

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Risk  
Management  
Agency



Actuarial and  
Product Design  
Division

FCIC 24270 (07-2010)

# **2011 APH GRASS SEED (PILOT) CROP INSURANCE UNDERWRITING GUIDE**

**2011 and Succeeding Insurance Years  
Underwriting Guide for Actual Production  
History Grass Seed (Pilot) Crop Insurance  
Contracts**



**UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>TITLE: APH Grass Seed (Pilot) Program Insurance Underwriting Guide</b>	<b>NUMBER: 24270</b>
<b>EFFECTIVE DATE: 07/28/2010</b>	<b>OPI: Actuarial and Product Design Division</b>
<b>SUBJECT:</b>  APH Grass Seed (Pilot) Program Underwriting Standards for the 2011 and succeeding crop years	<b>APPROVED:</b> <b>DATE:</b>  <i>/s/ Tim B. Witt</i> <i>July 28, 2010</i>  <b>Deputy Administrator for Product Management</b>

**Reason for Issuance**

This handbook provides the official FCIC-approved 2011 and succeeding crop years' underwriting and administration standards for the APH Grass Seed (Pilot) Program. All approved insurance providers electing to offer the APH Grass Seed (Pilot) Program must utilize these standards.

**SUMMARY OF CHANGES – TECHNICAL CORRECTION**

The Handbook issued and approved on June 30, 2010 contained references to the Prior Crop Insurance Handbook (CIH). This handbook issuance updates all references to the 2011 CIH. All changes to this handbook are applicable regardless of whether or not listed.

Major Changes are highlighted.

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**SECTION 1**

**1 PURPOSE**

To provide instructions for establishing crop insurance coverage in accordance with the APH Grass Seed (Pilot) Crop Provisions for the 2011 and succeeding crop years.

**1A Effective Date:** Upon approval.

**1B Replaces:** The previous handbook issued June 30, 2010.

**DISTRIBUTION** Risk Management Agency (RMA) Deputy Administrators, Directors, Branch Chiefs, Washington, D.C., and Kansas City; RMA Regional and Risk Compliance Field Offices; National Appeals Division (NAD); Approved Insurance Providers, and National Crop Insurance Services (NCIS)

**2 STANDARDS AND INSTRUCTIONS****2A General Information**

In general, the Federal Crop Insurance Corporation (FCIC)-18010 2011 Crop Insurance Handbook (CIH) (FCIC-18010 (6-2010) and the FCIC-25010 Loss Adjustment Manual (LAM) Standards Handbook, apply to the APH Grass Seed (Pilot) Program. Exceptions, changes, and additions for APH Grass Seed are referenced in this supplement.

**2B Special Instructions.**

B(1) **IF A CONFLICT EXISTS BETWEEN THE LANGUAGE OF THIS HANDBOOK AND THE CROP INSURANCE HANDBOOK OR LOSS ADJUSTMENT MANUAL, THE LANGUAGE OF THIS HANDBOOK WILL CONTROL.**

B(2) All procedures, rules, and requirements for Category B APH crops apply to APH Grass Seed unless modified by instructions in this handbook. Additional instructions also are provided in this handbook.

B(3) This handbook is maintained by:

Office of the Deputy Administrator for Product Management,  
Actuarial and Product Design Division  
USDA – Risk Management Agency  
Beacon Facility – Mail Stop 0813  
P.O. Box 419205  
Kansas City, Missouri 64141-6205

Telephone (816)-926-6343 FAX (816)-926-7343

If an error is found, notify Actuarial and Product Design Division (APDD) in writing at the above address. Outline the error and indicate the proposed correction. Errors may be corrected for the current crop year. Proposed changes should be submitted in writing through proper organizational channels to APDD for consideration.

### 3 ADDITIONAL INFORMATION FOR THE CROP INSURANCE HANDBOOK (FCIC-18010) (CIH) FOR APH GRASS SEED

Additional grass seed information in conjunction with the FCIC18010 CIH is described in this section.

#### 3A **Definitions**

See the Grass Seed (Pilot) Crop Provisions for a complete list of definitions.

#### 3B **General Rules – CIH Section 2 and Specific Changes/ Supplemental Instructions**

The general rules of crop insurance, as outlined in section 2 of the CIH, apply to the APH Grass Seed (Pilot) Program

Throughout section 2 and the remainder of the CIH, the following exception applies:

- References to written agreements are to be ignored. Written agreements are not available for pilot programs.

Specific changes/supplemental instructions follow for APH Grass Seed.

CIH  
Section  
Reference

#### Coverage

**10A** **A(1)(c)** In addition to the definition of basic unit contained in the Basic Provisions, a basic unit may be established for each type of grass seed grown.

**9A** Replanting  
Replanting provisions do not apply.

**9B** Late Planting  
Late planting provisions do not apply.

**9C** Prevented Planting (PP)/Basic Provisions  
Prevented planting provisions do not apply.

#### **4** Endorsements and Options

The Catastrophic Coverage Endorsement, the Hail and Fire Exclusion Option and the Yield Adjustment Election apply to Grass Seed.

3C **Addition to Category B APH Crop – Various CIH Sections**

APH Grass Seed types are included in the Category B crops. The following specific supplementary instructions are added to **CIH sections**.

CIH  
Section  
Reference

**13B/13A** Eligible Category B Crops and Procedures

Grass seed is a category B crop.

**15K** APH Provisions by Crop

The following provides additional information for calculating APH yields for grass seed.

(1) Grass Seed

- (a) Acceptable Supporting Records. A statement from the buyer that shows the total pounds of clean seed produced including all required label information.
- (b) Required Label Information. The variety (including “Variety not stated”) and the percentages of pure seed, germination, weed seeds, other crop, inert matter, and the number and name of each noxious weed seed present. Also included must be the lot number and the test date. The origin must be included. All label information must conform in all respects to the regulations of the state where the label was attached. If the production from a unit is included in more than one lot, label information from all lots comprising the unit must be included in the acceptable documentation.
- (c) Noxious Weed Seeds. As identified on the label.

(2) Quality adjustment. For quality adjustment, the buyer’s records must indicate that the production was rejected or received less value because it did not meet the requirements stated in the grass seed production contract.

- (a) Production that meets the minimum quality requirements contained in the grass seed production contract and production that does not meet such requirements due to uninsured causes is not eligible for quality adjustment.
- (b) Production that does not meet the minimum quality requirements contained in the grass seed production contract due to insurable causes will be reduced as follows on the earlier of the date such



damaged production is sold or the date of final inspection for the unit:

- (i) Divide the value of the damaged production by the local market price for the insured type; and
- (ii) Multiply the result (not to exceed 1.0) by the number of pounds of such production.

(3) The value of damaged production is based on grass seed production contract terms. Under many grass seed production contracts, the buyer retains the right of first refusal for production that does not meet the grass seed production contract terms. Whenever this condition exists, the grass seed production contract calls for an agreement between the buyer and the seller as to price. Failing agreement, the seller may be authorized to dispose of the production in the open market as “variety not specified” [type] seed. If the loss adjuster determines the price determined in this manner to be representative of the market value for seed of that type and quality, that amount will be the value of the damaged production. If the adjuster determines the price to be unrepresentative, the value of the damaged production is the price election.

(4) A copy of the grass seed production contract must be submitted to the insurance provider when a notice of loss or damage is filed. The grass seed production contract must have been executed on or before the acreage reporting date.

(5) Kentucky bluegrass and perennial ryegrass are the only types insurable.

**3D Use of the APH Form – CIH SECTION 13**

CIH  
Section  
Reference

**13** An APH form developed according to RMA approved standards must be used by AIPs to establish the approved APH yield for grass seed.

**3E Supporting Evidence – CIH Section 14**

CIH  
Section  
Reference

**14 D, E, F** Records. When supporting evidence is required, insureds must submit a statement from the buyer that shows the quantity of clean seed produced from the unit in pounds. The statement must include all label information as required by the state in which the harvested production was cleaned. Testing of the seed must have been performed according to the rules of the state where the seed was cleaned.

All other forms of records identified in sections 14 D, E, F may be used only to substantiate acreage.

**3F Exhibit 2 – Crop Policy Information**

Add Grass Seed in this section as follows:

FCIC Policy:	11-BR
FCIC Crop Provisions:	2011-0102
Crop Category; APH Yield Tolerance:	B 5%
Late Planting/Prevented Planting:	No
Replant:	No
Unit of measure:	Pounds
Unit by:	B/O <u>5</u>
High Risk Land Exclusion Option:	Yes

5 Basic unit by type; optional units by grass seed production contract in addition to Section 34 of the Basic Provisions.

**3G -- Additional Grass Seed Procedure**

This contains new instructions comparable to 15 K(7) and Exhibit 15G for Forage Production.

**1 GRASS SEED**

**1A T-Yields**

Grass seed insureds with less than four years of actual records must use the current year's variable T-Yield for the type [see Sec. 15, A(1) and (2)]. Yield limitation provisions are applicable if in effect.

**1B Grass Seed Underwriting Report**

Policy provisions state that insurance will not attach on any acreage that does not have an adequate stand at the beginning of the insurance period. An adequate stand is ground coverage (as determined by percent total leaf area) of the insured type that equals or exceeds 75 percent of the land area planted to the type.

The Crop Provisions require the Grass Seed Underwriting Report if requested by the AIP. For the 2011 crop year, all insureds must complete the Grass Seed Underwriting Report for each field of grass seed and submit a copy of the report to the AIP before insurance attaches. Crop inspections if needed, are made before the calendar date for the beginning of the insurance period. For years after the 2011 crop year, if a Claim for Indemnity was filed the preceding crop year and an adequate stand was determined, the Claim for Indemnity will be used to determine insurability.

The purpose of the Grass Seed Production Underwriting Report is to identify each field and to certify basic information needed to determine type classification, unit

structure, and insurability of the stand. This information will be used to update the APH form before requesting an Approved APH Yield for the upcoming crop year, and also to complete the acreage report.

**1C Completion Instructions**

If the insured does not complete the Grass Seed Underwriting Report, or does not complete in an acceptable manner, AIPs must obtain the required information or deny coverage for the crop year. If the crop is damaged prior to application or the date insurance should have attached, the insurance does not attach.

<u>ITEM NO.</u>	<u>INFORMATION REQUIRED</u>
1. Insured's Name	The name of the insured applying for the coverage.
2. State	State name where insured forage production is located.
3. County	County name where insured forage production is located.
4. Crop Year	4-digit crop year, as defined in the policy.
5. Policy Number	Insured's policy number.
6. Unit Number	5-digit unit number.
7. FSN/Field ID	The FSA farm serial number (FSN)/Field ID.
8. Legal Description Sec/Twp/Range	The legal description; Section, Township, and Range where the grass seed production is located.
9. Acres	Total acres in field/subfield.
10. Share	Insured's share in the unit.
11. Shareholder/Farm Name	The name of the shareholder, if the insured's interest is less than 1.000 (100 percent.)
12. Date Seeded Mo/Yr	The month and year the acreage was seeded to grass seed.
13. Area without Cover Or in Other Species.	

**Step 1:** Select representative samples from each field or subfield. If the field/subfield consists of: 0.1-10.0 acres, select a minimum of three samples; 10.1-40.0 acres, select a minimum of 4 samples;

add one additional sample for each additional 40.0 acres (or fraction thereof) in the field/subfield.

**Step 2:** Select a sample size (area in square feet, e.g., 1 square foot or 2 square feet, etc.) for all samples in the field/subfield. Identify samples in representative areas throughout the field (examples of measuring devices are contained in the FCIC-25nnn Grass Seed Loss Adjustment Standards Handbook).

**Step 3:** Measure the dimensions of areas within the sampling device that are without ground cover, and that contain plants other than the insured type, in square inches. Determine the total area within the sampling device that is without ground cover by adding all the non-grass seed areas measured (both open areas and areas covered by other species).

**Step 4:** Enter the total for each area sampled in a box within item 13. Use multiple lines if more than three areas are sampled.

14. % Area without Cover  
or in Other Species

Divide each entry in item 13 by the number of square inches within the sampling device.  
1 sq. ft. = 144 sq. in.  
2 sq. ft. = 288 sq. in.  
3 sq. ft. = 432 sq. in.  
4 sq. ft. = 576 sq. in.  
5 sq. ft. = 720 sq. in.

Enter the result to three decimal places.

15. Crop Practice

Enter irrigated or non-irrigated.

16. Plants Other Than  
Forage

List other significantly occurring plants, i.e., grasses, such as brome grass or orchard grass; or weeds, such as cheat grass or kochia.

17. Uninsurable Acres

MAKE NO ENTRY.

18. Acres Seeded With  
Another Crop

List the acreage that has been seeded with a crop other than the proposed insured crop.

19. Remarks

Sum the entries in item 14 and divide by the number of entries. Enter the result (percent ground coverage as determined earlier) in Remarks. Enter

any special information that clarifies items on this form.

20. Insured's Signature

The insured must sign this form.

21. Date

Date the insured signs this form.

22. Agent's Signature

Signature of agent after the insured has signed.

23. Agent's Code

Code number of Agent.

24. Date

Date the agent signs this form.

**2 Grass Seed Underwriting Report**

<b>1 INSURED'S NAME</b>	<b>2 STATE</b>	<b>3 COUNTY</b>	<b>4 CROP YEAR</b>	<b>5 POLICY NUMBER</b>
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Line No.	6 Unit Number	7 FSN/Field ID	8 Legal Description Sec/Twp/Range	9 Acres	10 Share	11 Shareholder/Farm Name	12 Date Seeded Mo/Yr	13 Area without Cover or in Other Species	14 % Area without Cover or in Other Species	15 Crop Practice	16 Plants Other Than Grass Seed Plants
1.											
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.											
10.											
11.											

<b>17 Uninsurable Acres</b>	<b>18 Acres Seeded With Another Crop</b>
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<b>19 Remarks</b>
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I certify that to the best of my knowledge and belief all of the information on this form is correct. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).

<b>20 Insured Signature</b>	<b>21 Date</b>	<b>22 Agent's Signature</b>	<b>23 Agent's Code</b>	<b>24 Date</b>
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COLLECTION OF INFORMATION AND DATA (PRIVACY ACT) – To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made according to the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Risk Management Agency (RMA). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and RMA to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, RMA employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: RMA contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

FALSE CLAIM STATEMENT – “The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.”

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**4 PREVENTED PLANTING LOSS ADJUSTMENT STANDARDS HANDBOOK (PPLASH)**

FCIC 25370-1 (01-2008) does not apply to Grass Seed.



**5 LOSS ADJUSTMENT MANUAL (LAM)**

The duties and responsibilities identified in the LAM are adopted for the APH Grass Seed (Pilot) Program with the following addition.

LAM  
Section  
Reference

- 69(c)(2) For Grass Seed: The production to count is based on the quantity of clean seed. The harvested production must be conditioned before the quantity of clean seed can be determined. There may be circumstances in which the harvested production from all units cannot be conditioned before 60 days after the end of the insurance period. Agents and AIPs should advise insureds of the need to request an extension of the time for filing a claim. AIPs should grant such requests whenever it can be determined the delay is due to extensive losses that make it impossible to properly condition the harvested production within the 60 day time frame. An extension should be denied if it is evident that only one or a few producers were affected by losses and the conditioners are placing such production at a lower level of priority for conditioning, unless circumstances beyond their control have prevented the timely cleaning of production where a loss is expected.

**6 GRASS SEED LOSS ADJUSTMENT STANDARDS HANDBOOK (LASH)**

The Grass Seed Loss Adjustment Standards Handbook [LASH] (FCIC 25035) (06-2010)

**7 INSURABILITY AND ELIGIBILITY REQUIREMENTS**

See the Crop Provisions for a complete definition of the insurance terms and conditions that apply to grass seed. The purpose of this section is to provide additional details where necessary.

**7A States and Pilot Counties**

A(1) The APH Grass Seed (Pilot) Program coverage shall only be available in the following counties:

Minnesota: Kittson, Lake of the Woods, Marshall, and Roseau.

North Dakota: Pembina and Walsh.

**7B Coverage Levels**

B(1) Coverage will be available in 5 percent (5%) increments from 50 percent (50%) to 75 percent (75%).

**8 GENERAL ADMINISTRATION**

**8A Record Requirements**

A(1) See Section 15K(6) of the CIH.

**8B Related Handbooks**

The following handbooks are related to the APH Grass Seed (Pilot) Program:

B(1) FCIC - Appendix III, Data Acceptance System Handbook.

B(2) FCIC - 25010 Loss Adjustment Manual.

B(3) Other RMA - Approved Reinsurance Handbooks.