APPENDIX I
REGULATORY DUTIES AND RESPONSIBILITIES

The Company shall comply with the following regulatory duties and responsibilities.

SECTION I. PROCUREMENT INTEGRITY

(a) During the term of this Agreement, the Company shall not knowingly:

(1) Make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with any FCIC official;

(2) Offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any FCIC official; or

(3) Solicit or obtain, directly or indirectly, from any FCIC official, prior to FCIC's acceptance of this Agreement, any proprietary or source selection information regarding the Agreement.

(b) During the term of this Agreement, no FCIC official shall knowingly:

(1) Solicit or accept, directly or indirectly, any promise of future employment or business opportunity from, or engage, directly or indirectly, in any discussion of future employment or business opportunity with any officer, employee, representative, agent, consultant, or affiliate of the Company;

(2) Ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, directly or indirectly, any gratuity, gift, favor, entertainment, loan, or anything of monetary value from any officer, employee, representative, agent, consultant or affiliate of the Company; or

(3) Disclose any proprietary or source selection information regarding the Agreement, directly or indirectly, to any person other than a person authorized by FCIC to receive such information.

(c) During the term of this Agreement, no person who is given authorized or unauthorized access to proprietary information regarding the Agreement shall knowingly disclose such information, directly or indirectly, to any person other than a person authorized by FCIC to receive such information.

(d) No USDA official or employee who has participated personally and substantially in the deliberation of the Agreement with the Company shall:

(1) Participate in any manner, as an officer, employee, agent, representative, or affiliate of another party to this Agreement, in any negotiations regarding such an Agreement; or

(2) Participate personally and substantially on behalf of another party to this Agreement in the performance of such Agreement, during the period ending 2 years after the last date such individual participated personally and substantially in the conduct of activities associated with this Agreement.

(e) The definitions at 48 C.F.R. § 3.104-1 are incorporated in this Agreement for the purposes of this section, unless the term is otherwise defined herein.

(f) If the Company fails to comply with this section, FCIC may terminate this Agreement for cause.

(g) For the purpose of this section, the term "FCIC Official" has the same meaning as the term "Procurement Official" in section 6 of the Office of Federal Procurement Policy Act Amendments of 1988 (Pub. L. 100-679).

SECTION II. DRUG FREE WORKPLACE

(a) The Company shall make a good faith effort, on a continuing basis, to maintain a drug-free workplace and identify all known workplaces.

(b) The Company shall, no later than 30 days after the date the Agreement goes into effect, complete the following:

(1) Publish a statement that:

(A) Tells the Company's employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Company's workplace;

(B) Specifies the actions that the Company will take against employees for violating that prohibition; and

(C) Lets each employee know that, as a condition of employment, he or she:

(i) Shall abide by the terms of the statement; and

(ii) Shall notify the Company in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace and shall do so not more than 5 calendar days after the conviction.

(2) Provide all employees with a copy of the statement required by subsection (b)(1);

(3) Establish an ongoing drug-free awareness program to inform employees about:

(A) The dangers of drug abuse in the workplace;

(B) The Company's policy of maintaining a drug-free workplace;

(C) Any available drug counseling, rehabilitation, and employee assistance programs; and

(D) The penalties that the Company may impose upon them for drug abuse violations occurring in the workplace.

(c) The Company shall identify all known workplaces and failure to do so is a violation of the drug-free workplace requirements.

(1) The Company may provide a list of workplaces at the time of execution of the Agreement or maintain a list in the Company offices and make such information available for examination upon request by any USDA official or designated representatives.

(2) The list of workplaces must include the actual addresses of buildings (or parts of buildings) or other sites where work under the Agreement takes place. The addresses of all business offices for agents and loss adjusters must be included. Address information for agents and loss adjusters submitted in accordance with Appendix III will constitute a list of workplaces provided to FCIC for such agents and loss adjusters. Categorical descriptions may be used for agents, employees, or loss adjusters who also work from other multiple locations (e.g. personal vehicles, agent residences, and residences and farming operations of policyholders). For example, the list of workplaces may include as a category: "the personal vehicles of all loss adjusters."

(3) If the Company provides a list of workplaces to FCIC, the Company must inform FCIC of any changes in workplaces during the reinsurance year from those workplaces identified at the time of execution of the Agreement.

(d) If an employee is convicted of a drug violation in the workplace, the Company shall:

(1) Notify FCIC in writing within 10 days after receiving notice from any employee or otherwise learning of such conviction. The notice shall include the position/title of the employee; and

(2) Within 30 days after receiving notice from any employee or otherwise learning of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:

(A) Take appropriate personnel action against such employee, up to and including termination; or

(B) Require that such employee satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

(e) The Company shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this Agreement.

(f) The Company shall certify compliance with this section in accordance with Appendix II.

SECTION III. ANTI-LOBBYING

The Company shall comply with all provisions and requirements of 2 C.F.R. part 418, certify its compliance with such, and provide any required disclosure. This certification and any disclosures are material representations of fact upon which FCIC relied when the Company entered into the Agreement. Submission of this certification and any disclosures are prerequisites for making or entering into this Agreement as imposed by 31 U.S.C. § 1352. Any person who fails to file or amend the disclosure form, as required by 2 C.F.R. part 418, shall be subject to a civil penalty of not less than $10,000, and not more than $100,000, for each such failure.

SECTION IV. LARGE CLAIMS

As a condition of reinsurance and prior to commencing any loss adjustment activity, the Company agrees to comply with all provisions of FCIC's Large Claims Procedures, as applicable.

SECTION V. COMPLIANCE WITH STATE INSURANCE LAWS

(a) Unless preempted in accordance with the Act or section IV(o) of the Agreement, the Company and its affiliates shall comply with applicable State law.

(b) If a State insurance department determines that the Company or any of its affiliates are in non-compliance with an applicable State law and FCIC determines that the non-compliance materially affects the Company's ability to meet its obligations under this Agreement, such non-compliance shall be considered a breach of this Agreement unless remedial action by the Company or affiliate to correct the non-compliance is approved by FCIC.

(c) Upon the request of FCIC, the Company shall submit to FCIC information or documentation the Company is required to submit to a State insurance department under applicable State law related to the business conducted under this Agreement.

(d) If a State insurance department notifies the Company or its affiliates that it is taking, or proposes to take, an action against the Company or its affiliates or directs the Company to take an action, the Company must immediately notify FCIC of such action and any remedial action proposed by the Company or directed by the State insurance department that directly or indirectly affects the Company's ability to perform its obligations under this Agreement.

SECTION VI. CONFLICT OF INTEREST

In this section, any reference to an agent or agents also includes a subagent or subagents.

(a) Loss Adjustment

(1) The Company and its affiliates shall not permit:

(A) Its sales agents, agency employees, or sales supervisors to be involved in loss adjustment activities in a county or adjoining county where the sales agent, agency employee, or sales supervisor performs sales functions (except receipt and transfer to the Company of a notice of loss) on behalf of any AIP.

(B) A relative of a sales agent, agency employee, or sales supervisor to be involved in loss adjustment activities in a county or adjoining county where the sales agent, agency employee, or sales supervisor performs sales functions (except receipt and transfer to the Company of a notice of loss) on behalf of the Company.

(2) Prohibited loss adjustment activities for all individuals referenced in paragraph (1)(A) and (B) include the following:

(A) The supervision, control, or adjustment of a claim. The Company is solely responsible for the supervision and control of the loss adjustment process for a loss determination and all loss adjustment oversight. The agent's prohibition in loss adjustment activities is not intended to preempt any duty or obligation of the agent to provide information to the policyholder on his or her policy options, duties, rights, and responsibilities.

(B) Obtaining sales or production records for purposes of loss adjustment on behalf of the policyholder (other than simply collecting information directly from the policyholder and providing it to the Company).

(i) The agent may:

(I) Receive a notice of loss from the policyholder and transfer it to the Company;

(II) Provide a copy of the Company's official file folder, as applicable, to the loss adjuster or reviewer;

(III) Provide the loss adjuster or reviewer with any information provided by the policyholder related to the loss;

(IV) Facilitate the loss adjuster's gathering of information directly from other parties; and

(V) Assist the loss adjuster in locating the policyholder or vice versa.

(ii) Loss adjusters and reviewers are directly responsible for the verification and validation of the information from a third party source of such information and nothing in the facilitation of such interactions or information gathering permits activities that may allow the agent to influence the loss adjustment process or the loss adjuster's or reviewer's independent determination of loss.

(C) A loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss.

(i) Other than to facilitate the loss adjuster or reviewer's gathering of information from the policyholder, an agent shall not influence the policyholder or loss adjuster in:

(I) The preparation or presentation of information associated with a claim;

(II) The determination or verification of facts or information associated with a claim; or

(III) The determination of the cause of loss or the amount of a claim,

(ii) Prohibited agent activities include, but are not limited to:

(I) Riding with the loss adjuster to the field;

(II) Being present with the loss adjuster during the loss inspection and related processes;

(III) Accompanying the loss adjuster or reviewer in their independent verification and validation of claim information from third parties; or

(IV) Allowing a loss adjuster to use the agent's or agency's office, computer, or other similar resources to prepare the claim and related documentation.

(iii) Prohibited agent and loss adjuster contact does not include:

(I) Social interactions;

(II) Checking on the status of a claim or claim payment;

(III) Facilitating follow up contact between the policyholder and loss adjuster;

(IV) Business contact on other insurance matters not related to a specific open claim covered by this Agreement; and

(V) Interaction on a claim after the loss adjuster has filed the appropriate claim documentation with the

Company (the agent shall not engage the loss adjuster directly on a claim dispute).

(D) Verification of yields for the purpose of validating insurance coverage or the guarantee. The agent must not be present during any inspections performed by the Company for the purposes of determining insurability of the crop or the amount of the crop to be insured.

(E) After a notice of loss is filed by the policyholder, advising or assisting the policyholder in any manner regarding the preparation of the claim and the determination of the indemnity, including, but not limited to, whether the loss adjuster correctly applied FCIC procedures regarding loss adjustment.

(i) The agent is permitted to consult with the policyholder to explain crop insurance terms and conditions, insurance processes, and the implications of decisions or actions that may be taken by the policyholder under the policy. However, such consultation shall not include opinions, influence, or coercion as to the facts of a claim on policies written by the agent or the determinations of the loss adjuster on a claim.

(ii) If the agent suspects that a claim has been adjusted improperly or contains factual errors, the agent may contact the Company's field supervisor or claims manager for review and assistance, but shall not discuss the matter directly with the loss adjuster.

(F) Any other function reserved for loss adjusters in FCIC procedures.

(3) The Company and its service providers shall not permit any individual involved in the loss adjustment determination or verification required to complete a claim, or the determination or verification of a cause of loss, to adjust a loss for:

(A) A policyholder with whom the individual referred to in paragraph (3) above has a business, financial or legal relationship including, but not limited to, lending money, custom farming, leasing land or other property, selling other goods or services besides insurance, or activities of a similar nature;

(B) A policyholder, or an individual with a substantial beneficial interest in the policyholder, whose eligible crop insurance contract

was sold by a relative of the individual referred to in paragraph (3) above; or

(C) A relative of the individual referred to in paragraph (3) above.

(4) If a claims supervisor adjusts a loss in any county in which loss adjustment is subject to his or her supervision, and if the claim is one subject to review in accordance with Appendix IV, the review shall be performed by an individual who is not under the direct supervision of the supervisor.

(b) Sales, Solicitation and Brokering

(1) The Company and its affiliates shall not permit any individual involved in the loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss to be involved with the sales, solicitation or brokering of an eligible crop insurance contract or with any other function reserved for the agent in FCIC procedures in a county or adjoining county where such individual performs claims functions on behalf of any AIP.

(2) The Company and its affiliates shall not permit a relative of any individual involved in the loss adjustment determination or verification required to complete a claim or the determination or verification of a cause of loss to be involved with the sales, solicitation or brokering of an eligible crop insurance contract or with any other function reserved for the agent in FCIC procedures in a county or adjoining county where such individual performs claims functions on behalf of the Company.

(c) Underwriting

The Company and its service providers shall not permit their sales agents, the owners or employees of their sales agencies, their sales supervisors, or any relative of the aforementioned individuals to be involved in the acceptance and verification of underwriting data relating to eligibility and coverage for an eligible crop insurance contract written by such individuals. This prohibition shall not apply to the routine transmission of information provided by applicants or policyholders that is necessary to issue eligible crop insurance contracts or coverage.

(d) Supervision

An individual employed by the Company or its service provider for the general supervision of the sales and service of eligible crop insurance contracts, as identified by the Company in section IV(e) of Appendix II may supervise those

activities associated with the general administration of such contracts, which may include the management of service, underwriting, and loss adjustment.

(e) Disclosure

(1) In accordance with FCIC procedures, the Company must notify all of its employees and affiliates, including, but not limited to, agents, agencies, and loss adjusters, in writing, of the conflict of interest requirements, including their requirement to disclose to the Company, and the Company's obligation to disclose to FCIC:

(i) Any business, financial, or legal relationship that any such person has with a policyholder;

(ii) Whether any employee or affiliate is a relative of the policyholder; or

(iii) Whether any employee or affiliate has a substantial beneficial interest in the policyholder.

(2) In addition to any other sanctions in this Agreement, if the Company fails to follow the provisions of this section and FCIC procedures, eligible crop insurance contracts sold or serviced by the person who failed to disclose a business, financial, or legal relationship with a policyholder or is a relative of the policyholder may not, at FCIC's discretion, be reinsured or receive A&O subsidy, CAT LAE, or risk subsidies for the reinsurance year for which such disclosure was not provided.

(A) Disclosure and Notification Requirements

(i) Applicable employees and affiliates will be required each year to submit a signed statement that verifies awareness of the conflict of interest rules and an agreement to abide by them.

(ii) Applicable employees and affiliates must annually disclose the required information by the applicable acreage reporting date. Such disclosure must include the name of the policyholder or person with a substantial beneficial interest in the policyholder, and the type of relationship.

(iii) If the applicable employee or affiliate enters into a business, financial, or legal relationship or becomes a relative with the policyholder after the annual disclosure, the applicable employee or affiliate must disclose the

information required in paragraph (1) within 15 days of entering the relationship.

(iv) The Company must evaluate the business, financial or legal relationship or the relationship with the relative to determine whether the applicable employee or affiliate is in violation of subsection (a), (b), or (c) or whether a conflict of interest review is necessary to determine if such violation has occurred. At a minimum, such reviews will be necessary when:

(I) The applicable employee or affiliate is in the immediate family of the policyholder or is a person with a substantial beneficial interest in the policyholder; or

(II) The business, financial or legal relationship with the policyholder has the potential to produce an incentive to create or inflate a loss because the applicable employee or affiliate, or a relative of the employee or affiliate, is entitled to a portion of the proceeds of the crop or the crop insurance payment or would otherwise receive a benefit from the policyholder based on the existence of crop insurance and their relationship.

(f) Notification

The Company shall notify FCIC within 3 business days in writing when it discovers that a Company employee or affiliate of the Company has violated the requirements of this section.

SECTION VII. CONTROLLED BUSINESS

(a) No individual (including a subagent) may receive directly, or indirectly through a Company or its affiliates, any compensation (including, but not limited to, any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale and service of an eligible crop insurance contract if:

(1) The individual has a substantial beneficial interest, or a member of the individual's immediate family has a substantial beneficial interest, in the eligible crop insurance contract; and

(2) The total compensation to be paid to the individual with respect to the sale or service of the eligible crop insurance contract that meets the condition

described in paragraph 1 exceeds 30 percent, or the percentage specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the reinsurance year.

(b) Not later than 90 days after the first annual settlement for the reinsurance year, any individual that received directly or indirectly any compensation through a Company or its affiliates for the service or sale of any eligible crop insurance contract in the prior reinsurance year shall certify to the applicable Company, in format approved by FCIC, that the compensation that the individual received was in compliance with this paragraph.

(c) Not later than 120 days after the first annual settlement for the reinsurance year, the Company shall provide FCIC a list of individuals who either failed to timely provide the required certification or whose certification demonstrated non-compliance with the requirements of this paragraph. If the Company fails to comply with this provision, FCIC may deny all or a portion of A&O subsidy or CAT LAE.

(d) Non-compliance

(1) The following individuals are subject to disqualification and civil fines under FCIC procedures implementing section 515(h) of the Act (7 U.S.C. § 1515(h)) and any other FCIC procedures implementing section 515(h):

(A) Individuals who failed to timely provide the required certification;

(B) Individuals who certified non-compliance with the requirements of this paragraph, except where non-compliance results from circumstances beyond the control of the individual; or

(C) Individuals who certified compliance but who have been determined to not be in compliance.

(2) Reinsurance will not be denied for the eligible crop insurance contracts associated with any violation with respect to paragraph (1).

(e) If the amount of compensation to which the individual is entitled under its contract with the Company or affiliate would result in the agent receiving more than 30 percent from immediate family policies, the individual is in violation and the violation must be disclosed. An individual cannot (1) pay back an amount necessary to be compliant; (2) defer payments to determine whether the individual will violate the provision; or (3) take any other action to adjust the individual's compensation owed under the contract with the Company or affiliate. The gravity of the violation will be taken into consideration before imposing any sanctions.

SECTION VIII. TRAINING REQUIREMENTS

The Company shall ensure that all of its employees, agents, agency employees, loss adjusters, and contractors that act on behalf of the Company with respect to the selling, servicing, and adjusting of eligible crop insurance contracts meet all the requirements contained in the Appendices and FCIC procedures.

(a) All applicable employees, agents, agency employees, loss adjusters, and contractors must be trained in accordance with Appendix IV.

(b) All employees, agents, and agency employees, who are involved in the selling and servicing (except loss adjustment) of eligible crop insurance contracts, must be licensed in the State in which they are doing business if required by the State; and

(c) All loss adjusters adjusting eligible crop insurance contracts must be certified by FCIC before they can conduct any loss adjustment. Certification of loss adjusters may be obtained by completing the training requirements in subsection (a) and:

(1) If any State in which the loss adjuster performs loss adjustment activities requires the loss adjuster to take a test which is directly related to crop insurance to obtain a license to adjust an eligible crop insurance contract, taking and passing the State test and obtaining the license required by the State;

(2) If any State in which the loss adjuster performs loss adjustment activities does not require the loss adjuster to obtain a license to adjust an eligible crop insurance contract (including those cases where the loss adjuster is a company employee and the State excludes company employees from licensing requirements), taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under FCIC procedures or, if such FCIC-approved proficiency testing program is not available in the State, completing the training required by the Company under Appendix IV; or

(3) If any State in which the loss adjuster performs loss adjustment activities requires a test which is not crop insurance-specific (as determined by FCIC) to obtain a license to adjust an eligible crop insurance contract, taking and completing with a passing grade a proficiency testing program developed, approved, and implemented under FCIC procedures in lieu of obtaining a license in such State, or, if such FCIC-approved proficiency testing program is not available in the State, taking and passing the State test and obtaining the license required by the State.

(d) The Company shall not permit a loss adjuster to conduct any loss adjustment activity for the reinsurance year until he or she has been certified. FCIC will consider the loss adjuster to be certified after:

(1) The loss adjuster provides to the Company verifiable documentation showing that he or she has completed the required training, obtained the proper license or has taken and completed with a passing grade the applicable test or testing program specified in subsection (c); and

(2) The Company submits proper written or electronic verification to FCIC, as directed by FCIC.

(e) Loss adjusters shall be required to retake the required FCIC-approved proficiency testing program referenced in subsections (c)(2) and (3) as required by the Company or FCIC.

(f) Any person who has been found in material noncompliance with any loss adjustment policy, FCIC procedure, or training requirement approved by FCIC shall be de-certified by FCIC. In such case, FCIC will provide written notification to the Company, and the Company shall not permit that person to perform loss adjustment activities until he or she has received the training specified by FCIC, has retaken and completed with a passing grade the required proficiency testing program, and has been certified by FCIC. A listing of persons decertified will be available to the Company.

(g) Allowing a loss adjuster to conduct any loss adjustment activity on a policy before he or she is properly certified or after he or she has been de-certified shall result in the denial of reinsurance, A&O subsidy, CAT LAE, or risk subsidy for all policies upon which such activity occurred.

SECTION IX. OVERSIGHT AND CUT-THROUGH

(a) Whenever FCIC determines that the Company is unable to substantially fulfill an obligation that materially affects its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business, FCIC may impose one or more of the following on the Company:

(1) Require additional reporting to FCIC of financial or operational information related to business conducted under the Agreement.

(2) Allow the placement of representatives of FCIC at any location of the Company and its service providers to monitor activities that directly or indirectly affect the performance of the Company's obligations under this Agreement.

(3) Require the Company to obtain approval from FCIC of some or all decisions or actions (including, but not limited to, any transaction, payment, agreement, and servicing of eligible crop insurance contracts) taken or contemplated by the Company or its service providers that could

directly or indirectly affect the performance of the Company's obligations under this Agreement.

(4) Take all reasonable steps to preserve the assets and financial and operating capabilities of the Company to perform its obligations under this Agreement.

(5) Transfer to FCIC, or its designee, without further action of the Company, any or all eligible crop insurance contracts. With respect to any eligible crop insurance contract transferred to FCIC:

(A) FCIC will assume all obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, and the Company must pay FCIC all funds in possession of the Company and its affiliates with respect to all such eligible crop insurance contracts transferred including, but not limited to, premiums collected or any payments from commercial reinsurers related to the book of business.

(B) FCIC, or its designee, will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.

(C) FCIC has the right to all uncollected premiums on all eligible crop insurance contracts.

(D) Any uncollected debts owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.

(E) To the extent that FCIC contracts for an AIP or other entity to service the transferred eligible crop insurance contracts, the AIP or other entity will receive A&O subsidy for service the AIP or other entity must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.

(6) With respect to eligible crop insurance contracts that are transferred to FCIC and when another AIP agrees to assume the eligible crop insurance contracts:

(A) The AIP will assume the obligations for unpaid losses whether occurring before or after the date of transfer regarding such eligible crop insurance contracts, unless otherwise determined by FCIC;

(B) FCIC will remit to the AIP any premium or any applicable payments from commercial reinsurers collected from the Company; and

(C) The AIP will receive A&O subsidy for services the AIP must perform for such eligible crop insurance contracts in proportion to the amount of service required for the remainder of the crop year.

(b) A Company in supervision, rehabilitation, liquidation, or any equivalent action by a State is presumed to be unable to substantially fulfill obligations that materially affect its performance under this Agreement with respect to some or all of the eligible crop insurance contracts it has in its book of business for the purposes of subsection (a).

(c) If either subsection (a)(4) or (5) is implemented with respect to another AIP, the Company, within the limits of its financial and operational resources, agrees to cooperate with FCIC in the transferring and servicing of such eligible crop insurance contracts.

SECTION X. SUPERVISION, REHABILITATION, AND LIQUIDATION

If the Company is placed in supervision, rehabilitation, liquidation, or any equivalent action by a State Insurance Department:

(a) The Company shall take all reasonable steps to facilitate a working relationship between FCIC and the State Insurance Department during the period the Company is in supervision, rehabilitation, liquidation, or any equivalent action.

(b) The Company shall take all reasonable steps to ensure that FCIC has access to information and use of the operating systems, records, equipment, or other property used in the administration of the Company's book of business for as long as necessary to service the book of business.

(c) In liquidation (or equivalent situation):

(1) If FCIC has expended funds to keep the Company operational, including, but not limited to, the payment of expenses already included in the A&O subsidy, or to pay other expenses not included in the A&O subsidy, when the Company was in supervision, rehabilitation liquidation, or any equivalent situation, with respect to the repayment of such funds, FCIC shall have priority over all other creditors except for expenses of the state supervisor, rehabilitator, liquidator, or equivalent person; and

(2) If the Company owes any other funds to FCIC not included in paragraph (1) with respect to the repayment of such funds, FCIC shall have priority over all other non-federal creditors.

(d) FCIC will have the right to conduct all activities related to the sale and service of eligible crop insurance contracts.

(e) The Company and its affiliates must pay to FCIC all funds in their possession with respect to all eligible crop insurance contracts including, but not limited to, premiums collected or any applicable payments from commercial reinsurers.

(f) Any uncollected debts or premiums owed to the Company under an eligible crop insurance contract will become a debt owed to FCIC.

(g) The Company and its affiliates shall:

(1) Properly and fully service all eligible crop insurance contracts until transferred or the applicable cancellation date, whichever is the later;

(2) Take all reasonable efforts to ensure that the Company's commercial reinsurance applicable to its book of business remains in effect; and

(3) Not delay any payment to FCIC or the policyholder related to an eligible crop insurance contract.

(h) Those persons found not in compliance with subsection (g)(3) shall be subject to debarment from participating in the programs of FCIC and USDA.

SECTION XI. MEDIATION, ARBITRATION, LITIGATION AND ASSISTANCE

(a) The Company's expenses incurred as a result of litigation are covered by the A&O subsidy. FCIC has no obligation to provide other funds to reimburse the Company for litigation costs.

(b) In accordance with FCIC procedures, the Company may request FCIC to provide non-monetary assistance, including, but not limited to, witnesses, documents, and direction or such other assistance for mediation, arbitration or litigation. FCIC will only consider the Company's request for assistance if the Company:

(1) Reports the matter in accordance with subsection (c);

(2) Immediately notifies FCIC in writing of the requested action setting forth the reasons such action would be in the best interests of FCIC;

(3) Presents all legal arguments favorable to its defense which it has a good faith basis to assert, including those suggested by FCIC; and

(4) Does not join FCIC as a party to the action unless FCIC agrees in writing to be joined as a party, or unless otherwise required by law.

(c) The Company shall report to FCIC in accordance with FCIC procedures, disputes with policyholders in mediation, arbitration, litigation or legal action, within 30 days after the Company has been notified of such dispute.

(d) FCIC will, at its sole discretion, determine if the requested action under this section will be granted. The criteria to determine such action will be whether such action is in the best interest of FCIC and the Federal crop insurance program.

(e) Unless otherwise provided in this Agreement, FCIC will pay ultimate net losses for eligible crop insurance contracts of the Company in accordance with the provisions of section II(b) of the Agreement:

(1) In addition to the amount of the claim, ultimate net loss may include interest owed to policyholders related to the eligible crop insurance contract that is included:

(A) In a final judgment against the Company by an arbitrator or a court of competent jurisdiction if FCIC determines that:

(i) Such interest resulted from the Company's substantial compliance with all applicable FCIC procedures in the selling and servicing of the eligible crop insurance contract; and

(ii) The award of such interest did not involve negligence or culpability on the part of the Company or its affiliates; and

(B) In the settlement of any claim if FCIC, in addition to the determinations included above, determines that the settlement should be approved.

(2) In all arbitration and mediation cases or any other case that has been settled by the Company and policyholder:

(A) The Company must provide to FCIC all written statements from the arbitrator describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award;

(B) The Company must provide to FCIC all settlement agreements that contain at a minimum, a statement of the issues in dispute and the amount of the settlement;

(C) The Company must provide to FCIC all written opinions of the court, all pleadings filed in the case, and other documentation requested by FCIC; and

(D) Failure of the Company to provide the required information in this subparagraph for an eligible crop insurance contract will result in denial of reinsurance for such contract.

(f) Under no circumstance are any punitive or consequential damages, attorney fees or any other costs, including court costs, included in the calculation of ultimate net loss.

(g) For the purposes of this subsection only, the term "settlement" means the compromise or resolution of a dispute under an eligible crop insurance contract between the Company and a policyholder.

SECTION XII. SANCTIONED PERSONS

The Company and its affiliates shall not use any person who has been debarred or suspended, or voluntarily excluded under 2 C.F.R. part 180, 7 C.F.R. § 400.456 or any successor regulation by FCIC or any other U.S. Government Agency or disqualified by FCIC under section 515(h) (7 U.S.C. § 1515(h)), as applicable, in any manner which involves performance under this Agreement. Use of a disqualified, debarred, suspended or voluntarily excluded person or entity may subject the Company and affiliate to suspension and debarment in accordance with 2 C.F.R. part 180, 7 C.F.R. § 400.456 or any successor regulation.

SECTION XIII. MEMBER - DELEGATE

No member of or delegate to Congress nor any resident commissioner will be permitted to have any share or part of this Agreement or receive any benefit that may arise therefrom, except that this provision will not be construed to apply to a benefit from this Agreement that accrues to a member of or delegate to Congress or any resident commissioner as a result of an interest in a corporation and the benefit is for the corporation's general benefit. Members of or delegates to Congress or any resident commissioner are eligible to purchase a crop insurance contract for any crop in which they have an insurable interest.

SECTION XIV. DATA COLLECTION

The Company shall fully cooperate with FCIC in the collection of information required under section 2501A of the Food, Agriculture, Conservation and Trade Act of 1990.

SECTION XV. NON-DISCLOSURE

(a) The Company shall:

(1) Ensure that all persons having access to Protected Information, who are either employed by or have contracted with the Company, sign an Individual Non-disclosure Statement (NDS). If a person employed by or having a contract with the Company has previously executed a NDS with another AIP, that person must either submit a copy of the original NDS to the Company or sign and submit a new NDS.

(2) Maintain copies of all NDSs and have them available for examination.

(3) Ensure that its affiliates and contractors are fully aware of the need to protect information and the requirement to collect NDSs from all persons having access to Protected Information. Affiliates and contractors, in turn, must ensure that all persons having access to Protected Information who are either employed by or have contracted with them must sign a NDS.

(4) Ensure that all contractors or affiliates of the Company maintain copies of all such NDSs and have them available for examination.

(5) By April 1st of each year, obtain an annual certification from each of its contractors and affiliates that the respective contractor or affiliate has obtained a NDS from each person who has access to any Protected Information and who is employed by or has a contract with the contractor or the affiliate. The purpose of the annual certification by the contractor or affiliate to the Company is to ensure that the contractor or affiliate annually reviews its files to determine that any new employees or other persons having access to Protected Information have signed a NDS. The written and signed certification must be from an officer of the affiliate or contractor to the Company and can state: "I hereby certify that [insert the name of the affiliate or contractor] has reviewed its files and, as of [insert date review was completed], all employees or other persons having access to Protected Information have signed a Non-disclosure Statement."

(6) Maintain copies of all certifications from contractors or affiliates and have them available for examination.

(7) Ensure that all persons who are employed by or have a contract with the Company have executed a NDS prior to obtaining access to Protected Information.

(8) Notify contractors and affiliates regarding the requirement that all persons employed by or having a contract with the contractor or affiliate must sign a NDS prior to obtaining access to Protected Information.

(9) Provide an annual certification to FCIC in the Plan of Operations, according to section II of Appendix II, that it has obtained a NDS from all persons who have access to any protected information and who are employed by or have a contract with the AIP; and, in the case of persons employed by or having a contract with a contractor or affiliate, has obtained a certification from the contractor or affiliate that the contractor or affiliate has obtained an Non-disclosure Statement from all such persons. The purpose of the annual certification by the Company to FCIC is to ensure that the Company annually reviews its files to determine that any new employees or other persons having access to Protected Information have signed a NDS and that all affiliates and contractors have provided an annual certification as to the NDSs signed by their employees. The written and signed certification must be from an officer of the Company and can state: "I hereby certify that [insert the name of the Company] has reviewed its files and as of [insert date review was completed], all employees or other persons having access to Protected Information have signed a Non-disclosure Statement and all affiliates and contractors have certified that their employees and other persons having access to Protected Information have signed Non-disclosure Statements."

(10) Not provide Comprehensive Information Management System (CIMS) information to anyone who has not signed and submitted an individual NDS to the Company or the respective contractor or affiliate.

(b) The Company and its contractors and affiliates may use electronic versions of the NDS which incorporate either a digital signature or an authentication system to properly identify the submitter. Electronic records of signed or authenticated NDSs must be retained by the respective contractor, or affiliate and be available for examination.