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CAMELINA CROP INSURANCE UNDERWRITING GUIDE

2012 and Succeeding Crop Years

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UNITED STATES DEPARTMENT OF AGRICULTURE
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TITLE: CAMELINA CROP INSURANCE UNDERWRITING GUIDE	**NUMBER: 20170U**
EFFECTIVE DATE: 2012 and succeeding crop years	**ISSUE DATE: December 1, 2011**
SUBJECT: **Provides the underwriting procedures and instructions for administering the Camelina crop insurance program**	**OPI: Actuarial and Product Design Division** **APPROVED: December 1, 2011** **/s/ Tim B Witt** **Tim B. Witt** **Deputy Administrator for Product Management**

REASON FOR ISSUANCE

This handbook is being issued to provide approved underwriting standards for administering the Camelina Crop Insurance Program for the 2012 and subsequent crop years.

CAMELINA CROP INSURANCE UNDERWRITING GUIDE
TABLE OF CONTENTS

1. PURPOSE

The purpose of the Underwriting Guide is to provide instructions for establishing crop insurance coverage and to adjust losses in accordance with the Camelina Crop Provisions (12-0333) and as a supplement to the Crop Insurance Handbook - FCIC 18010 (CIH)), the Loss Adjustment Manual - FCIC 25010 (LAM), the Camelina Pilot Program Loss Adjustment Standards Handbook - FCIC 20170L (LASH), and any other issuance that may be referenced herein.

2. STANDARDS AND INSTRUCTIONS

A. Operational References.

In general, the CIH, LAM, and LASH apply to the camelina crop insurance program. Exceptions, changes, and additions necessary for and unique to camelina are referenced in this guide. All procedures, rules, and requirements for Category B APH crops apply to camelina except as noted herein, and are supplemented with additional instructions in this underwriting guide.

Note: if a conflict exists between the language of this guide and the CIH, LAM, or the LASH, the language of this guide will control.

B. Overview of Changes.

The insurance program for camelina is new for the 2012 crop year. Any changes to policy documents, underwriting rules, etc. for succeeding crop years will be issued prior to the contract change date.

C. Effective Date.

See date approved on page 1.

D. Distribution.

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

3. CROP INSURANCE HANDBOOK

Changes and additions to the CIH for camelina are described in this section. Sections of the CIH not listed below, but that are applicable to category B crops also apply to camelina.

A. General Program Requirements. – CIH Section 2

The program requirements in section 2 apply, except for section 2A(2) which indicates insureds may request coverage by written agreement if authorized by the policy. Written agreements are not available for camelina.

B. Application for Insurance. – CIH Section 3

(1) Section 3 is applicable, except for section 3C4(c) which indicates the price election amount will be issued by FCIC. The price election for camelina will be the base contract price stipulated in the processor contract (without regard to discounts or incentives and limited to the maximum price shown on the SPOI) multiplied by the percentage of price elected by the producer.

If there is more than one base contract price (e.g., the producer has two or more processor contracts in effect with different base contract prices), the amount used to determine the price election will be the weighted average of the base contract prices. For example:

Contract	Contract Production Amount	Price
One	10,000 lbs	$0.10
Two	5,000 lbs	$0.12

The weighted average base contract price will be $0.107 per pound calculated as follows:

Contract	Production amount		Price	Contracted Value
One	10,000 lbs	x	$0.10	$1,000
Two	5,000 lbs	x	$0.12	$600
Totals	15,000 lbs			$1,600

Contracted Amount		Contracted Value		Contract Weighted Average Price
15,000 lbs	/	$1,600	=	$0.107 per lbs

For acreage only based processor contracts, and acreage and production based processor contracts which specify a maximum number of acres, the number of pounds considered to be under contract is the maximum number of acres specified in the processor contract multiplied by the production guarantee.

(2) In addition to the information required in section 3F(4), the application should indicate a basic unit, as defined in the Crop Provisions, is applicable.

C. Endorsements and Options. – CIH Section 4

Section 4 is applicable, except for section 4A(2) which indicates only basic units by share are provided when the Catastrophic Risk Protection Endorsement is in force. Units for camelina are determined in accordance with the Camelina Crop Provisions for both catastrophic risk protection and additional coverage policies.

D. Reserved

E. Planting Provisions. – CIH Section 9

(1) Camelina is added to the list of crops in section 9A(3) containing buckwheat, cabbage, coarse grains, etc.
(2) In addition to the late planting provisions in section 9B, the late planting period for camelina extends 15 days after the final planting date. The production guarantee is reduced by 1 percent per day of each day planted after the final planting date (up to a maximum of 15 days). There is no coverage for acreage planted after the late planting period, regardless of the cause of the delayed planting.
(3) Section 9C is not applicable. Prevented planting coverage is not provided.

F. Units. – CIH Section 10

(1) In lieu of section 10A(1), a basic unit consists of all insurable acreage of the insured crop in the county in which the insured has a share.
(2) The insured's share in the insured acreage must be designated separately on the acreage report. For example, if the insured has a 100 percent share in 40 acres and a 50 percent share in 80 acres, the 40 acres must be designated separately from the 80 acres on the acreage report and the percent share must be shown for each parcel.

G. Production Evidence. – CIH Section 14

Camelina is added to the list of crops in section 14E(1)(a).

H. Category B Crop Procedures – CIH Section 15

The following is added to section 15K:

Camelina

(a) Insurability requirements

1 Processor Contract Requirements. The insured must provide a copy of all processor contracts to the AIP on or before the ARD.

2 Additional responsibilities of agents/representatives of AIPs:

a Determine any over-planting factor that may be applicable.

i The over-planting factor is used to reduce the production guarantee when the number of insurable acres is greater than the maximum allowable acres.

ii If applicable, the over-planting factor is determined by dividing the maximum allowable acres by the number of insurable acres. For example, if you have 200.0 acres under contract and you plant 220.0 insurable acres, your production guarantee will be reduced by a factor of 0.95, (200 x 1.05) = 210 and (210.0 ÷ 220 = 0.95).

iii Enter any over-planting factor in the remarks section of the acreage report.

(b) Determining APH Production

Production harvested for seed is counted as production for APH purposes. If there is a claim, the amount of production used to settle the claim is used.

I. Acronyms and Definitions – CIH Exhibit 1

The following definitions for the terms listed below are applicable in lieu of those contained in Exhibit 1:

Maximum allowable acres - The number of acres grown under a processor contract times 1.05.

Planted acreage - In addition to the definition contained in the Basic Provisions, land on which seed is initially spread onto the soil surface and subsequently is pressed with rollers to improve seed contact with the soil in a timely manner will be considered planted. Acreage planted in any manner other than specified in the Basic Provisions or in these Crop Provisions will not be insurable, unless allowed by the Special Provisions.
Production Guarantee (per acre) - In lieu of the definition in the Basic Provisions, the result of multiplying the approved yield per acre by the coverage level percentage and any applicable over-planting factor.

J. General Requirements – CIH Exhibit 2
The following is added to section 2A:

2012 CROP POLICY INFORMATION

APH Crops	FCIC		NCIS		Crop Category, APH Yield Tolerance	Late Planting (L) Prev. Planting (P)	Replant	Unit of Measure	Units by: Basic (B) Optional (O) Enterprise (E)[4]	High-Risk Land Exclusion Option
	Policy	CP	Policy	CP						
Camelina	11-BR	12-0333	2011-700B		B, 5%[2]	L	Yes[1]	lbs.	B	Yes[3]

1 Applies to additional coverage only
2 Tolerance for APH field reviews
3 Requires insured's signature, refer to the CIH
4 Basic unit as defined in the crop provisions.

4 PREVENTED PLANTING LOSS ADJUSTMENT STANDARDS HANDBOOK

Prevented planting coverage is not available for camelina.

5. LAM

The provisions set forth in the LAM apply to camelina, except as noted in the Camelina LASH or if in conflict with the policy provisions or this guide.

6. CAMELINA LASH

The provisions set forth in the Camelina LASH are applicable.

7. POLICY DOCUMENTS, INSURABILITY, LATE PLANTING, REPLANTING, UNIT, PRICE ELECTION, QUALITY ADJUSTMENT, APH, AND CALCULATION OF AN INDEMNITY

A. Policy
The Camelina Crop Provisions are applicable. The entire policy consists of the application for insurance, Basic Provisions (11BR or successor document), Crop Provisions, Special

Provisions, Actuarial Documents, and, if elected by the producer, the Catastrophic Risk Protection Endorsement (09-CAT or successor document).

B. Insurability

(1) Camelina acreage may be insured only if the producer has a processor contract in place, and provides a copy of it to the AIP on or before the acreage reporting date. At a minimum the contract must contain the producer's commitment to plant and grow camelina and to deliver the production to the processor; the processor's commitment to purchase all the production stated in the processor contract; and a base contract price.

(2) If the number of insurable planted acres is greater than the maximum allowable acres, the production guarantee is reduced by an "over-planting factor" (see section 3H of this guide for instructions). The number of acres grown under the processor contract is determined as follows:

(a) For acreage only based processor contracts, and acreage and production based processor contracts which specify a maximum number of acres, the lesser of:

(i) The maximum number of acres specified in the processor contract; or

(ii) The number of planted acres; or

(b) For production only based processor contracts, the lesser of:

(i) The number of acres determined by dividing the amount of production stated in the processor contract by the approved yield; or

(ii) The number of planted acres.

(3) Insurable practices for each county are shown in the actuarial documents.

C. Late Planting

The late planting period begins the day after the final planting date and ends 15 days after the final planting date. There is a 1.0 percent reduction per day in the production guarantee for each day acreage is planted after the final planting date. Acreage planted after the late planting period, regardless of the reason acreage was not previously planted, is not insurable and will be shown as uninsurable acreage on the acreage report.

D. Replanting

(1) A replanting payment may be made if the camelina crop is damaged by an insured cause of loss; the amount of acreage on which the crop is damaged is at least the lesser of 20 acres or 20 percent of the insured acreage in the unit; the crop is damaged to the extent that it will not produce at least 90 percent of the production guarantee for the acreage; and the AIP has given consent to replant the acreage.

(2) The amount of the replanting payment is the lesser of the actual cost to replant, or the amount determined by multiplying the lesser of 20 percent of the production guarantee per acre or 120 pounds by the insured's price election and share.

E. Unit

Only basic units as defined in the crop provisions are applicable.

F. Price Election

The price election is the price per pound stipulated in the processor contract (without regard to discounts or incentives) multiplied by the price percentage elected by the insured. However, in no case will the price election exceed the price per pound in the Special Provisions. If more than one processor contract is in effect, the price election will be the weighted average price of the prices stipulated in the contracts. See section 3B of this guide for instructions.

G. Reserved

H. Records and APH Databases

The approved yield will be determined in accordance with applicable instructions in the CIH. The APH database(s) may contain actual, assigned, and adjusted or unadjusted transitional yields. The database will always contain at least four yields, and may contain up to 10 consecutive APH crop years of actual or assigned yields. The approved yield may have yield adjustments elected under section 36 of the Basic Provisions, or other revisions or limitations in accordance with FCIC approved policies and procedures. Acceptable records are determined in accordance with section 14 of the CIH, including the additional CIH sections referenced therein that are applicable to category B crops.

I. Coverage Levels

Insureds may select coverage from catastrophic (CAT) levels through 65% of the approved APH yield.

J. Pilot States and Counties

Coverage is available in:

Montana Counties				North Dakota Counties
Blaine	Garfield	Judith Basin	Sweet Grass	Burke
Chouteau	McCone	Lewis and Clark	Treasure	Divide
Glacier	Richland	Meagher	Yellowstone	Mountrail
Hill	Roosevelt	Musselshell	Carter	Renville
Liberty	Sheridan	Petroleum	Custer	Ward
Phillips	Valley	Wheatland	Fallon	Williams
Pondera	Broadwater	Big Horn	Powder River	Dunn
Teton	Cascade	Carbon	Prairie	McLean
Toole	Fergus	Park	Rosebud	McKenzie
Daniels	Golden Valley	Stillwater	Wibaux	Mercer
Dawson				Oliver

K. Indemnity Calculation

Indemnities are calculated as follows:

1	Multiplying the number of insured acres of each practice/type, as applicable, by your respective production guarantee (per acre);
2	Multiplying each result of section 13(a)(1) by your price election;
3	Totaling the results of section 13(a)(2);
4	Multiplying the production to be counted of each insured type/practice, as applicable, by your price election and by the over-planting factor;
5	Totaling the results of section 13(a)(4);
6	Subtracting the result of section 13(a)(5) from the result of section 13(a)(3); and
7	Multiplying the result in section 13(a)(6) by your share.

INDEMNITY CALCULATION EXAMPLE:

Line	**Variable**		**Formula**
1	Contract acres	80	
2	Maximum allowable acres	84	L1 x 1.05
3	Planted acres	88	
4	Overplanting factor	0.95	L2 / L3
5	Coverage level	0.65	
6	Approved yield	1,579	
7	Production guarantee per acre	975	L6 x L5 x L4
8	Production guarantee	85,800	L3 x L7
9	Price election	0.10	
10	Value of production guarantee	$8,580	
11	Production to count	38,000	
12	Value of production to count	$3,610	L11 x L9 X L4
13	value of production guarantee minus value of production to count	$4,970	L10 - L12
14	Share	1.00	
15	Indemnity	$4,970	