

Revised 6/27/08

AMENDMENT No. 1 TO THE LIVESTOCK PRICE REINSURANCE AGREEMENT

The Livestock Price Reinsurance Agreement between the Federal Crop Insurance Corporation and the undersigned Company effective beginning with the 2009 and subsequent reinsurance years is hereby amended as follows:

(I) Section I. definitions are amended to add a new definition of “immediate family” and “subagent”, and revise the definition of “rebate” to read as follows:

* * * * *

“Immediate family” means an individual’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, the spouse of the foregoing, and the individual’s spouse.

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“Rebate” means to pay, allow, give or offer to pay, allow or give, directly or indirectly, either as an inducement to procure insurance or after insurance has been procured, any benefit (including money, goods or services for which payment is usually made [except any service provided to fulfill an obligation of the Company under this Agreement]), discount, abatement, credit, or reduction of the premium named in the insurance policy and any other valuable consideration or inducement not specified in the policy.

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“Subagent” means an individual licensed by the State in which an eligible crop insurance contract is sold and serviced, and who provides any sales or service related to a policy sold by another agent.

(II) Section II.A.4. is amended to read as follows:

4. A Company and its affiliates are prohibited from providing a rebate except as authorized in sections 508(a)(9)(B) of the Act (7 U.S.C. 1508 (a)(9)(B)). For the purposes of this paragraph, the term “cooperative association” means a farmer or rancher-owned and controlled business that is recognized by the U.S. Department of Agriculture, including FCIC, as a cooperative related to agriculture. The term “trade association” will be defined in procedures; however, a trade association shall not include an organization that is formed for the purposes of providing insurance.

(III) Section III.A.2. is amended to read as follows:

2. A & O Subsidy

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Notwithstanding the provisions of this section, under no circumstances will A&O subsidy be paid in excess of the amount authorized by statute.

- a. A & O Subsidy for eligible livestock price insurance contracts will be 22.2 percent, or a percent approved by the Board, of the net book premium attributed to such eligible livestock price insurance contracts (This amount will increase to 23.35 percent for states with a loss ratio greater than 120 percent of the total net book premium written in the state by all approved insurance providers). Payment will be made by FCIC to the Company at the first monthly settlement after the Company submits, and the UCM accepts, the eligible livestock price insurance contracts, and will be updated each month thereafter as needed.

(IV) Section IV.E. is amended to add a new paragraph 5. to read as follows:

5. Controlled Business

- a. No individual (including a subagent) may receive directly, or indirectly through a Company or its affiliates, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale or service of an eligible livestock price insurance contract if:
 - i. The individual has a substantial beneficial interest, or a member of the individual's immediate family has a substantial beneficial interest, in the eligible livestock price insurance contract; and
 - ii. The total compensation to be paid to the individual with respect to the sale or service of the eligible livestock price insurance contract that meets the condition described in subclause (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 all eligible livestock price insurance contracts sold and serviced by the individual for the reinsurance year.
- b. Not later than 90 days after the end of 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 livestock price insurance contract in the prior reinsurance year shall certify to the applicable Company, in a 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 end of 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.

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- d. Individuals who failed to timely provide the required certification, certified that the individual was not in compliance with the requirements of this paragraph, or certified the individual as being in compliance when they were not are subject to disqualification and civil fines under the procedures implementing section 515(h) of the Federal Crop Insurance Act and any other procedures approved by FCIC implementing section 515(h). Reinsurance will not be denied for the eligible livestock price insurance contracts associated with any failure to timely provide the required certification, certification that the individual was not in compliance with the requirements of this paragraph, or certification of the individual as being in compliance when they were not.

(VI) Section IV.F.6. is amended to read as follows:

6. Notwithstanding paragraph 4., records regarding an unsatisfied debt of a policyholder must be retained until the debt is satisfied or is discharged through bankruptcy proceedings.

The undersigned acknowledges that the Company and its Board of Directors, if applicable, has authorized the Company to enter into this Amendment of the 2009 Livestock Price Reinsurance Agreement.

APPROVED AND ACCEPTED

for

FEDERAL CROP INSURANCE CORPORATION

THE COMPANY

Signature

Signature

Name

Name

Title

Title

Date

Date