

## APPENDIX II

### PLAN OF OPERATIONS

The Plan of Operations (Plan) must contain the information stated and the Company must certify the accuracy and completeness of the Plan. Information, documents, exhibits, or forms, are to be numbered in the Plan to correspond with the numbered items herein to which they pertain. The Company must file any revisions to the Plan for each subsequent reinsurance year in which it participates.

1. The name, address, phone number, and tax identification number of the Company.
2. The names, address, and tax identification numbers of all PICs.
3. The names, phone numbers, and addresses of a managing general agent, if applicable, and a copy of all of the agreements between the managing general agent and the Company that relates to business conducted under this Agreement.
4. If applicable, a letter from an officer of the Company as listed in the Company's Annual Statement filed with any State, authorizing and empowering the entity identified in paragraph 3) to act as the managing general agent for the Company.
5. The name, title, mailing address, e-mail address, office telephone numbers, and fax telephone numbers of the officer or employee authorized by the Company to sign and certify the Operations Report.
6. The names, titles, mailing addresses, e-mail addresses, office telephone numbers, and fax telephone numbers of at least two persons employed by the Company, and if applicable, employed by the managing general agent, designated by the Company as managers of the business produced under the Agreement. Each person will act as liaison or contact between the Company and FCIC regarding this Agreement.
7. The addresses and telephone numbers of each regional office, general agency, service center, sales agency, sales agent, or any other Company designated office other than the Company's or managing general agency's home office that will retain records relative to policyholder servicing (i.e., applications, acreage reports, summaries of coverage, proofs of loss and similar documents), or provide services independently from the Company or managing general agency. (Note, if original insurance documents are retained by sales agencies or sales agents, the Company must also report this in accordance with Appendix III.).
8. The contact name, address, office phone number, and a copy of all agreements pertaining to business conducted under this Agreement for which a service provider is responsible, including, as applicable:
  - a. Development of policies and forms.

- b. Preparation and transmittal of data to FCIC.
  - c. Issuance of FCIC approved policies, procedures, and associated actuarial documents.
  - d. Loss adjustment services (If loss adjustment services are provided on a regional, State, or other area basis, the area(s) must be disclosed).
9. Certification from the Company that the Company, its managing general agent as applicable, and its PICs are properly licensed under the insurance laws or regulations of all States in which the Company produces business reinsured under this Agreement.
10. The company shall provide the following:
- a. Statutory Annual Statement;
  - b. Statutory Quarterly Statements;
  - c. Any report on internal controls or management recommendations received from an independent auditor;
  - d. Statutory Management Discussion and Analysis;
  - e. State Insurance Department Examination Reports;
  - f. Actuarial Opinion of Reserves;
  - g. Annual Audited Financial Report;
  - h. The Company's current financial ratios defined in the National Association of Insurance Commissioners Insurance Regulatory Information System (IRIS);
  - i. Organizational Chart that shows the relationship of the Company to its service providers and relevant parent, subsidiary or sister entities of the Company that provides detail sufficient to show compliance with section II.A.10 of the Agreement;
  - j. If applicable, the GAAP Annual Statement and Quarterly Statements, and Security Exchange Commission filings, of the Company, managing general agent, and service providers listed in Exhibit 7;
  - k. Upon request, actual and estimated cash flow documentation;
  - l. Upon request, copies of all line of credit agreements with financial institutions used to fund MPCJ program expenses or amounts due FCIC;
  - m. Exhibit 9. m. - Commission Template;
  - n. Exhibit 9. n. - Loss Adjustment Expense Template;
  - o. Exhibit 9. o. - Estimated Expenses Template;
  - p. Posted reserves for all open contingent liabilities, pending arbitration or litigation, with an estimated liability exceeding five percent of policyholder surplus, by calendar year for the current and previous years;
  - q. A certification from a Senior Officer of the Company regarding its ability to meet its obligations under the current and prior Agreement;
  - r. Identify, if applicable any material threats or risks to the Company's ability to meet its financial and operational obligations under this Agreement including the possible financial or operational ramification, and the Company plan and resources to mitigate or minimize risks;

- s. Additional information as may be necessary to clarify or provide further detail in support of items a – r above, or determined necessary by FCIC.
11. The maximum reinsurable net book premium volume for which the Company requests reinsurance for the reinsurance year. (This may be more than the total provided in Exhibit 11).
  12. Estimates of the net book premium to be designated in each fund within each State for the reinsurance year (see Exhibit 11).
  13. A declaration of the percent of the net book premiums and associated liability for ultimate net losses the Company will retain in the Developmental Funds within each State (see Exhibit 12).
  14. A declaration of the percent of the net book premiums and associated liability for ultimate net losses the Company will retain in the Commercial Funds within each State (see Exhibit 13).
  15. The name and address of the Company, or managing general agency and the bank that will make EFT payment to FCIC for the Company.
  16. The name and address of the organization to whom payments from FCIC should be remitted for amounts due on Monthly and Annual Settlement reports.
  17. A declaration as to the Company's intention to use the Escrow Agreement, if applicable, if reimbursements by FCIC for losses paid by the Company will be made through the procedures covered by the Escrow Agreement (see Exhibit 16).
  18. A report of the Company's expenses for business reinsured under this Agreement for the previous calendar year:
    - t. Exhibit 17A – Guidelines for preparing Exhibit 17B
    - u. Exhibit 17B – Expense Reporting Format
    - v. The NAIC Insurance Expense Exhibit (IEE) filed with the Insurance Department for the State in which the Company is domiciled.
  19. The Company's intention to reinsure a portion of its net liability (after FCIC reinsurance) in the commercial reinsurance market. The Company must submit, when available, a copy of all the reinsurance agreements related to the business under this agreement. The reinsurance agreements must be finalized, and include:
    - a. The percent subscribed by each reinsurer to each treaty, or binder, and the names of each reinsurer, intermediary, or broker.
    - b. A description of the type of reinsurance, retentions, attachment points and limits, aggregate limits, minimum deposit, premium rates, and all other applicable terms.

20. A Contingency Plan describing how the Company will service the policies reinsured under the Agreement in the event: the managing general agent or service provider listed in Exhibit 7 is no longer able to meet the requirements of their agreement with the Company; the Company is no longer able to meet the requirements of section II.A.8. and 9. of the Agreement, or is not eligible to participate in the Federal crop insurance program.
21. With respect to the training requirements in section II. of Appendix IV, identify the names and titles of persons who will have oversight responsibilities for the training programs.
22. With respect to the quality control requirements in section III. of Appendix IV:
  - a. Provide the quality control plan required per section III.A.13.
  - b. Provide the annual written summary report required per section III.A.16.

(NOTE: Each assurance statement referenced in items 23-26 below must be signed by the same officer of the Company accepting and signing the Agreement for the Company)

23. In accordance with section I. of Appendix I, the Company must submit its assurance statement regarding procurement integrity. The statement must provide FCIC the assurance that requirements under this section are met.
24. In accordance with section II. of Appendix I, the Company must submit its assurance statement regarding a drug free workplace. The assurance statement must provide an outline of the Company's procedure to ensure that requirements of this section are met.
25. In accordance with section III. of Appendix I, the Company must complete and submit OMB Form LLL, Disclosure of Lobbying Activities (Exhibit 24), and specify the period of time to which such completed form applies.
26. In accordance with section IV.U. of the Agreement, the Company must submit its assurance statement regarding discrimination.
27. With respect to section II.A.4. of the Agreement, the Company must provide:
  - a. The names, addresses, and telephone numbers of each cooperative association or trade association with which the Company or its affiliates intends to enter into licensing or other financial agreement or contract authorized by section 508(b)(5)(B) of the Act.
  - b. A copy of the agreement or contract with the cooperative association or trade association and a list of the states where the cooperative association or trade association will return all or part of the licensing fee or other

- payment received from the Company to its producers, both insured and non-insured.
- c. For each state listed, provide a letter from the State Insurance Department stating whether the return to the producer of licensing fees or other payments made by the Company or its affiliates to the cooperative association or trade association is in compliance with the rebating laws of such state.
  - d. If the Company agrees to pay a cooperative association or trade association a licensing fee or make other payment after the date the Plan of Operations is submitted to FCIC, the Company must notify FCIC of the relationship within 30 days of entering the agreement and comply with all other provisions of this paragraph.
28. E-Business Implementation Plan: The Company must include the following information to demonstrate compliance with the Freedom to E-File Act.
- a. The process the Company will use to provide and receive electronically all required forms and other information concerning the crop insurance program. The Company must provide:
    - i. A certification statement that all applicable disclosure statements will be utilized on all applicable forms.
    - ii. A certification statement of web site compliance with section 508 of the Rehabilitation Act of 1973. (Describe the complete process the Company will use to respond to the Freedom to E-File Act.)
    - iii. The process the Company will use to allow producers to file electronically all paperwork required for participation in the program.
    - iv. Describe the type of electronic signature that will be used by producers.
    - v. Provide the name, address and e-mail address for one contact person with the vendor being used to provide electronic signatures.
    - vi. Describe the security measures the Company will use to protect the confidential nature of the data and information submitted by producers from being reviewed, revised or otherwise used by unauthorized persons. A third-party certification of security measures must be obtained from a recognized security certification firm and must be provided.
    - vii. Describe the process the Company will use to document revisions to data and information submitted by producers.

- viii. Describe the storage, backup and retention procedures being used by the Company for electronically filed documents. Provide the name, address, and phone number for one contact person for the Company who manages the storage and backup procedures for the Company.
- b. The names, URL's, facsimile numbers, and mailing addresses of each location where producers may electronically access and file the paperwork required for participation in the program.
- c. Describe the directions being provided with respect to how to access the information and forms, properly complete and submit them; meeting filing deadlines; obtaining user ID and password, etc.
- d. The online responsibilities of the crop insurance agent to each producer who files or retrieves required paperwork electronically with the Company.
- e. The process for obtaining consent from the producer to electronically conduct crop insurance business on a partial or complete basis with the Company.
- f. Provide the procedures a producer must use to withdraw consent to electronically conduct crop insurance business on a partial or complete basis with the Company.
- g. Provide the procedures that a producer must use to request a paper copy of an electronic record.
- h. The statement of the required hardware and software needed by a producer to access, obtain, and retain electronic documents from the Company.