeds:
 - (A) The \$8.5 million eligibility requirement, your insured revenue will be capped at \$8.5 million and all revenue earned will be considered revenue to count; or
 - (B) Your expected revenue from animals and animal products is greater than \$1 million or more than 35 percent of your expected revenue, your expected revenue will be capped at \$1 million or 35 percent of animal and animal products, whichever is lower, and all revenue earned will be considered revenue-to-count; or
 - (C) Your expected revenue from nursery and greenhouse is greater than \$1 million or more than 35 percent of your expected revenue, your expected revenue will be e, d revenue will be capped at \$1 million or 35 percent of nursery and greenhouse products, whichever is lower, and all revenue earned will be considered revenue-to-count; or
- (ii) You do not have a minimum two commodity requirement, as determined by the commodity count calculation, for farms with potatoes because this limit is a legislated requirement under section 508(a)(3)(C) of the Act your policy will be void and no coverage will be provided. Even though your policy is 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.
- (3) If you are a calendar year or early fiscal filer, you cannot update your Farm Operation Report after July 15 of the insurance year without our

consent, if you are a late fiscal filer, you cannot update your Farm Operation Report after the date the Revised Farm Operation Report is due without our consent.

(d) If you were unable to produce a commodity for which you have reported expected revenue, or the commodity was destroyed prior to reaching maturity and not replanted, the expected revenue from that commodity may be included as follows:

- (1) We must be able to verify that your failure to establish the commodity, or the destruction of the commodity, was due to a natural cause which is covered by this policy; and
- (2) If another commodity was raised to replace a commodity lost to a covered cause of loss, the expected revenue from the initial commodity must be offset by the expected revenue of the replacement commodity. For example, if you were unable to plant carrots because the acreage you intended to use was too wet and you later plant lettuce on the acreage, the expected revenue of the lettuce must be subtracted from the expected revenue of the carrots to determine the amount of expected revenue to include for carrots.

(e) If you modify your Farm Operation Report for reasons other than a covered cause of loss, the changes to your farm operation should be shown on the Revised Farm Operation Report.

- (1) Any commodity you chose not to produce that was included on the Intended Farm Operation Report, will not be shown on the Revised Farm Operation Report.
- (2) Any commodity that was lost to an uninsured cause of loss and was not replaced with another commodity, the expected value of the lost commodity will be included in revenue to count.
- (3) Any commodity that was lost to an uninsured cause of loss and another commodity was raised to replace the lost commodity will have the expected value of the initial commodity offset by the expected revenue of the replacement commodity.

(f) You must complete the Production and Revenue section of the Final Farm Operation Report unless specified otherwise in the Special Provisions:

- (1) The Production and Revenue section of the Final Farm Operation Report must be completed by the earlier of the time a claim is submitted or the sales closing date for the subsequent insurance year;
- (2) If the Final Farm Operation Report shows the commodity is harvested and not sold, report the amount of production and a price using the expected value sources at the end of the insurance period;
- (3) If the Final Farm Operation Report shows commodity is not harvested, provide an estimate of the production and a price using the expected value sources at the end of the insurance period;
- (4) This information is used to rate WFRP and is required of all insured's, whether an indemnity is claimed or not; and
- (5) If this information is not provided you will be limited to a maximum coverage level of 65 percent the year after the insurance year.

18. Expected Value

(a) Expected values to use on the Farm Operation Report will be:

- (1) The price of the commodity that you can expect to receive when the commodity is harvested and based on the following sources and priority order:
 - (i) The price contained in the marketing contract if the commodity is under a marketing contract;
 - (ii) The price received by you if the commodity was sold during the current insurance year prior to reporting your Intended Farm Operation Report;
 - (iii) The local average market price that best reflects the price you can expect to receive, obtained from the most applicable following source for your farm and approved by us:
 - (A) Season average prices reported by the Agricultural Marketing Service including Market News Reports, National Agricultural Statistics Service, Economic Research Service;

- (B) The FCIC published price for the area where you normally sell the commodity;
 - (C) The season average price received for the three most recent years if the commodity was sold directly to consumers;
 - (D) Current local, average, cash bid price for the commodity in the area where you normally sell the commodity;
 - (E) The average price offered by at least two commercial buyers, one selected by you, and one selected by us; or
 - (F) Prices from a reliable third party source such as a commodity broker, crush district, packer/processor or marketing cooperative, and that we approve.
- (b) Higher market values may be justified for some commodities produced for markets with higher values, such as certified organic (see section 44), certified seed crops, or malting barley.
 - (c) The same commodity may have different expected values based on types or varieties, markets, planting seasons, or other reasons.
 - (d) Expected values must:
 - (1) Be realistic and consistent with available local market information;
 - (2) Be supported by verifiable records;
 - (3) Take into account current local markets, cycles and trends;
 - (4) Exclude post-production operation expenses but include market readiness operation expenses;
 - (5) For commodities that were purchased for resale, exclude the cost of the commodity;
 - (6) For vertically integrated operations, be consistent with values obtained from objective sources. Additionally, any post-production operation expenses removed from the values and market readiness operation expenses included in the values must be customary and reasonable and comparable to disinterested third party costs.
 - (e) The source for each value must be based on the Expected Values section, and noted on the Farm Operation Report.

19. (Reserved)

20. (Reserved)

Loss Determinations

21. Causes of Loss.

- (a) This policy provides protection against loss of approved revenue due to unavoidable natural causes that occur during the insurance period such as:
 - (1) Adverse weather conditions;
 - (2) Fire;
 - (3) Insects, but not damage due to insufficient or improper application of pest control measures;
 - (4) Plant disease, but not damage due to insufficient or improper application of disease control measures;
 - (5) Earthquake;
 - (6) Volcanic eruption;
 - (7) Failure of the irrigation water supply, if caused by an insured peril that occurs during the insurance period;
 - (8) Wildlife, unless control measures have not been taken; or
 - (9) In accordance with subsections (d) and (e), a decline in the market price.
- (b) If you were insured under this policy during the preceding insurance year, natural causes that occurred during that insurance year that cause a loss of revenue for the current insurance year will also be covered, except for changes due to a reduction of the irrigation water supply that are known, or should be known, at the time the Farm Operation Report is filed.
- (c) This policy will not cover losses due to any of the following causes:
 - (1) Negligence, mismanagement, or wrongdoing by you, any member of

- your family or household, your tenants, employees, or contractors;
- (2) An act by any person that affects the revenue on the farm operation including but not limited to chemical drift, or fire caused by anything other than a naturally occurring event;
 - (3) Failure to follow recognized good farming practices for each insured commodity;
 - (4) Water that is contained by or within structures that are designed to contain a specific amount of water, such as dams, locks or reservoir projects, etc., on any acreage when such water stays within the designed limits (For example, a dam is designed to contain water to an elevation of 1,200 feet but you plant a crop on acreage at an elevation of 1,100 feet. A storm causes the water behind the dam to rise to an elevation of 1,200 feet. Under such circumstances, the resulting damage would not be caused by an insurable cause of loss. However, if you planted on acreage that was above 1,200 feet elevation, any damage caused by water that exceeded that elevation would be caused by an insurable cause of loss);
 - (5) Damage to machinery or equipment;
 - (6) Failure to carry out good irrigation practices for an insured commodity, if applicable;
 - (7) Failure or breakdown of irrigation equipment or facilities; or the inability to prepare the land for irrigation using your established irrigation method unless the failure, breakdown or inability is due to an unavoidable natural cause:
 - (i) You must make all reasonable efforts to restore the equipment or facilities to proper working order within a reasonable amount of time, unless we determine it is not practical to do so; and
 - (ii) Cost will not be considered when determining whether it is practical to restore the equipment or facilities;
 - (8) Theft, mysterious disappearance or vandalism of an insured commodity;
 - (9) Inability to market the commodities due to quarantine, boycott, or refusal of any person to accept your commodities for any reason other than damage due to an incurred cause of loss;
 - (10) Lack of labor to properly care for, harvest or perform any necessary production activities for any insured commodity;
 - (11) Failure to receive payment for produced commodities;
 - (12) Failure to follow the requirements contained in any processor contract;
 - (13) Abandonment;
 - (14) Failure to obtain a price for any commodity that is reflective of the local market value; or
 - (15) Deterioration of commodities in storage that reduces the quality or value of the commodity, unless such deterioration is due to an insured cause of loss that occurred during the insurance period.
- (d) Decline in local market price will be presumed to be from unavoidable natural causes unless we or FCIC is able to specifically identify a man-made cause that resulted in a measurable change in the price. In the case of such occurrence, the portion of the loss caused by the man-made event will not be covered.
 - (e) Following the year of application, coverage is provided against loss of revenue due to causes of loss specified in this section that occur during the current or previous insurance year, and market based fluctuation that causes a loss in revenue for the current insurance year in accordance with (d).

22. Your Duties in the Event of Damage or Loss.

- (a) You must provide us with a notice of loss within 72 hours of your initial discovery that your allowable revenue for the insurance year could fall below the insured revenue:
 - (1) In the case of damage or loss of production, your notice must specify the damaged commodity and document the cause of loss.
 - (2) If you are not able to market any insured commodity (including

- refusal of a buyer to accept a commodity) you must provide a notice of loss stating that you are unable to market the commodity and document the reason that you are unable to market the commodity (e.g., quarantine, failure to meet the requirements of a processor contract, etc.).
- (3) You are not required to report general market fluctuations that are not directly related to the condition or marketability of commodities on your farm operation.
- (b) In case of potential loss of revenue under this policy, you must:
- (1) Protect commodities from further damage by providing sufficient care if the cost of the care will not exceed the value of the commodity (supporting documentation must be provided as requested); and
 - (2) Cooperate with us in the settlement or investigation of your claim, and, as often as we reasonably require:
 - (i) Allow us to inspect damaged acreage or commodities;
 - (ii) Allow us to remove samples and determine the extent of damage; and
 - (iii) Provide us with the verifiable records and documents we request and permit us to make copies.
- (c) You must notify us and obtain our consent before you abandon, dispose of, or destroy any damaged or undamaged insured commodities, or sell a commodity for any reason other than its intended purpose or to someone other than a disinterested third party.
- (1) If we do not inspect the insured commodity within 15 days after notification, you may abandon, dispose of, sell, or destroy the insured commodity without our consent.
 - (2) If we determine that expenses associated with the harvest or preparation of a commodity would be greater than the allowable revenue from the sale of the commodity, we will not include the potential revenue of the commodity when determining revenue-to-count if you do not harvest the crop.

- (d) If you fail to comply with any of the notice requirements of this section:
- (1) We will consider any loss on the portion of the commodity (damaged acres or other applicable unit of measure for the commodity) for which you failed to provide notice to be due solely to uninsured causes, unless we determine that we have the ability to accurately determine the amount and cause of loss; and
 - (2) You will still be required to pay all premiums owed for your policy, including premium for any portion of the commodity we consider damaged due solely to uninsured causes.

23. Our Duties in the Event of Damage or Loss.

- (a) We will recognize and apply the claim adjustment and other procedures established or approved by FCIC.
- (b) We will verify your Whole-Farm History Report, Farm Operation Report, Beginning and Ending Inventory, Beginning and Ending Accounts Receivable and Accounts Payable, and any other supporting information used to complete the Claim for Indemnity Report.
- (c) We will use your farm tax forms for the year of insurance to calculate your allowable revenue and allowable expenses for the insurance year on the Allowable Revenue Worksheet and the Allowable Expense Worksheet.
- (d) If you have complied with all the policy provisions, we will pay your loss within 30 days after:
 - (1) We reach agreement with you;
 - (2) Completion of arbitration or appeal proceedings;
 - (3) Completion of any investigation by USDA, if applicable, of your current or past claim for indemnity if no evidence of wrongdoing has been found. (If any evidence of wrongdoing has been discovered, the amount of any indemnity, or replant overpayment as a result of such wrongdoing may be offset from any indemnity owed to you); or
 - (4) The entry of a final judgment by a court of competent jurisdiction.
- (e) In the event we are unable to pay your loss within 30 days, we will give you

notice of our intentions within the 30-day period.

24. Replant Payment

- (a) To be eligible for a replant payment:
 - (1) The damaged commodity must be an annual plant;
 - (2) Damage to the commodity must be due to an insured cause of loss;
 - (3) We must agree it is practical to replant and give our consent to replant the commodity;
 - (4) The acreage replanted must be at least 20 acres or 20 percent of the insured planted acreage, applied separately to each commodity to be planted;
 - (5) You must submit verifiable records showing your actual cost of replanting; and
 - (6) We may inspect the acreage prior to making the replant payment.
- (b) The maximum amount of a replant payment will be the lesser of:
 - (1) 20 percent of the expected revenue times your coverage level for the commodity as reported on the Farm Operation Report per acre; or
 - (2) Your actual costs of replanting per acre;
- (c) No replant payment will be made:
 - (1) If we are unable to determine your actual cost of replanting;
 - (2) On acreage on which one replanting payment has been made for the insurance year; and
 - (3) For any commodity on your farm operation that is also insured by another policy issued under the authority of the Act if replant payments are also available under the other policy.

25. Claim for Indemnity.

- (a) You must submit a claim for indemnity declaring the amount of your loss not later than 60 days after the original date that your farm tax forms for the insurance year must be provided to the IRS, as specified by the IRS.
 - (1) You must have completed and filed your farm taxes with the IRS before you may file a claim for indemnity.

- (2) You must file your farm tax forms on or before the first day of the seventh month after the end of the insurance year, unless you have requested a Federal tax filing extension.
- (3) If you have requested a Federal tax filing extension:
 - (i) You must provide to us a copy of your request for an extension or a copy of your tax return showing the date signed, or a proof of mailing showing the date the return was filed, or, if required by us, you must request that the IRS send us verification of the date the return was filed; and
 - (ii) You must file your taxes on or before the final extended tax due date.
- (b) With respect to your completed Claim for Indemnity Report:
 - (1) You must provide:
 - (i) Your farm tax forms for the insurance year, any farm tax amendments applicable to the insurance year, and any additional documentation we require to adjust the revenue and expenses to complete the Allowable Revenue Worksheet and the Allowable Expense Worksheet for the insurance year;
 - (ii) An Ending Inventory Report;
 - (iii) An Ending Accounts Receivable and Payable Report;
 - (iv) Upon our request:
 - (A) Verifiable records that comprise a complete marketing record of all commodities on your farm operation; and
 - (B) For any commodity that produced less actual revenue than expected revenue, verifiable records sufficient to determine the loss of revenue was caused by perils covered under this policy; and
 - (v) Information to complete the Farm Operation Report with final production and revenue information;

- (2) You must submit to examination under oath (failure to answer all questions fully and completely, and provide all information we determine necessary for the adjustment of the claim, will result in our determination that no indemnity is due); and
- (3) If the amount of loss cannot be accurately determined from the information submitted, no indemnity will be paid but premium will still be owed.
- (c) A claim cannot be settled:
 - (1) Unless all conditions of subsection (a) have been met;
 - (2) Until the insurance year's farm tax forms are filed with the IRS; and
 - (3) Until indemnities are received, as applicable, from all other policies issued under the authority of the Act that cover commodities insured under this policy.
- (d) To calculate your expense reduction factor we will:
 - (1) Determine your allowable expenses for the insurance year on the Allowable Expense Worksheet:
 - (i) Your allowable expenses will be determined from information on your farm tax forms for the insurance year; and
 - (ii) If you use a cash accounting method and prepay expenses and supplies to a greater extent than you have in the past, or if losses in the insurance year prevent you from paying or prepaying for expenses and supplies to the extent you have in the past, we will adjust your expenses using accrual accounting methods, including adjustments for beginning and ending accounts payable, if applicable.
 - (2) To calculate the expense reduction factor:
 - (i) Divide your allowable expenses for the insurance year by your approved expenses;
 - (ii) If the result of clause (i) is .equal to or larger than .70, there is no expense reduction so your expense factor equals 1.000 and no further calculations are needed;
 - (iii) If the result of clause (i) is less than .70, subtract the result of clause (i) from .70 to determine the amount your approved revenue will be reduced due to below average expenses. This number will not be less than zero; and
 - (iv) Multiply the result of clause (iii) by the approved revenue to calculate the expense reduction dollar amount.
- (e) To calculate your revenue-to-count we will:
 - (1) Determine your allowable revenue from your farm tax forms for the insurance year using the Allowable Revenue Worksheet;
 - (2) We will adjust the revenue determined in paragraph (1) by making the following adjustments:
 - (i) Adding or subtracting, as applicable, to paragraph (1) the dollar amount of your ending accounts receivable minus the dollar amount of your beginning accounts receivable. (The value will not include the cost of the commodity being valued if you purchased the commodity for resale. For example, if the beginning accounts receivable is \$100 but the cost of the agricultural commodities that sold for \$100 was \$40, only \$60 will be included as beginning accounts receivable);
 - (ii) Adding or subtracting, as applicable, to paragraph (2)(i), for all commodities produced on your farm operation, the value of your ending inventory less the value of your beginning inventory (the value of both the beginning and ending inventories will be the actual price received if the inventory is sold prior to the time your claim is finalized. If the inventory is not sold at the time we finalize your claim, the local market value on the first day of the month in which the claim is finalized will be used); and
 - (iii) Adding or subtracting, as applicable, to paragraph (2)(ii),

- for all animals and other commodities you purchased for resale, the amount calculated by:
- (A) Determining the expected value of your ending inventory on the last day of the insurance year;
 - (B) Subtracting the cost basis of the commodities in the ending inventory from the result of subclause (A);
 - (C) Determining the expected value of your beginning inventory on the first day of the insurance year;
 - (D) Subtracting the cost basis of the commodities in the beginning inventory from the result of subclause (C); and
 - (E) Subtracting the result of subclause (D) from the result of subclause (B).
- (3) Adding to the result of paragraph (2)(iii) any allowable revenue that was lost because commodities were damaged or destroyed by causes of loss not covered under this policy;
 - (4) Adding to paragraph (3) the expected revenue of any commodity you abandon;
 - (5) Adding to the result of paragraph (4) any insurance indemnity received from a policy or for program payments from other programs such as disaster payment programs (For example, an insurance payment from a multiple peril policy covering any commodity also covered under this policy would be included). (Non-insured Assistance Program (NAP) payments are specifically not included in revenue-to-count because NAP payments may not be received if a WFRP indemnity is paid); and
 - (6) Adding to the result of paragraph (5) any gain from commodity hedging.
- (f) The amount of indemnity will be calculated by:
- (1) Multiplying the expense reduction factor by the approved revenue to determine the expense reduction dollar amount;
 - (2) Subtracting the expense reduction dollar amount from your approved revenue;
 - (3) Multiplying the result of paragraph (2) by your coverage level; and
 - (4) Subtracting your revenue-to-count from the result of paragraph (3).
- For example:
 You have approved expenses of \$100,000 and allowable expenses for the insurance year are \$68,000. Your approved revenue is \$130,000 and you elected a coverage level of 75 percent.
 Your revenue to count is \$25,000. Indemnity is calculated as follows:
- (1) Your allowable expenses of \$68,000 fall below 70 percent of your approved expenses of \$100,000.
 $\$68,000 / \$100,000 = .68$ (or 68 percent of approved expenses).
 $.70 - .68$ percent = $.02$ expense reduction factor, (a 2 percent reduction).
 $\$130,000 * .02$ equals \$2,600 which is the expense reduction dollar amount.
 - (2) The expense reduction dollar amount is subtracted from the approved revenue.
 To recalculate the insured revenue -
 $\$130,000$ minus $\$2,600 = \$127,400$; $\$127,400 * .75$ coverage level = $\$95,550$ insured revenue; $\$95,550 - \$25,000$ revenue to count = $\$70,550$ which is the amount of indemnity paid.
- (g) If the farm tax forms used to determine your indemnity are amended before or up to three years after the claim is settled, or an IRS audit before or up to three years after the claim is settled indicates the amount of allowable revenue or allowable expenses on such forms was incorrect:
- (1) You must notify us and provide a copy of the amended farm tax forms or audit results; and
 - (2) We will adjust the amount of any indemnity based on the information contained in the amended form, or the information found to be correct

by the audit, if the amended forms result in a five percent or greater change in your approved revenue or revenue-to-count for the insurance year.

26. (Reserved)

27. (Reserved)

Administrative Provisions

28. Assignment of Indemnity.

- (a) You may assign your right to an indemnity for the insurance year only to creditors or other persons to whom you have a financial debt or other monetary 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.
- (e) If you have suffered a loss from an insurable cause and fail to file a claim for indemnity within the period specified in

section 25 of this policy the assignee may submit the claim for indemnity not later than 30 days after the period for filing a claim has expired. We will honor the terms of the assignment only if we can accurately determine the amount of the claim. However, no action will lie against us for failure to do so.

29. Transfer of Coverage and Right to Indemnity.

You will not be allowed to transfer your coverage to any other person, except in the case of death, disappearance, judicially declared incompetence, or dissolution of an insured person, transfer of coverage may occur in accordance with section 13.

30. Other Insurance.

- (a) Except as provided in section 9(d), you may obtain other insurance issued under the authority of the Act on your insurable interest of any commodity insured under this policy unless otherwise specified in the Special Provisions.
- (b) Any other crop insurance policy authorized under the Act purchased will become the primary insurance and any indemnity payment received from such policy(s) will be considered to be revenue-to-count under this policy.
- (c) Nothing in this section prevents you from obtaining other insurance not authorized under the Act.
- (d) While you may also purchase Non-insured Disaster Assistance (NAP) coverage, you may not receive benefits from NAP and receive an indemnity under this policy for the same crop year. You must select one or the other payment. If you receive a NAP payment prior to receiving an indemnity payment under this policy, you must refund the NAP payment to FSA prior to receiving any indemnity under this policy. If you participate in NAP and WFRP and elect to keep a NAP payment, you still owe premium for WFRP even if you elect not to take a WFRP indemnity payment.

31. Amounts Due Us.

- (a) Interest will accrue at the rate of 1.25 percent simple interest per calendar month, on any unpaid amount due 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 any administrative fees and interest owed thereon to FCIC.

- (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)), 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.

32. Commodities as Payment.

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

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

- (a) If you and we fail to agree on any determination made by us except those specified in this section 33(d) or (e), the disagreement may be resolved through mediation in accordance with section 33(g). 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), except as provided in sections 33(c) and (f), and unless 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.

- (1) All disputes involving determinations made by us, except those specified in section 33(d) or (e), are subject to mediation or arbitration. However, 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, arbitration, or National Appeals Division.

- (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.

- (iv) An interpretation by FCIC of a procedure may be appealed to the National Appeals Division in accordance with 7 CFR part 11.

- (2) 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. The statement must also include any amounts awarded for interest. Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator. 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.
- (b) Regardless of whether mediation is elected:
- (1) 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;
 - (2) If you fail to initiate arbitration in accordance with section 33(b)(1) and complete the process, you will not be able to resolve the dispute through judicial review;
 - (3) If arbitration has been initiated in accordance with section 33(b)(1) 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
 - (4) 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.
- (c) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 33(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.
- (d) With respect to good farming practices:
- (1) We will make decisions regarding what constitutes a good farming practice and determinations of assigned revenue for uninsured causes for your failure to use good farming practices.
 - (i) 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 in accordance with paragraph (2).
 - (ii) If you disagree with our determination of the amount of assigned revenue, you must use the arbitration or mediation process contained in this section.
 - (iii) You may not sue us for our decisions regarding whether good farming practices were used by you.
 - (2) FCIC will make determinations regarding what constitutes a good farming practice. If you do not agree with any determination made by FCIC:
 - (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.
 - (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.
 - (C) Suit must be filed against FCIC not later than one year after the date:
 - (1) Of the determination; or
 - (2) Reconsideration is completed, if reconsideration was requested under section 33(d)(2)(i).
 - (e) Except as provided in section 33(d) or (k), if you disagree with any other determination made by FCIC or any

claim where FCIC is directly involved in the claims process or directs us in the resolution of the claim, you may obtain an administrative review in accordance with 7 CFR part 400, subpart J or appeal in accordance with 7 CFR part 11.

- (1) If you elect to bring suit after completion of any appeal, 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 in such appeal.
 - (2) Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory or any other damages from FCIC.
- (f) 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 37. If there are conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.
- (g) To resolve any dispute through mediation, you and we must both:
- (1) Agree to mediate the dispute;
 - (2) Agree on a mediator; and
 - (3) Be present, or have a designated representative who has authority to settle the case present at the mediation.
- (h) Except as provided in section 33(i), no award or settlement in mediation, arbitration, appeal, administrative review or reconsideration process or judicial review can exceed the amount of insured revenue established or which should have been established under the policy, except for interest awarded in accordance with section 34.
- (i) If FCIC elects to participate in the adjustment of your claim, or modifies, revises or corrects your claim, prior to payment, you may not bring an arbitration, mediation or litigation action against us. You must request

administrative review or appeal in accordance with section 33(e).

- (j) Any determination made by FCIC that is a matter of general applicability is not subject to administrative review under 7 CFR part 400, subpart J or appeal under 7 CFR part 11. 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.

34. Interest Limitations.

- (a) 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 date you sign, date, and submit to us the properly completed claim on our form.
- (b) 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.
- (c) 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.

35. 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.

36. Controlled Substance.

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 void if you are determined to be ineligible to receive benefits due to a conviction of the controlled substance provisions of the Food Security Act of 1985 (Pub. L. 99-198).

- (a) Your policy may, as determined by the court, be void if you are convicted under Federal or State law of possession of or trafficking in a controlled substance.
- (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.

37. 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.

38. 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 insurance year in which the voidance was effective.

(d) Voidance will be effective on the first day of the insurance period for the insurance year in which the act occurred and will not affect the policy for subsequent insurance years unless a violation of this section also occurred in such insurance 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 monetary 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.

39. Multiple Benefits.

(a) If you are eligible to receive an indemnity under this policy and are also eligible to receive benefits for the same loss under any other USDA program, you may receive benefits under both programs in accordance with subsection (b), 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 actual amount of the loss, unless otherwise provided by law.

- (1) The amount of the actual loss is the difference between the total expected value summed for all commodities on the farm operation, without regard to coverage level, before the loss and the total revenue-to-count for all commodities on the farm operation after the loss.

- (2) If the other program benefits are only available for a single crop or several crops but are less than the entire farm operation, you may be required to provide verifiable records

establishing the total expected value and the revenue for each commodity for which you are eligible for another benefit.

- (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.

40. Death, Disappearance, Judicial Incompetence, and Dissolution.

- (a) 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 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 farm operation.

- (2) The provisions in section 40(a)(3) will be applicable only if:

- (i) Any partner, member, shareholder, etc., of an insured dies, disappears, or is judicially declared incompetent, and such event automatically dissolves the tax 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 40(a)(1) are not met, dies, disappears, or is judicially declared incompetent.

- (3) If section 40(a)(2) applies and 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 insurance 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 insurance 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 a subsequent insurance year; and

- (B) Any indemnity or replant payment 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.

- (b) If any insured tax entity is dissolved for reasons other than death, disappearance, or judicially declared incompetence:

- (1) Before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or

- (2) On or after the cancellation date, the policy will continue in effect through the insurance 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 insurance year, unless canceled by the cancellation date prior to the start of the insurance period.

- (i) A new application for insurance must be submitted on or before the sales closing date for coverage for the subsequent insurance year; and

- (ii) Any indemnity or replant payment 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 pay the premium.

- (3) With respect to termination and ineligibility, 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 tax entity not later than the next cancellation date, except if regaining eligibility applies, notice must be provided by the cancellation date for the next insurance year.

41. Correction of Errors.

- (a) In addition to any other corrections allowed in your policy subject to section 41(b), we may correct:
 - (1) Within 60 days after the sales closing date, any incorrect information on your application or provided by the sales closing date, including identification numbers for you and any person with a substantial beneficial interest in you, to ensure that the eligibility information is correct and consistent with information reported by you to any USDA agency;
 - (2) Within 30 days after the Revised Farm Operation Report, information reported to reconcile errors in the information with correct information that has been determined by any USDA agency;

- (3) Within 30 days of any subsequent correction of data by FSA, erroneous information corrected as a result of verification of information; and

- (4) At any time, any incorrect information if the incorrect information was caused by electronic transmission errors by us or errors made by any agency within USDA in transmitting the information provided by you for purposes of other USDA programs.

- (b) Corrections may be made but will not take effect for the current insurance year if the correction would allow you to:

- (1) Avoid ineligibility requirements for insurance or obtain a disproportionate benefit under the crop insurance program or any related program administered by the Secretary;

- (2) Obtain, enhance, or increase an insurance guarantee or indemnity if a cause of loss exists or has occurred before any correction has been made, or avoid premium owed if no loss is likely to occur; or

- (3) Avoid an obligation or requirement under any Federal or State law.

42. (Reserved)

43. (Reserved)

Special Circumstances

44. Organic Commodities.

- (a) Organic prices can be used as expected values for certified organic acreage, and for certified organic animals or animal products.
 - (1) You may not use organic prices for commodities that are not certified organic.
 - (2) All requirements as published in 7 CFR 205, National Organic Program, must be met in order to be considered a certified organic operation. However if your farm is not required to have an organic certification because your gross agricultural income from organic sales is \$5,000 or less and you follow all organic standards including having an organic production or handling system plan, you may also use organic prices

and your farm will be considered to be certified under this policy.

- (b) By the Revised Farm Operation Reporting date, you must have, for certified organic acreage or organic animals or animal products, a valid certification in effect as shown on the National Organic Program website or you must have a written certification from a certifying agent. (A certificate issued to an operator/tenant may be used to qualify the same acreage for a landlord or other similar arrangement.) The following items are required;

- (1) You must have a current certification if a claim is made. If your farm was certified organic previously but you have not received an updated organic certification, the previous certification may not be used at

- claim time. If you do not have the appropriate certificate at claim time, your insured revenue will be recalculated without the organic expected values; and
- (2) We will document on the Farm Operation Report which acres and commodities are certified organic. You must be able to provide your organic plan or information identifying the organic fields, if required by us.
 - (c) If any acreage or animals or animal products qualifies as certified organic, by the Revised Farm Operation Reporting date, and the certification is subsequently surrendered by the farm,
 - suspended, revoked or denied by the certifying agent, during the insurance year, that acreage or animals or animal products will remain insured but the expected value for the acreage or animals or animal products will be recalculated to non-organic expected values because the failure to comply with organic standards is not an insured cause of loss.
 - (d) Contamination by application or drift of prohibited substances (non-synthetic or synthetic) onto land on which crops are grown using organic farming practices will not be an insured peril on any certified organic acreage.

Post-Production Operations and Added Value

45. Post-Production Operations and Added Value.

- (a) Revenue from post-production operations including those that add value to the commodity must be adjusted out of farm revenue and expenses, to determine the allowable revenue and allowable expenses.
- (b) Market readiness operations are not required to be removed from allowable revenue and allowable expenses.
- (c) Post-production operation adjustments to remove the value and costs of inputs and activities that are post- production costs and value will occur:
 - (i) For the allowable revenue and allowable expenses, on the Allowable Revenue Worksheet and the Allowable Expense Worksheet
 - for each year for the Whole-Farm History Report;
 - (ii) To the expected values used in the Farm Operation Reports (with adjustments noted on the report);
 - (iii) For the allowable revenue and expenses on the Allowable Revenue Worksheet and the Allowable Expense Worksheet; for the insurance year to determine any indemnity due;
 - (d) If market readiness expenses are not removed from allowable revenue they will also not be removed from allowable expenses.

Animals and Animal Products Requirements

46. Animals and Animal Products.

- (a) Eligibility for insurance for operations with animals and animal products is limited in accordance with section 2.
- (b) Inventory information for animals and animal products must be provided on the Market Animal and Nursery Inventory Report and this report will be provided in addition to the Inventory Report.
- (c) A Market Animal and Nursery Inventory Report must include a complete inventory of both breeding and market animals.
 - (1) The inventory of breeding animals will be kept separate from inventory of the market animals.
 - (2) Breeding animals, including culls, are not included in insured revenue and the breeding animal inventory will be used to support the number of market animals and to document culled breeding animals,
 - (d) The insured revenue will be based on the revenue produced during the insurance year. Animals and animal products carried over from the previous year will be valued at the beginning of the insurance year and only the value gained

during the insurance year will be part of the insured revenue.

- (e) The animal and animal product beginning inventory will be used to value the animals and animal products at the beginning of the insurance year. 'Net value' from the beginning inventory for the commodity must be subtracted from the expected revenue on the Farm Operation Report for the insurance year.
- (f) Animal and animal product inventory adjustments to allowable revenue at the end of the year measure revenue from production for the insurance year and are calculated by:
 - (1) Subtracting the beginning inventory from the ending inventory; and
 - (2) Adding the result, negative or positive, that reflects increases or decreases in inventory values, to the allowable revenue for the insured year.
- (g) The cost for animals purchased for resale during the tax year must be removed from the expected value on the Farm Operation Report.
- (h) If a commodity on the commodity list in the actuarial documents has multiple expected values for the farm such as cattle having different prices for steers and heifers, separate lines must be entered on the Farm Operation Report for each commodity.
- (i) The expected value of any animal will not exceed the local market price of the same breed and type being valued.
 - (1) For registered livestock, local market value will be determined by the value

of other registered livestock of the same breed and type (for example: weaned heifers, bred heifers, or mature cows) from other livestock producers in the area.

- (2) If production methods result in variances in prices, the production method, such as grain-fed beef or pasture raised poultry, may also be considered when determining the local market price, if applicable.
- (j) If you have revenue from animals and animal products included in your WFRP insured revenue and:
 - (1) We are notified by FCIC that the underwriting capacity for this plan of insurance has been exceeded, your application will be rejected and your farm operation will not be eligible for insurance under WFRP; or
 - (2) The RMA underwriting capacity manager website, or the RMA website is not operational, coverage under the policy is not available and no coverage can be purchased.
- (k) If your application was accepted and WFRP coverage began and you later make revisions to the amount of animals and animal products on your farm that exceed the animal and animal product limitation provided in section 2(b)(2), your revenue from animals and animal products will be capped as provided in section 17(c)(2)(i)(B) with all revenue to count counted as revenue to count under the WFRP policy.

Nursery Requirements

47. Nursery and Greenhouse.

- (a) Eligibility for insurance for operations with nursery and greenhouse is limited in accordance with section 2.
- (b) Inventory information for nursery and greenhouse must be provided on the Market Animal and Nursery Inventory Report and this report will be provided in addition to the Inventory Report.
- (c) The inventory must show the plants on hand at the beginning of the insurance year, corresponding local market prices, the cost or basis of the plants, and the total value of each plant or category of plant (such as pot sizes).
- (d) The insured revenue will be based on the revenue produced during the insurance year. Plants carried over from the previous year will be valued at the beginning of the insurance year and only the value gained during the insurance year will be part of the insured revenue.
- (e) The nursery and greenhouse beginning inventory will be used to value the nursery and greenhouse commodities at the beginning of the insurance year. 'Net value' from the beginning inventory for the commodity must be subtracted from

the expected revenue on the Farm Operation Report for the insurance year.

- (f) Nursery and greenhouse inventory adjustments to allowable revenue at the end of the year measure revenue from production for the insurance year and are calculated by:

- (1) Subtracting the beginning inventory from the ending inventory; and

- (2) Adding the result, negative or positive, that reflects increases or decreases in inventory values, to the allowable revenue for the insured year.

- (g) The cost of plants purchased for resale will be removed from the value of the plant for beginning inventory purposes.

- (h) If a commodity on the commodity list in the actuarial documents has multiple expected values for the farm such as

48. (Reserved)

49. (Reserved)

having different prices for different types of plants, separate lines must be entered on the Farm Operation Report for each commodity.

- (i) If your application was accepted and WFRP coverage began and you later make revisions to the amount of nursery and greenhouse commodities on your farm that exceed the nursery and greenhouse limitation provided in section 2(b)(3), your revenue from nursery and greenhouse will be capped as provided in section 17(c)(2)(i)(C) with all revenue to count counted as revenue to count under the WFRP policy.
- (j) Trees, shrubs, bushes, and other plants, must be grouped according to the genus and container size.

50 – Definitions

Abandon - Failure to continue activities necessary to produce an amount of allowable revenue equal to or greater than the expected value of a commodity, performing activities so insignificant as to provide no benefit to a commodity, or failure to harvest or market a commodity in a timely manner, unless an insured cause of loss prevents you from properly caring for, harvesting, or marketing the commodities or causes damage to them to the extent that most producers of the commodities on acreage in the area with similar characteristics would not normally further care for or harvest them. Your decision not to harvest a commodity due to low local market prices will not be considered abandonment.

Accrual accounting method - A system of record keeping in which revenue earned and expenses incurred for a specified time period are recorded regardless of whether or not the revenue was received or the expenses were paid during the specified time period.

Act - The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)

Actuarial documents - The information for the insurance year that is available for public inspection in your agent's office and published on RMA's web site and includes available crop insurance policies, coverage levels, information needed to determine amounts of insurance, premium rates, premium adjustment percentages, program dates, and other related information regarding the insurance coverage.

Administrative fee - A fee in addition to your premium that you must pay for insurance for each insurance year.

Agricultural experts - Persons who are employed by the Cooperative Extension System, the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific commodity or practice for which such expertise is sought.

Allowable expenses – Farm expenses, specified by this policy and adjusted as applicable, that are incurred in the production of commodities on your farm and reported to the IRS on farm tax records.

Allowable Expense Worksheet- A worksheet to be completed by you and accepted by us that adjusts your expenses by removing any expenses that are not approved under WFRP.

Allowable revenue – Allowable revenue is farm revenue, specified by this policy and including

applicable adjustments, from the production of commodities produced by your farm operation, or purchased for further growth and development by your farm operation, that the IRS requires you to report on farm tax records.

Allowable Revenue Worksheet- A worksheet to be completed by you and accepted by us that adjusts your revenue by removing revenue that is not approved under WFRP.

Animals - Living organisms other than plants or fungi that are produced or raised in farm operations, including, but not limited to, cattle, horses, swine, sheep, goats, poultry, aquaculture species, bees, and fur bearing animals. For the purposes of this policy, animals must be propagated or reared in a controlled environment.

Application - The form required to be completed by you and accepted by us before insurance coverage will begin.

Approved expenses – The amount of allowable expenses your farm operation is expected to incur during the insurance year, as approved by us.

Approved revenue - The amount of allowable revenue that your farm operation is expected to earn or will obtain from the sale of commodities you produce, or purchase for resale, in the insurance period as approved by us.

Assignment of indemnity - A transfer of policy rights, where you assign your right to an indemnity payment, for the insurance year only, to creditors or other persons to whom you have a financial debt or other monetary obligation.

Average allowable expenses- The simple average of the allowable expenses for all years in your whole-farm history period.

Average allowable revenue - The simple average of the allowable revenue for all years in your whole-farm history period.

Beginning accounts payable – Allowable expenses, supported by verifiable records, you incurred prior to the insurance year but that have not been paid at the beginning of the insurance year.

Beginning accounts receivable - Allowable revenue, supported by verifiable records, you earned prior to the insurance year, but that has not been received at the beginning of the insurance year. This amount includes the value of beginning inventory that is under a marketing contract with a buyer to be purchased at a specified price.

Beginning farmer or rancher - An individual who has not actively operated and managed a farm or ranch in any state, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five insurance years, as determined in accordance with FCIC procedures. Any insurance year's insurable interest may, at your election, be excluded if earned while under the age of 18, while in full-time military service of the United States, or while in post-secondary education, in accordance with FCIC procedures. A person other than an individual may be eligible for beginning farmer or rancher benefits if all of the substantial beneficial interest holders qualify as a beginning farmer or rancher.

Beginning inventory - The commodities you produced or owned prior to the insurance year, but that have not been sold or otherwise disposed of at the beginning of the insurance year and supported by verifiable records. Any commodity that is under a marketing contract with a buyer to be purchased during the previous insurance year at a price that will not be determined until the current insurance year or subsequent years will be considered as beginning inventory.

Bypassed acreage - Land on which a commodity, grown under a processor contract, is ready for harvest but the buyer elects not to accept the commodity so it is not harvested.

Calendar year filer-An insured that files taxes based on the calendar year of January 1 through December 31.

Cancellation date - The date specified in the actuarial documents on which your coverage will automatically renew unless canceled in writing by either you or us or terminated in accordance with the policy terms.

Cash accounting method - A system of record keeping where revenue and expenses are recorded during the time period they are actually received or paid.

Catastrophic Risk Protection (CAT) - The minimum level of coverage offered by FCIC.

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

Certificate - With respect to organic crops, a written document that identifies the name of the person certified, effective date of certification, certificate number, types of products certified, and name and address of the certifying agency.

Certification- With respect to organic crops, a determination made by the certifying agency that the production or handling operation is in compliance with the certifying agency's certification standards.

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.

Claim for indemnity - A claim for a loss made on our form that contains the information necessary to pay the indemnity, as specified in this policy.

Commodities purchased for resale - Commodities not produced by your farm operation that are purchased to be added to your farm operation and then subsequently sold. This does not include commodities purchased for further growth, development or maturity for later sale, or commodities purchased to replace production of your farm operation lost due to insurable causes.

Commodity - Any agricultural product established or produced on your farm operation, except timber, forest, and forest products, and animals for sport, show, or pets.

Commodity count - A calculation that measures farm diversification, under section 9(b) of this policy that determines the number of commodities used: (1) For coverage level qualification, (2) To determine the amount of premium rate discount you will receive based on farm diversification, (3) To determine eligibility if you raise potatoes or have commodities with other available revenue coverage, and (4) To determine your subsidy amount.

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

Contract change date - The date by which changes to the policy, if any, will be made available.

Contract grower- A person retained under contract to manage the growth of a commodity owned by another person.

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 in the actuarial documents.

Damage - Injury, deterioration, or loss of production of an insured commodity due to insured or uninsured causes.

Days - Calendar days.

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

Disregarded entity - A single-member tax entity that does not elect to be treated as a corporation for income tax purposes and files taxes under another entity name.

Early fiscal year filer - An insured that files taxes with a fiscal year that begins prior to August 1 of the insurance year.

End of insurance period, date of - The date upon which your insurance coverage ceases for the insurance year.

Ending accounts payable - Allowable expenses, supported by verifiable records, you incurred during the insurance year but that have not been paid at the end of the insurance year.

Ending accounts receivable - Allowable revenue, supported by verifiable records, you earned during the insurance year, but that has not been received at the end of the insurance year. This amount includes the value of ending inventory that is under a marketing contract with a buyer to be purchased at a specified price.

Ending inventory - The commodities you produced during the insurance year, but that have not been sold or otherwise disposed of at the end of the insurance year and supported by verifiable records, and reported on the Inventory Report as ending inventory. Any commodity that is under a marketing contract with a buyer to be purchased during the insurance year at a price that will not be determined until subsequent insurance years will be considered as ending inventory.

Expected revenue - The amount of revenue you expect to receive from a commodity as stated on your Farm Operation Report.

Expected value - The local market price that you expect to receive for a commodity, in accordance with the expected value guidelines, less the cost of all post-production expenses.

Expense reduction factor - A factor that is used to reduce the approved revenue for claim purposes when allowable expenses for the current year are less than 70 percent of approved expenses and the reduction is due to an insurable loss.

Familial relationship - Your parents, brothers, sisters, children, spouse, grandchildren, aunts, uncles, nieces, nephews, first cousins, or grandparents, related by blood, adoption, or marriage.

Farm operation - All of the farming activities for which revenue and expenses are reported to the IRS under a single taxpayer identification number will be considered a single farm operation for WFRP purposes (e.g., a partnership filing a U.S. tax return for partnership income that includes revenue and expenses from separate row crop, perennial crop and livestock farms is a single farm operation because it files one tax return).

Farm Operation Report - The form on which you provide all required information regarding the commodities you expect to earn or obtain revenue from during the insurance period.

Farm tax forms - IRS income tax forms used to report farm revenue and expenses for a signed and filed Federal tax return, specifically including Schedule F (Form 1040) but also other forms used to report farm revenue and used under this policy to develop a Substitute Schedule F, if needed.

Fiscal year - A period of 12 consecutive months used for accounting and tax purposes, and ending on the last day of the twelfth month as long as the twelfth month is not December. The period will begin after January 31 of the insurance year and ends on the last day of the twelfth month after the fiscal year begins.

Farm Service Agency (FSA) - An agency of the USDA, or a successor agency.

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 commodity to make normal progress toward maturity.

Good farming practices - The production methods utilized to produce the insured commodities and allow them to make normal progress toward maturity resulting in at least the approved revenue, 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".

Household - A domestic establishment including individuals with a familial relationship and others who live on the same property.

Insurable interest - Your percentage of a commodity that is at financial risk of loss.

Insurance period - The tax year that is the insurance year. For the first year you obtain coverage under this policy, your coverage will begin the later of;

- (i) The beginning of the insurance year; or
- (ii) 10 days after our acceptance of your application.

Insurance year - A calendar year if you file your taxes on a calendar year basis, or a fiscal year if you file your taxes on a fiscal year basis. The insurance year is designated by the calendar year in which the sales closing date occurs.

Insured - The named person as shown on the application accepted by us. This term does not extend to any other person having a share or interest in the crop such as, a partnership, landlord, or any other person, unless specifically indicated on the application accepted by us.

Insured revenue – The total amount of insurance provided to you by this policy.

Internal Revenue Service (IRS) - A bureau of the United States Department of the Treasury.

Lag year - The tax year immediately preceding the insurance year.

Late fiscal year filer-An insured that files taxes with a fiscal year that begins August 1 or later in the insurance year.

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.

Local market price - The average price offered by buyers of the commodity in the area where you normally sell that commodity.

Market readiness operations– The on-farm activities that are the minimum required to remove the commodity from the field and make the commodity market ready, such as washing, packing etc., Market readiness activities are not considered to be post-production operations and do not have to be excluded from allowable revenue and allowable expenses in accordance with section 45. Since it is the minimum required to remove the commodity from the field, the activity must occur on or in close proximity to the field where the commodity is produced. Market readiness operations do not include any activities that occur off-farm or on-farm in in-field that increases the value of the crop, such as canning, freezing, and processing activities that alter the physical nature of insurable commodities including, but not limited to, slicing apples, putting commodities into gift baskets, jams, jellies, wine, or cider, etc.

Marketing contract- A written agreement between you and a buyer for the purchase of a commodity at a specified price.

National Organic Program – A regulatory program housed within the USDA Agricultural Marketing Service, responsible for developing national standards for organically-produced agricultural products.

Native sod - Acreage that has no record of being tilled (determined in accordance with information collected and maintained by an agency of the USDA or other verifiable records that you provide and are acceptable to us) for the production of an annual crop on or before February 7, 2014, and on which the plant cover is composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing.

Negligence - The failure to use such care as a reasonably prudent and careful person experienced in the production of commodities would use under similar circumstances.

Net value – Value of a commodity at the beginning of the year minus the cost of the commodity.

Notice of loss - A written notice you are required to file in your agent's office whenever you initially discover that your allowable revenue for the insurance year may be less than your insured revenue.

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 farming operation –An operation that uses organic farming practices to produce organic commodities.

Organic farming practice - A system of plant or animal production practices used to produce the commodity that is reviewed by a certifying agent in accordance with 7 CFR part 205.

Organic system plan - A written plan, in accordance with the National Organic Program published in 7 CFR part 205, which describes the organic farming practices and is reviewed annually, or at other times specified on the certificate, by a certifying agent.

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.

Originating entity - An entity that actually physically produces the commodity.

Pass-through entity - An entity that reports to the IRS but does not pay taxes on portions of the revenue, instead passing it to each individual owner who then pays income tax on their portion of the revenue from the business.

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.

Policy - The agreement between you and us to insure all insurable revenue on the farm operation, and consisting of the application accepted by us, these Basic Provisions, the Special Provisions, any other applicable endorsements or options, the actuarial documents and the applicable regulations published in 7 CFR chapter IV. All farm revenue will be insured under one policy.

Post-production operations – Any operations not included in the definition of market readiness operations, performed after producing and harvesting an insured commodity to prepare it for sale. These include, but are not limited to, any activity occurring on-farm or off-farm to prepare the commodity for sale or any activity that increases the value of the crop, such as canning, freezing, and processing activities that alter the physical nature of insurable commodities such as slicing apples, putting commodities into gift baskets, jams, jellies, wine, or cider, or costs for cold and controlled atmosphere storage.

Premium billing date - The earliest date upon which you will be billed for insurance. The premium billing date is contained in the actuarial documents.

Produced - An insured commodity will be considered produced when it has matured to the extent that it is generally saleable at established markets, regardless of whether or not it is actually harvested by the end of the insurance period.

Prohibited substance - Any biological, chemical, or other agent that is prohibited from use by Federal statute 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.

Replanted commodity - An annual commodity replanted on the same acreage as the first insured commodity for harvest in the same insurance year.

Replanting - Performing the cultural practices necessary to prepare the land and then replacing the seed or plants of the damaged or destroyed commodity on the same acreage.

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 coverage for an insurance year.

Schedule F - A tax form commonly used to file Federal taxes for a farm.

Short tax year - A period of less than twelve consecutive months for which a tax entity may be required to file a tax return due to changing from a calendar year to fiscal year or vice versa or from changing the dates of a fiscal year.

Special Provisions - The part of the policy that contains specific provisions of insurance that may vary by geographic area or as specified in the policy.

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). 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.

Substitute Schedule F - If an insured files farm tax forms for the farm other than the Schedule F form, and allowable revenue and expenses can be determined on the Allowable Revenue Worksheet and the Allowable Expense Worksheet from the farm tax forms filed and supporting records, a Substitute Schedule F may be used to insure the farm operation under WFRP. The farm tax forms filed with the IRS must be attached to the Substitute Schedule F and the Substitute Schedule F will be handled as if it were a Schedule F tax form for WFRP purposes.

Summary of coverage - Our statement to you, based upon your Farm Operation Report that provides specific information about your policy including the amount of insurance coverage.

Tax entity - Any person that has a tax reporting requirement.

Tax year - The annual accounting period for the farm operation defined by the period used for tax purposes. The tax years are: (1) a calendar year; or (2) a fiscal year.

Termination date - The date contained in the actuarial documents upon which your insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium.

Total expected revenue - The total amount of expected revenue you expect to receive from all commodities on your farm operation during the insurance period, as stated on your Farm Operation Report, including those lost to a covered cause of loss.

Transitional acreage - Acreage on which organic farming practices are being followed but the acreage does not yet qualify to be designated as certified organic acreage.

Verifiable records - Written records developed contemporaneously with the event recorded, such as harvested production, sale of a commodity, etc., provided from a disinterested third party, such as records from a warehouse, processor, packer, broker, etc., or by measurement of farm stored commodities. If you sell directly to consumers (direct market), written records developed contemporaneously with the sale and used to determine taxes paid on the Schedule F farm tax form must be provided. If you process or pack your insured commodities, you must provide final settlement sheets showing disposition of the insured commodities and marketing records reconcilable with revenue reported for tax purposes for your farm operation.

Vertically integrated operation – A person that has a substantial beneficial interest in multiple entities that may buy and sell commodities from each other or move commodities from one entity to the other to conduct post-production operations on the commodities.

Void - When the policy is considered not to have existed for an insurance year.

Whole-farm historic average revenue and expenses - The historic, average allowable revenue and allowable expenses generated from the farm operation, adjusted according to this policy, and stated on the Whole-Farm History Report.

Whole-farm history period - The five consecutive tax years prior to the tax year immediately before the insurance year.

Whole-Farm History Report - The report that documents your farm operation's allowable revenue and allowable expenses for each tax year in the whole-farm history period and other information necessary to determine your whole-farm historic average revenue and expenses.