

**AMENDMENT No. 1 TO THE STANDARD REINSURANCE AGREEMENT
EFFECTIVE BEGINNING WITH THE 2009 REINSURANCE YEAR**

The Standard Reinsurance Agreement between the Federal Crop Insurance Corporation and the undersigned Company is hereby amended for the 2009 and subsequent reinsurance years 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:

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“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

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 crop insurance contracts will be determined as set forth below and will be paid to the Company on the monthly settlement report, beginning with the October monthly settlement report for the reinsurance year, after the Company submits, and FCIC accepts, the information needed to accurately establish the premium for such eligible crop insurance contracts.
 - i. For any CAT eligible crop insurance contract, zero percent of net book premium.
 - ii. For additional coverage eligible crop insurance contracts that provide coverage under a Group Risk Plan, Group Risk Income Protection Plan, or similar type of insurance plan widely available, for the 2009 and subsequent reinsurance years 12 percent of the net book premium attributed to such eligible crop insurance contracts.
 - iii. For additional coverage eligible crop insurance contracts that provide coverage under a revenue plan of insurance that can increase liability whenever the market price at the time of harvest exceeds the market price at the time of planting, excluding Group Risk Income Protection Plan:
 - I. For the 2009 and subsequent reinsurance years 18.5 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 75 percent or below (This amount will increase to 19.65 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); and
 - II. For the 2009 and subsequent reinsurance years 16.4 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 80 percent (This amount will increase to 17.55 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); and
 - III. For the 2009 and subsequent reinsurance years 15.8 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 85 percent or higher (This amount will increase to 16.95 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).
 - iv. For all other eligible crop insurance contracts:

- I. For the 2009 and subsequent reinsurance years 21.9 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 75 percent or below (This amount will increase to 23.05 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);
- II. For the 2009 and subsequent reinsurance years 19.4 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 80 percent (This amount will increase to 20.55 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); and
- III. For the 2009 and subsequent reinsurance years 18.7 percent of the net book premium attributed to such eligible crop insurance contracts with coverage levels at 85 percent or higher (This amount will increase to 19.85 percent for any state with a loss ratio greater than 120 percent of the total net book premium written in the state by all approved insurance providers).
- IV. For purposes of determining the loss ratio within this section, any adjustment to increase or decrease the loss ratio for a state will be made on the monthly accounting settlement report for the applicable reinsurance year, and end subject to the limitations for submitting data through automated systems as provided in section IV.B.3.

(IV) Section III.A.3. is amended to read as follows:

3. CAT Loss Adjustment Expense

For the 2009 and subsequent reinsurance years, FCIC will pay to the Company an amount equal to 6.0 percent of the net book premium for CAT eligible crop insurance contracts in accordance with procedures for loss adjustment expenses.

(V) Section IV.F. 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 crop 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 crop insurance contract; and
 - ii. 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 subclause (i) 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 crop insurance contracts sold and serviced by the individual for the reinsurance year.
- b. Not later than 90 days after the annual settlement date 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 crop 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 annual settlement date, 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.
- 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 crop 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.G.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 to the Standard Reinsurance Agreement beginning with the 2009 reinsurance year.

APPROVED AND ACCEPTED

for

FEDERAL CROP INSURANCE CORPORATION

THE COMPANY

Signature

Signature

Name

Name

Title

Title

Date

Date