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Risk
Management
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Actuarial and
Product Design
Division

FCIC 24290 (06-2011)

2012 APH FORAGE SEED (Alfalfa Seed)(PILOT) CROP INSURANCE UNDERWRITING GUIDE

**2012 and Succeeding Insurance Years
Underwriting Guide for Actual Production
History Forage Seed (Alfalfa Seed) (Pilot)
Crop Insurance Contracts**

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

TITLE: APH Forage Seed (Alfalfa Seed) (Pilot) Program Insurance Underwriting Guide	NUMBER: 24290
EFFECTIVE DATE: 06/23/2011	OPI: Actuarial and Product Design Division
SUBJECT: APH Forage Seed (Alfalfa Seed) (Pilot) Program Underwriting Standards for the 2012 and succeeding crop years	APPROVED: DATE: <i>/s/ Tim B. Witt 6/23/2011</i> Deputy Administrator for Product Management

Reason for Issuance

This handbook provides the FCIC-approved 2012 and succeeding crop years' underwriting and administration standards for the APH Forage Seed (Alfalfa Seed)(Pilot) Program. All approved insurance providers electing to offer the APH Grass Seed (Pilot) Program must utilize these standards.

SUMMARY OF CHANGES

The Handbook issued and approved on October 25, 2010 has been updated to incorporate a change allowing written agreements for this pilot program. Although a pilot program, it has been approved for expansion and conversion to a permanent regulatory program, and the prohibition against written agreements has been removed from both the policy provisions and this handbook. All changes to this handbook are applicable regardless of whether or not they are listed in this summary.

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**UNDERWRITING STANDARDS & GUIDELINES
FOR THE FORAGE SEED (ALFALFA SEED) CROP INSURANCE PROGRAM**

CROP INSURANCE HANDBOOK (CIH) PROCEDURE COMPARISON & REFERENCE GUIDE

APH (MPCI)	Forage Seed	REFERENCES
Acreage & Production Evidence Requirements	Yes	See CIH, Sections 13 and 14
Added Land	No	See CIH, Section 15, paragraph I (exception), since Master Yields are available in all counties, added land provisions don't apply.
APH Yield Review	Yes	See CIH, Section 19. For purposes of 19C(2) Forage Seed (Alfalfa Seed) shall have a 5 % tolerance as shown in Exhibit 2A of the CIH./1
Assigned Yields	Yes	See CIH, Section 13; Exhibit 13B(5) / 1
Base Periods	Yes	See CIH, Exhibit 1 ACRONYMS AND DEFINITIONS; Section 13B(1)
Yield Limitations/Yield Floor	Yes	See CIH, Section 15D; /1
High-Risk Land Exclusion	Yes	See CIH, Section 4B & DSSH
Master Yields	Yes	See CIH, Sections 15 A(9), 15G and Exhibit 15B
New Producer	Yes	See CIH, Sections 15A(3), 15E; Exhibit 13B(2)/1
Preliminary Yield	Yes	See CIH, Section 7A(3) /1
Production Reporting Date	Yes	See CIH, Exhibit 1 ACRONYMS AND DEFINITIONS; additional clarification may be provided in the Special Provisions.
Production Reports by Unit (Basic or Optional)	Yes	See CIH, Sections 10 and 13
Separate APH by Map Area	Yes	See CIH, Sections 13B(4), 15C and 15G
Separate APH by P/T/V	Yes	See CIH, Sections 13B(4), 15C and 15G
Separate Instructions by Crop	Yes	See Attached FCIC Section for Forage Seed
"T" Yields (Actuarial Documents)	Yes	See CIH, Section 15B(1) /1
Temporary Yields	Yes	See CIH, Section 13B(2) /1 See also paragraph 5 these underwriting standards.
Use of Another Producer's Records	Yes	See CIH, Section 13B(6),(7)&(8)
Variable "T" Yield	Yes	See CIH Sections 15A(1), 15A(2); 13B(2) /1
Yield Descriptors	Yes	See CIH, Exhibit 13F
Yield Adjustment	Yes	See CIH Section 17; Exhibit 17
Zero Planted Acres	Yes	See CIH Sections 13A(3), 13B(2); 15G(9); Exhibit 13B(4)

/1 See CIH, EXHIBIT 1 ACRONYMS AND DEFINITIONS

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Effective for the 2011 and Succeeding Crop Years

- 1 The FCIC 18010 Crop Insurance Handbook (CIH), in general applies to Forage Seed.
 - A Forage Seed is a Category B Crop.
 - B Differences in the procedures are indicated on the CIH Procedure Comparison & Reference Guide (See Leading Page). Specific changes/additions/references to the CIH sections which apply to Forage Seed are noted as follows.
- 2 Sections 1 - 4 of the CIH apply to Forage Seed except where related to instructions provided below.
 - A Section 9A. REPLANTING PAYMENTS : Not Applicable (NA)
 - B Section 9B. LATE PLANTING: Not Applicable (NA)
 - C Section 9C. PREVENTED PLANTING: Not Applicable (NA)
- 3 Procedures within the FCIC 18010 (CIH) that refer to establishing and verifying individual yield histories are generally applicable to Forage Seed. The following procedures are to be used in conjunction with the applicable sections of the CIH.

Exhibit 15 A Multipurpose Production and Yield Worksheet

This form is used to adjust prior commingled production from more than one practices (e.g. production from one variety, but produced from spring seed-to-seed and established stand acreages).

Section 15K APH Provisions by Crop.

- (a) Acceptable Supporting Records.
 - (1) Contracted Acreage: A copy of the contract must be provided by the acreage reporting date that shows planted acres and base price.
 - (2) Non-contracted certified forage seed: A copy of the approved certifying agency application that shows certified acreage must be provided by the acreage reporting date. Seed Company records showing certified clean production must be provided.
- (b) For quality adjustment, the seed company or certifying agency's records must indicate that the production has been rejected or received less value by the seed company because it did not meet the company's minimum requirements.
 - (1) For production meeting the minimum quality requirements contained in the forage seed contract or certifying agency's standards, and for production that does not meet such requirements due to uninsured causes there is no quality adjustment.

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- (2) For production not meeting the minimum quality requirements contained in the forage seed contract or certifying agency's standards due to insurable causes will be reduced as follows:
- (i) Divide the actual value by the Base Price for the insured type; and
 - (ii) Multiply the result (not to exceed 1.0) by the number of pounds of such production.
- (c) Base Price for seed under contract is the price per pound (excluding any discounts or incentives that may apply) stated in the forage seed contract. For certified forage seed not under a forage seed contract, and for forage seed producers who are also forage seed companies, the price contained in the Actuarial Documents.
- (d) A copy of your forage seed contract for your contracted forage seed acreage or the approved certification application for your certified seed acreage, or both if you have both contracted forage seed acreage and certified forage seed acreage, must be submitted to the insurance provider on or before the acreage reporting date.
- (e) Currently, Alfalfa Seed is the only crop insurable under the crop provisions.

Section 14 Supporting Evidence

Section 14 E Farm Management Records: Not Applicable (NA) to total crop disposition but applicable to unit reporting

Alfalfa Seed (Forage Seed) requires verifiable production records. Records from the seed certification agency may be used to support reported production and/or acres.

- 4 Procedures for forage seed crops in the Exhibits are generally applicable. Differences are indicated on the CIH Procedure Comparison & Reference Guide.
- 5 For APH reporting of the immediate year's crop (for either the Regular APH Procedure or the Master Yield procedure), if verifiable records are not available, follow Section 13B(2)(a)3.

Note: The procedures in sections 6 and 7 of these guidelines as well as the instructions for the Underwriting Report/Pre-Acceptance Inspection/Self-Certification Worksheet in Section 8 of these guidelines are required for pre-acceptance and underwriting purposes and are recommended for insured producer self-certification purposes.

6 ADEQUATE STAND DETERMINATIONS

6 A General Information

Adequate stand determinations are necessary to determine the insurability of alfalfa seed acreage, whether for seed-to-seed plantings or established stands. Coverage begins on acreage with an adequate stand on the date specified in the policy and ends when the crop is harvested, destroyed,

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abandoned, at final adjustment of a loss, or on the calendar date in the crop provisions. These procedures are applicable to:

- (1) Pre-acceptance Inspections,
- (2) Required spot checks,
- (3) Verification of stand during loss adjustment, or
- (4) Verification of self-certification reporting by the insured.

Calculate and record the results on the Underwriting Report/Pre-Acceptance Inspection/Self-Certification Worksheet. Determine the insurability of the acreage using minimum plant count per square foot stated in the Special Provisions. **NOTE – Thresholds for Minimum Plants Required can be different by practice, e.g. seed-to-seed acreages generally have a greater population density requirement than established stands.**

- 6 B The Plant Count method is used to determine whether a stand meets the minimum threshold of viable plants for insurance to attach.
- (1) Refer to Paragraph 7 for Sample Selection Standards. Using a measuring tape and survey flags, measure a representative sample 25 feet long in the row to be evaluated. A count of live alfalfa plants will be made. To determine the number of plants per square foot:

- (a) Count the number of live plants in each 25-foot length of selected rows.
- (b) When all samples are evaluated, sum:

Plants counted in each sample taken.
The length of all samples taken (in feet to tenths).

- (c) $\text{Plants Per Square Foot} = \text{Total Plant Count} \div [\text{Total length of all Samples (ft.)} \times \text{Row Width (in feet to tenths)}]$; Rounded to the nearest hundredth.

Example:

40 acres are inspected.
4 samples at 25 feet long each with 36-inch wide rows (3 feet)
240 live plants counted.

The result is:

$240 \text{ plants} \div [(25 \text{ feet/sample} \times 4 \text{ samples} = 100 \text{ feet}) \times (3 \text{ foot row width})] = 240 \text{ plants} \div [300 \text{ sq. ft.}] = 0.80 \text{ Plants Per Square Foot.}$ For Canyon County, Idaho this plant density would meet the insurability requirements for acreage with an established stand, but would not if the crop was in its seed-to-seed year.

7 SAMPLE SELECTION STANDARDS FOR PLANT COUNT DETERMINATIONS

7 A General Information

Determine the number of recommended samples by field size and variability of the stand within the field or subfield. Split a field into subfields when significant variation in plant density exists within a field; or, when the insured wishes to destroy part of the field.

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Take as many samples as necessary for an accurate determination. See the minimum sample number table below. Use of fewer than the recommended samples must be explained on a Special Report and attached to a Pre-Acceptance Inspection Worksheet.

Use the required number of viable plants per square foot established by the actuarial table to determine insurability of all alfalfa seed acreage.

7 B Minimum Adequate Stand Sample Table

Acres in Field or Subfield	Required Minimum Number of Samples
0.1 - 10.0	3
10.1- 40.0	4
Add one additional sample for each additional 40.0 acres (or fraction thereof) in the field or subfield.	

7 C Sampling Procedure

- (1) Select the appropriate number of samples to be taken for the field size.
- (2) Determine the number of live alfalfa plants within each representative sample area. Use a measuring tape (with 1/10 foot increments preferred) to measure 25 feet long row samples.

8 UNDERWRITING REPORT / PRE-ACCEPTANCE INSPECTION / SELF-CERTIFICATION WORKSHEET

8 A CONDITION OF ACCEPTANCE

An underwriting/pre-acceptance inspection/self-certification report must be completed prior to the acceptance of any application for insurance of an alfalfa seed crop and at certain other times.

The underwriting report serves three purposes. It is used: 1) To record the results of a pre-acceptance inspection; 2) By company underwriters to determine insurability of acreage; and 3) By insureds to self-certify acreage, stand adequacy, and stand age.

- (1) Pre-acceptance Inspections will be completed by an authorized company inspector for all first year applications, and for any subsequent insurance periods following the payment of an indemnity or a reported loss unless the crop was determined to have an adequate stand.
- (2) Self-certification reports must be completed and submitted by the insured prior to the date insurance attaches.

Insurance will not attach at the beginning of the insurance period on any alfalfa seed acreage that does not have an adequate stand as established by the Special Provisions.

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Insurance will not attach on any alfalfa seed acreage that exceeds the maximum stand age contained in the age limitation statement of the special provisions.

For example:

The age limitation statement reads:

Age limitation: In accordance with Section 7 (c) (4) of the crop provisions, acreage of alfalfa seed will not be insurable beyond the earlier of the originator's stipulated maximum age of stand for the applicable variety or the sixth and succeeding crop years after the crop year of initial seeding, unless otherwise agreed in writing by us.

The insured plants seed-to-seed acreage in the spring of 2007. The crop year of initial seeding is 2007. The sixth crop year after the crop year of initial seeding is 2013. Insurance ceases on the acreage following the 2012 crop year.

8 B Instructions for completing the Alfalfa Seed Underwriting Report/Pre-Acceptance Inspection/Self-Certification Worksheet

General Instructions – Attach the following:

CURRENT CROP YEAR AERIAL PHOTOGRAPH OR GLOBAL POSITIONING SYSTEM (GPS) MAP OF UNIT: For new insureds, new seed-to-seed acreage, or unit structure changes, document field acres and locations on the aerial photograph or GPS map.

SPECIAL REPORT SHOWING ADEQUATE STAND DETERMINATIONS: This is required for underwriting report and pre-acceptance purposes and suggested for self-certification purposes. Include all information and calculations used to determine adequate stand.

COPY OF ACTUAL PRODUCTION HISTORY REPORT (APH): Include the APH used for the insured crop year or production report for the previous crop year.

Itemized Instructions pertinent to completing form shown in 8 C

Company Name: Name of company and agency servicing the contract.

1. Applicant Name: Name of the insured person / entity.
2. State & County: State and county name and codes where the forage seed located.
3. Agent Name: Name, address, and phone number of the agent servicing the policy.
4. Policy Number: Policy number from the most recent Policy Confirmation.
5. Crop Year: 4 digit crop year the inspection or self-certification applies to.
6. Unit Number: Enter appropriate 5-digit unit numbers.
7. Map Field ID: Number or name of the field or unit corresponding to the aerial photograph of the acreage.
8. FSN Number: FSA Farm Serial Number (FSN), as applicable.
9. Acres to 10ths: Measure and record all acreage to tenths.
10. Type: Enter the three-digit type code from the actuarial documents.
11. Date Planted: Enter the date (Mo/Day/Yr) acreage was initially planted.
12. Practice: Indicate acreage as in its seed-to-seed year or an established stand.

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13. Stand Count Per Square Foot: Enter the stand determination results; use separate rows when fields or subfields have significant plant density variation or are not insurable.
14. Not Applicable.
15. Official Use Only: This column is used by an authorized company representative to accept or reject coverage on a field or unit based on stand determinations and age of stands.
16. Applicant or Self-Certifier Signature: Circle either Applicant or Self-Certifier, sign, and date.
17. Inspector: Signature of authorized company inspector performing the inspection and date completed.

Enter Page Numbers (Example: Page 1 of 1, page 1 of 2, page 2 of 2, etc.)

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8 C UNDERWRITING REPORT / PRE-ACCEPTANCE INSPECTION/SELF-CERTIFICATION WORKSHEET

FOR ILLUSTRATION PURPOSES ONLY				1. APPLICANT NAME							
UNDERWRITING REPORT/ PRE-ACCEPTANCE INSPECTION/ SELF-CERTIFICATION WORKSHEET				COMPANY NAME:		3. AGENT NAME			4. POLICY NUMBER	5. CROP YEAR	
				2. STATE & COUNTY							
6 <small>UNIT NUMBER</small>	7 <small>MAP FIELD ID</small>	8 <small>FSN NUMBER</small>	9 <small>ACRES TO 10^{THS} (XX.X)</small>	10 <small>TYPE</small>	11 <small>DATE PLANTED (XX-XX-XX)</small>	12 <small>PRACTICE S-to-S Estab</small>		13 <small>STAND COUNT PER SQ. FOOT (X.X)</small>	14 <small>PERCENT STAND (XX%)</small>	15 <small>OFFICIAL USE ONLY ACCEPTANCE YES NO</small>	
<p>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.</p>											
16. APPLICANT OR SELF-CERTIFIER SIGNATURE					DATE		17. INSPECTOR'S SIGNATURE				DATE