

## 2004 Crop Revenue Coverage (CRC) Underwriting Rules

1. CRC premiums are calculated at the applicable CRC rates for the crop year. The CRC premium is based upon the CRC Base Rate, CRC High Price Factor, CRC Low Price Factor, Base Premium Rate, CRC Base Price, and any other applicable factors found in the CRC Actuarial Documents. It also includes the Application, Approved Yield, and an Acreage Report submitted by the insured to the insurance company. The company will invoice the insured on a date specified in the Special Provisions for the total actual premium and administrative fee(s). The Producer must pay an administrative fee each crop year of thirty (\$30.00) dollars per crop per county.
2. The insured must submit a CRC application to the agent no later than the applicable sales closing date. The company must receive all timely dated applications within twenty (20) days of the sales closing date. The company will not accept and will return applications received more than twenty (20) days after the sales closing date. Clients requesting to change from other FCIC-subsidized coverage to CRC coverage must complete an application for CRC and attach a signed request to cancel the existing FCIC-subsidized coverage.
3. The CRC policy is a continuous policy and provides coverage for each succeeding crop year unless canceled by the date specified in the policy.
4. CRC serves as an alternative policy to other FCIC-subsidized coverages. Producers must insure all acreage of the specified crop in the county. The insured has the option of excluding any high risk ground from CRC coverage. This high risk ground may be insured with an MPCl CAT policy with the same insurance provider. The insured must complete a High Risk Exclusion form and CAT application for the high risk ground by the sales closing date. Agents must submit these documents to the company within twenty (20) days of sales closing.
5. Written agreements may apply to CRC for **rating purposes**.

The insured must request a written agreement to insure acreage in counties without a CRC program, to receive a rate reduction on land classified as high risk, to insure unclassified land, or to receive a rate for an organic crop if a rate is not provided in the Actuarial Document. Acreage in counties without a CRC program may be insured using a written agreement only if the county without the CRC program adjoins a county with a CRC program for the applicable crop. The reinsured company will transmit the request to the appropriate RMA Regional Office (RO). To ensure the rates used are actuarially appropriate, the RO will determine from the physical characteristics of the acreage, the farming practices to be used, and the risks involved, whether there is a similar situation in a county for which a CRC rate has been provided. If a similar situation exists in a county where a CRC program is available, the insured can obtain insurance with that CRC rate. If a similar situation does not exist, the request for a written agreement will be denied.

The applicable crop specified in any written agreement must be eligible for CRC coverage.

6. **Written unit agreements** may apply to CRC for **unit division purposes**.

The insured must request optional units by written agreement to create optional units across section lines or from oversized units. The reinsured company will determine whether the acreage is located in a high risk area and if so, the written agreement will be denied. The total acreage in the oversized section will be divided into parcels of not less than 640 acres each. Physical features such as canyons, lakes, rivers, mountains, or irrigation systems will be used to set the boundaries for the parcel. Each parcel will be considered to be a separate section for the purposes of determining optional units only. Such features must present a significant obstacle to farming and not be under the insured's control. Such written agreements must follow the guidelines for written unit agreements established by the Written Agreement Handbook (FCIC 24020).

7. The producer must report APH information by the earlier of the acreage reporting date or 45 days after the cancellation date to establish yield information and unit structure. The Special Provisions specify the applicable dates.

8. CRC is an insurance program that guarantees a stated amount of revenue called the Final Guarantee. CRC covers revenue losses due to a low price, low yield, or any combination of the two. Since the protection of producer revenue is the primary objective of CRC, it contains provisions addressing both yield and price risks. Five key variables are Approved Yield, Coverage Level Percentage, Base Price, Harvest Price, and Production to Count.
9. CRC's **Approved Yield** is the historical average amount of production per acre in the insured unit. It uses the producer's production records, adjusted or unadjusted transitional yields or yields assigned by the Federal Crop Insurance Corporation (FCIC). At least four crop years of yields are used to obtain the Approved Yield.
10. The available CRC **Coverage Level Percentages** are 50%, 55%, 60%, 65%, 70%, 75%, 80%, and 85%. The Actuarial Documents identify the applicable crops and counties where the 80% and 85% options are available. The coverage level percentage is elected by the producer and defines the applicable policy's coverage and deductible.
11. CRC defines the **Base Price** and **Harvest Price** using the following methodology (The Harvest Price **IS NOT** the price a producer receives for his crop at the local elevator/processor):

**Corn (for Grain) – Chicago Board of Trade (CBOT) - Counties with a Cancellation Date prior to March 15:**

**Base Price (CBOT)** - The December 15 of the pre-harvest year to January 14 of the harvest year's average daily settlement price for the harvest year's CBOT September corn futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by January 24 of the harvest year.

**Harvest Price (CBOT)** - The August harvest year's average daily settlement price for the harvest year's CBOT September corn futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus one dollar and fifty cents (\$1.50), or greater than the Base Price plus one dollar and fifty cents (\$1.50). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Corn (for Grain) - CBOT - Counties with a March 15 Cancellation Date:**

**Base Price (CBOT)** - The February harvest year's average daily settlement price for the harvest year's CBOT December corn futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by March 10 of the harvest year.

**Harvest Price (CBOT)** - The October harvest year's average daily settlement price for the harvest year's CBOT December corn futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus one dollar and fifty cents (\$1.50), or greater than the Base Price plus one dollar and fifty cents (\$1.50). The Harvest Price will be released as an actuarial document addendum by November 10 of the harvest year.

**Cotton - New York Cotton Exchange (NYCE) - Counties with a January 31 Cancellation Date:**

**Base Price (NYCE)** - The December 15 of the pre-harvest year to January 14 of the harvest year's average daily settlement price for the harvest year's NYCE October cotton futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by January 24 of the harvest year.

**Harvest Price (NYCE)** - The September harvest year's average daily settlement price for the harvest year's NYCE October cotton futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus seventy cents (\$0.70), or greater than the Base Price plus seventy cents (\$0.70). The Harvest Price will be released as an actuarial document addendum by October 10 of the harvest year.

**Cotton - NYCE - Counties with a February 28 or March 15 Cancellation Date:**

**Base Price (NYCE)** - The January 15 to February 14 harvest year's average daily settlement price for the harvest year's NYCE December cotton futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by February 24 of the harvest year.

**Harvest Price (NYCE)** - The November harvest year's average daily settlement price for the harvest year's NYCE December cotton futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus seventy cents (\$0.70), or greater than the Base Price plus seventy cents (\$0.70). The Harvest Price will be released as an actuarial document addendum by December 10 of the harvest year.

**Grain Sorghum (for Grain) - CBOT - Counties with a Cancellation Date prior to March 15:**

**Base Price (CBOT)** - The Preliminary Grain Sorghum Base Price equals the December 15 of the pre-harvest year to January 14 of the harvest year's average daily settlement price for the harvest year's CBOT September corn futures contract rounded to the nearest whole cent, multiplied times the price percentage relationship between grain sorghum and corn, as determined by RMA based on the United States Department of Agriculture (USDA) January estimate of corn and grain sorghum prices, and rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by January 24 of the harvest year.

**Harvest Price (CBOT)** - The Preliminary Grain Sorghum Harvest Price equals the August harvest year's average daily settlement price for the harvest year's CBOT September corn futures contract rounded to the nearest whole cent, multiplied times the price percentage relationship between grain sorghum and corn, as determined by RMA based on the USDA January estimate of corn and grain sorghum prices, and rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus one dollar and fifty cents (\$1.50), or greater than the Base Price plus one dollar and fifty cents (\$1.50). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Grain Sorghum (for Grain) - CBOT - Counties with a March 15 Cancellation Date:**

**Base Price (CBOT)** - The Preliminary Grain Sorghum Base Price equals the February harvest year's average daily settlement price for the harvest year's CBOT December corn futures contract rounded to the nearest whole cent, multiplied times the price percentage relationship between grain sorghum and corn, as determined by RMA based on the USDA January estimate of corn and grain sorghum prices, and rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by March 10 of the harvest year.

**Harvest Price (CBOT)** - The Preliminary Grain Sorghum Harvest Price equals the October harvest year's average daily settlement price for the harvest year's CBOT December corn futures contract rounded to the nearest whole cent, multiplied times the price percentage relationship between grain sorghum and corn, as determined by RMA based on the USDA January estimate of corn and grain sorghum prices, and rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus one dollar and fifty cents (\$1.50), or greater than the Base Price plus one dollar and fifty cents (\$1.50). The Harvest Price will be released as an actuarial document addendum by November 10 of the harvest year.

**Rice - CBOT - Counties with a January 31 Cancellation Date:**

**Base Price (CBOT)** - The December 15 of the pre-harvest year to January 14 of the harvest year's average daily settlement price per pound for the harvest year's CBOT September rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Base Price will be released as an

actuarial document addendum by January 24 of the harvest year.

**Harvest Price (CBOT)** - The August harvest year's average daily settlement price per pound for the harvest year's CBOT September rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Harvest Price cannot be less than the Base Price minus five cents (\$0.05), or greater than the Base Price plus five cents (\$0.05). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Rice - CBOT - Counties with February 15 or February 28 Cancellation Dates:**

**Base Price (CBOT)** - The January harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Base Price will be released as an actuarial document addendum by February 10 of the harvest year.

**Harvest Price (CBOT)** - The October harvest year's average daily settlement price per pound for the harvest year's CBOT November rough rice futures contract rounded to the nearest one-tenth (1/10th) of a cent. The Harvest Price cannot be less than the Base Price minus five cents (\$0.05), or greater than the Base Price plus five cents (\$0.05). The Harvest Price will be released as an actuarial document addendum by November 10 of the harvest year.

**Soybeans - CBOT - Counties with a Cancellation Date prior to March 15:**

**Base Price (CBOT)** - The December 15 of the pre-harvest year to January 14 of the harvest year's average daily settlement price for the harvest year's CBOT September soybean futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by January 19 of the harvest year.

**Harvest Price (CBOT)** - The August harvest year's average daily settlement price for the harvest year's CBOT September soybean futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus three dollars (\$3.00), or greater than the Base Price plus three dollars (\$3.00). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Soybeans - CBOT - Counties with a March 15 Cancellation Date:**

**Base Price (CBOT)** - The February harvest year's average daily settlement price for the harvest year's CBOT November soybean futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by March 10 of the harvest year.

**Harvest Price (CBOT)** - The October harvest year's average daily settlement price for the harvest year's CBOT November soybean futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus three dollars (\$3.00), or greater than the Base Price plus three dollars (\$3.00). The Harvest Price will be released as an actuarial document addendum by November 10 of the harvest year.

**Winter Wheat - (Insured as winter wheat) – CBOT:**

Illinois, Indiana, Michigan, Ohio, Pennsylvania, and Wisconsin

**Base Price (CBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's CBOT July soft red winter wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (CBOT)** - The July 15 to August 14 harvest year's average daily settlement price for the harvest year's CBOT September soft red winter wheat futures contract rounded to the nearest whole

cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by August 20 of the harvest year.

**Winter Wheat - (Insured as winter wheat) – CBOT:**

New York

**Base Price (CBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's CBOT July soft red winter wheat futures contract rounded to the nearest whole cent, multiplied times .85 and rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (CBOT)** - The July 15 to August 14 harvest year's average daily settlement price for the harvest year's CBOT September soft red winter wheat futures contract rounded to the nearest whole cent, multiplied times .85 and rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by August 20 of the harvest year.

**Winter Wheat - (Insured as winter wheat) – CBOT:**

Alabama, Arkansas, Delaware, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Virginia

**Base Price (CBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's CBOT July soft red winter wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (CBOT)** - The June harvest year's average daily settlement price for the harvest year's CBOT July soft red winter wheat futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by July 10 of the harvest year.

**Winter Wheat - (Insured as winter wheat) – Kansas City Board of Trade (KCBOT):**

Iowa, Montana, Nebraska, South Dakota, and Wyoming

**Base Price (KCBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's KCBOT July hard red winter wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (KCBOT)** - The July 15 to August 14 harvest year's average daily settlement price for the harvest year's KCBOT September hard red winter wheat futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by August 20 of the harvest year.

**Winter Wheat - (Insured as winter wheat) – KCBOT:**

Arizona, California, Colorado, Kansas, New Mexico, Oklahoma, and Texas

**Base Price (KCBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's KCBOT July hard red winter wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (KCBOT)** - The June harvest year's average daily settlement price for the harvest year's KCBOT July hard red winter wheat futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by July 10 of the harvest year.

**Spring Wheat - (Insured as spring wheat in counties with a September 30 cancellation date) – KCBOT/Minneapolis Grain Exchange (MGE):**

Colorado, Iowa, Montana, South Dakota, Wisconsin, and Wyoming

**Base Price (KCBOT)** - The August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's KCBOT July hard red winter wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (MGE)** - The August harvest year's average daily settlement price for the harvest year's MGE September hard red spring wheat futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Spring Wheat - (Insured as spring wheat in counties with a March 15 cancellation date - MGE):**

Colorado, Minnesota, Montana, North Dakota, South Dakota, and Wyoming

**Base Price (MGE)** - The February harvest year's average daily settlement price for the harvest year's MGE September hard red spring wheat futures contract rounded to the nearest whole cent. The Base Price will be released as an actuarial document addendum by March 10 of the harvest year.

**Harvest Price (MGE)** - The August harvest year's average daily settlement price for the harvest year's MGE September hard red spring wheat futures contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

**Wheat - Portland Merchants Exchange (PME):**

Idaho, Nevada, Oregon, Utah, and Washington

**Base Price (PME)** - The Portland Price equals the August 15 to September 14 pre-harvest year's average daily settlement price for the harvest year's CBOT September soft red winter wheat futures contract (rounded to the nearest whole cent) **plus an adjustment equal to** the current five-year average difference between the August average daily settlement price for the nearby CBOT September soft red winter wheat futures contract (rounded to the nearest whole cent) and the August average daily settlement price for the PME soft white wheat contract (rounded to the nearest whole cent). The Base Price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

**Harvest Price (PME)** - The August harvest year's average daily settlement price for the PME soft white wheat contract rounded to the nearest whole cent. The Harvest Price cannot be less than the Base Price minus two dollars (\$2.00), or greater than the Base Price plus two dollars (\$2.00). The Harvest Price will be released as an actuarial document addendum by September 10 of the harvest year.

12. Producers may select Basic, Optional, or Enterprise Units based upon their farming operation.

A **Basic Unit** includes all insurable acreage of the insured crop in the county in which the producer has a 100% share **OR** that is owned by one entity and farmed by the producer on a share basis. For example, a producer

may farm owned land in addition to rented land owned by five different landlords. Three of the renting arrangements are on a crop share basis. The other two renting arrangements are on a cash basis. Under these conditions, our example producer would have four Basic Units. One unit includes all acreage that the producer owns and rents on a cash basis. In addition, each of the three crop share renting arrangements forms a separate Basic Unit that includes the applicable acreage. Each of these Basic Units has its own Final Guarantee per acre and the producer must keep separate production records for each Basic Unit as a result.

A Basic Unit may be separated into **Optional Units** in accordance with policy provisions. Any Optional Unit must have separate and verifiable production records because each Optional Unit has its own Final Guarantee per acre.

An **Enterprise Unit** consists of all insurable acreage of the insured crop in which the producer has a share in the county.

The following restrictions apply to Enterprise Units:

- (a) The Enterprise Unit must contain 50 or more acres.
- (b) The acreage that comprises the Enterprise Unit must also qualify:
  - (1) For two or more Basic Units of the same insured crop that are located in two or more separate sections, section equivalents, or FSA farm serial numbers; **OR**
  - (2) For two or more Optional Units of the same insured crop established by separate sections, section equivalents, or FSA farm serial numbers.
- (c) The qualifying Basic Units or Optional Units that comprise the Enterprise Unit must each have insurable acreage of the same crop in the crop year insured.
- (d) The producer must comply with all reporting requirements and regulations for the Basic Units and/or Optional Units comprising the Enterprise Unit. More specifically, the producer may maintain and submit the same records as in the past. Those records must show that the producer qualifies for at least two Basic or Optional Units of the same insured crop as outlined above.
- (e) The producer must select the Enterprise Unit structure in writing by the sales closing date. Producers may do this in the "options" section of the CRC application in the initial crop year or on a policy change form each subsequent crop year. Once selected, the producer's Enterprise Unit structure will remain in effect unless the insurance company is notified, in writing by the sales closing date, that the producer wishes to change unit structure.
- (f) If a producer does not qualify for an Enterprise Unit when the acreage is reported, the Basic Unit structure will be assigned.
- (g) If a producer selects and qualifies for an Enterprise Unit, the producer will qualify for a premium discount based on the insured crop and number of acres in the Enterprise Unit. The Actuarial Document, FCI-35 Coverage and Rates provides the applicable enterprise unit discount factor by number of acres. **These factors must be used in conjunction with a BUD (Basic Unit Discount) option factor to calculate the correct enterprise unit premium.**

Crop	Acres	Enterprise Unit Discount Factor
<b>Corn</b>	50-299	0.88
	300-549	0.82
	550+	0.76
<b>Cotton</b>	50-299	0.91
	300-599	0.86
	600+	0.85
<b>Grain Sorghum</b>	50-99	0.93
	100-199	0.90
	200+	0.89

<b>Rice</b>	50-199	0.98
	200-399	0.96
	400+	0.94
<b>Soybean</b>	50-299	0.78
	300-549	0.73
	550+	0.69
<b>Wheat</b>	50-499	0.93
	500-999	0.87
	1000+	0.83

- (h) If a producer selects the Enterprise Unit structure, the Basic or Optional Units comprising the Enterprise Unit will retain separate Final Guarantees. Each acre within the Enterprise Unit will have the same Final Guarantee as it would have had under the Basic or Optional Unit structure. However, CRC pays losses at the Enterprise Unit level. For example, an Optional Unit within the Enterprise Unit may have a Calculated Revenue that is less than its Final Guarantee. CRC would pay this loss under the Optional Unit structure. However, under the Enterprise Unit structure, Calculated Revenue surpluses from the other Optional or Basic Units within the Enterprise Unit may offset this loss. The following example illustrates this fact:

#### Enterprise Unit 0100

Line	APH	Base Price	Harvest Price	Acres	C.V. Lev.	Final Guar.	Prod. To Count Per Acre	Calc. Rev.	Share	Share Adj. Loss (+/-)
1	150 bu	\$2.70/bu	\$2.50/bu	200	.65	\$52,650	95 bu	\$47,500	1.00	\$5,150
2	145 bu	\$2.70/bu	\$2.50/bu	150	.65	\$38,171	120 bu	\$45,000	1.00	(\$6,829)
3	135 bu	\$2.70/bu	\$2.50/bu	125	.65	\$29,616	140 bu	\$43,750	0.50	(\$7,067)

Enterprise Unit 0100 is composed of two Optional Units (Lines 1 and 2) and one Basic Unit (Line 3) in the above example. As shown, Line 1 (Optional Unit 0101) has a share adjusted loss that equals **\$5,150**. Also, Lines 2 and 3 (Optional Unit 0102 and Basic Unit 0200 respectively) have shares adjusted losses that equal **-\$6,829** and **-\$7,067** respectively. More precisely, Lines 2 and 3 have **negative losses or surpluses**.

The two Optional Units and one Basic Unit become lines 1, 2, and 3 respectively within Enterprise Unit 0100. As stated before, those Lines retain the Final Guarantees that would have applied under the Optional or Basic Unit structure. However, CRC combines the share adjusted losses under the Enterprise Unit structure. As a result, Enterprise Unit 0100 has a net share adjusted loss that equals **-\$8,746** (the calculation is + \$5,150 + -\$6,829 + -\$7,067). A negative net share adjusted loss means that there would be no indemnity payment in this example. The producer would receive no indemnity for Line 1's loss because of the offsetting surplus Calculated Revenues from Lines 2 and 3 applied under Enterprise Units.

13. Policy provisions require that the insurance provider be able to determine harvested production separately by unit. If the producer does not have adequate production evidence by unit there may not be a payable claim. The harvest price for most CRC policies is determined after the harvest season. As the harvest price is used to determine the value of the production, it is possible to have a payable loss even though the unit yield exceeds the bushel guarantee.
14. CRC defines the **Final Guarantee** as the number of dollars guaranteed per acre. The Final Guarantee is the greater of the Minimum or Harvest Guarantees, defined as follows:
- (a) **Minimum Guarantee** - The Approved Yield per acre, multiplied by the Base Price, multiplied by the



selected Coverage Level Percentage. The Minimum Guarantee is a minimum amount of coverage that cannot decrease.

- (b) **Harvest Guarantee** - The Approved Yield per acre, multiplied by the Harvest Price, multiplied by the selected Coverage Level Percentage.

Example: Let us assume the Corn Base Price is **\$2.55/bu** and the selected coverage level is **65%**.

A corn grower with an Approved Yield of **140 bu/acre** has a Minimum Guarantee equal to **\$232/acre** ( $140 \text{ bu/acre} * \$2.55/\text{bu} * .65$ ). The Final Guarantee cannot be less than \$232/acre, but it can be greater if the Harvest Guarantee turns out to be greater than \$232/acre.

The **Final Guarantee** is the greater of the Minimum or Harvest Guarantees.

For example, assume it is determined that the Corn Harvest Price is **\$2.70/bu**. CRC uses the Harvest Price to calculate a Harvest Guarantee equal to **\$246/acre** ( $140 \text{ bu/acre} * \$2.70/\text{bu} * .65$ ). The \$246/acre Harvest Guarantee is greater than the \$232/acre Minimum Guarantee. As a result, CRC establishes our example's Final Guarantee at **\$246/acre**.

15. Production to Count equals harvested and appraised production from the insured acreage as outlined in the CRC Crop Provisions. Production to Count also includes quality adjustments described in the CRC Crop Provisions and Special Provisions.

**Cotton Only:** The Production to Count will be reduced if the price quotation for cotton of like quality (price quotation "A") for the applicable growth area is less than 85 percent of price quotation "B". Price quotation "B" is defined as the price quotation for the applicable growth area for cotton of the color and leaf grade, staple length, and micronaire reading designated in the Special Provisions for this purpose. Price quotations "A" and "B" will be the price quotations contained in the Daily Spot Cotton Quotations published by the USDA Agricultural Marketing Service on the date the last bale from the unit is classed. If eligible for adjustment, the Production to Count will be determined by multiplying the number of pounds of such production by the factor derived from dividing price quotation "A" by 85 percent of price quotation "B".

16. CRC determines **Calculated Revenue** by multiplying the producer's Production to Count for the unit times the Harvest Price. Remembering that Calculated Revenue uses the CRC Harvest Price and **not** the price a producer might receive for the crop at the local elevator is very important. Calculated Revenue counts against the producer's Final Guarantee in determining indemnity payments.

Example: Let us assume the producer in our example has a Production to Count equal to 50 bu/acre. Under these circumstances, the producer's Calculated Revenue is **\$135/acre** ( $50 \text{ bu/acre} * \$2.70/\text{bu}$ ).

17. A CRC loss occurs if the Calculated Revenue is less than the Final Guarantee. The resulting difference equals the CRC loss payment.

Example: Our example's producer receives an indemnity payment equal to **\$111/acre** ( $\$246/\text{acre} - \$135/\text{acre}$ ).

18. If an indemnity payment is due under a CRC policy, it will be paid as follows:
- (a) If the Harvest Guarantee is not known at the time a **total loss** or **prevented planting loss** is determined, then the loss will be paid in two segments.
    - (1) First, an initial indemnity will be paid based upon the Minimum Guarantee.
    - (2) Second, once the Harvest Guarantee is known, the indemnity payment will be calculated and any additional indemnity due will be paid. An additional indemnity payment is due if the Harvest Guarantee is greater than the Minimum Guarantee.
  - (b) If the Harvest Guarantee is known at the time a loss is determined, then losses will be paid based upon the Final Guarantee. The Final Guarantee is the greater of the Minimum or Harvest Guarantees.

Partial losses can only be completed after the Harvest Price and Production to Count have been determined. If the

Harvest Guarantee is not known when a **partial loss** is determined, then an early indemnity cannot be paid because any remaining crop could produce the Final Guarantee.

19. Once FCIC releases a Harvest Price, the company may set a crop yield point for each insured unit that will trigger a revenue loss payment. The company may publish the methodology that calculates the *Trigger Yield* with an explanation of the proper procedures to follow for claim payment.
20. The producer must submit a notice of expected revenue loss by forty-five (45) days after FCIC releases the Harvest Price. The producer must submit any resulting claim for indemnity by 60 days after FCIC releases the Harvest Price.
21. CRC's late planting provisions cover acres of the insured crop that are planted during the late planting period. The late planting period begins the day after the final planting date for the insured crop and ends 25 days after the final planting date, unless otherwise specified in the Special Provisions. The Final Guarantee for each acre planted to the insured crop during the late planting period will be reduced by 1 percent per day for each day planted after the final planting date.
22. CRC's basic prevented planting coverage for prevented planting acreage equals the following percentage of the Final Guarantee for the acreage of the specified crop if it were timely planted:
  - (a) 60 percent for corn, grain sorghum, soybean, and wheat;
  - (b) 50 percent for cotton; and
  - (c) 45 percent for rice.

In return for an additional premium, the producer may increase the prevented planting coverage as provided in the actuarial documents.

23. CRC offers replanting coverage if the replanted acreage includes at least the lesser of 20 acres or 20 percent of the insured planted acreage for the entire unit. Also, the acreage must be damaged to the extent that the remaining stand will not produce at least 90 percent of the Minimum Guarantee for the affected acreage. The maximum replanting payment per acre is the lesser of 20 percent of the Minimum Guarantee for the affected acreage or the following designated amount for the specified crop multiplied by the Base Price, multiplied by the producer's insured share:
  - (a) 8 bushels for corn;
  - (b) 7 bushels for grain sorghum;
  - (c) 3 bushels for soybeans;
  - (d) 400 pounds for rice; and
  - (e) 4 bushels for wheat.

A replanting payment is **not** available for cotton.

24. Any producer eligible for MPCI coverage is eligible for CRC coverage subject to the additional items below:
  - (a) The crop must be eligible for CRC coverage; and
  - (b) The insured crop must be found in states that are included in the FCIC-approved Standard Reinsurance Agreement (SRA) for the CRC program.
25. CRC does not offer:
  - (a) Hail and fire exclusion; and
  - (b) Discount for good experience. The company maintains all MPCI good experience discount records for each producer and they apply again if the producer selects MPCI in the future.
26. A producer can have other FCIC-subsidized coverage on crops not currently eligible for CRC and still carry CRC on crops that are eligible.
27. CRC bases premiums upon the Base Price and subsequent Minimum Guarantee. These premiums can only change if the company makes APH or acreage corrections.

28. Premium for CRC coverage is earned and payable when coverage begins. The company bills premiums for CRC on the premium billing date contained in the Special Provisions. The premium begins to accrue interest on the first day of the month following the premium billing date.
29. A producer must submit a separate CRC application for each county or all counties may be insured on one application if so designated.
30. The Winter Coverage Endorsement is available for wheat only in the applicable states with counties using both fall and spring final planting dates.