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PREVENTED PLANTING LOSS ADJUSTMENT STANDARDS HANDBOOK

2003 and Succeeding Crop Years

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

FEDERAL CROP INSURANCE HANDBOOK		NUMBER: 25370-1 (03-2003) 25370 (09-2002)
SUBJECT: PREVENTED PLANTING (PP) LOSS ADJUSTMENT STANDARDS HANDBOOK 2003 AND SUCCEEDING CROP YEARS	DATE: March 4, 2003	
	OPI: Product Development Division	
	APPROVED: <i>/s/ Tim B Witt</i> Deputy Administrator, Research and Development	

THIS HANDBOOK CONTAINS THE OFFICIAL FCIC-APPROVED LOSS ADJUSTMENT STANDARDS FOR PREVENTED PLANTING FOR THE 2003 AND SUCCEEDING CROP YEARS. IN THE ABSENCE OF INDUSTRY-DEVELOPED, FCIC-APPROVED PROCEDURE FOR PREVENTED PLANTING FOR 2003 AND SUCCEEDING CROP YEARS, ALL REINSURED COMPANIES WILL UTILIZE THESE STANDARDS FOR BOTH LOSS ADJUSTMENT AND LOSS TRAINING.

SUMMARY OF CHANGES/CONTROL CHART

Major Changes: See changes or additions in text which have been highlighted. Three stars (***) identify information that has been removed.

Changes for March 2003 Issuance (FCIC-25370-1):

- A. In Section 4 A, added millet as a crop eligible for prevented planting, since the revised 2003 Millet Crop Provisions now allow prevented planting coverage for millet.
- B. In Section 4 E, added millet since the revised 2003 Millet Crop Provisions now allow prevented planting coverage for millet.
- C. In Section 4 F (1) (a), referred the reader to the section entitled “Insurable Acres” in the Basic Provisions and specific crop provisions and to any statements in the Special Provisions pertaining to insurable acres to determine what constitutes insurable acres.
- D. In Section 4 F (3), added millet since the revised 2003 Millet Crop Provisions now allow prevented planting coverage for millet.
- E. In Section 4 F (7), added a “Note” explaining what is considered the closest crop when the insured is prevented from planting any non-irrigated acreage and the insured does not have any remaining eligible acreage for that crop. However, the insured does have remaining eligible acreage for another crop(s), but the crop(s) with remaining eligible acreage has only an irrigated history.

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SUMMARY OF CHANGES/CONTROL CHART (Continued)

- F In Section 10 E, removed the note referring to Section 12 for peanut PP payment calculation for quota and non-quota peanuts since there is no longer a quota peanut program.
- G. In Section 11 E, added a Note stating the same thing that was added to Section 4 F (7) and deleted the last sentence of Note 1 on page 35 since it was referring to the closest PP payment when involving quota and non-quota peanuts.
- H. Removed Section 12 since quota peanuts is no longer applicable to the peanut crop insurance program.

Control Chart For: Prevented Planting Loss Adjustment Standards Handbook						
	SC Page(s)	TC Page(s)	Text Page(s)	Reference Material	Date	Directive Number
Remove	1-2	1-2	1-2		09-2002	FCIC-25370
			7-12		09-2002	FCIC-25370
			27-28		09-2002	FCIC-25370
			33-38		09-2002	FCIC-25370
Current Index	1-2	1-2	1-2		03-2003	FCIC-25370-1
			3-6		09-2002	FCIC-25370
			7-12		03-2003	FCIC-25370-1
			13-26		09-2002	FCIC-25370
			27-28		03-2003	FCIC-25370-1
			29-32		09-2002	FCIC-25370
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1. INTRODUCTION

This handbook identifies the procedural requirements for adjusting Multiple Peril Crop Insurance (MPCI) prevented planting losses in a uniform and timely manner. These procedures, which include prevented planting claim completion instructions, supplement the general (not crop-specific) procedures, forms, and manuals for loss adjustment identified in the Loss Adjustment Manual (LAM).

2. SPECIAL INSTRUCTIONS

This handbook remains in effect until superseded by re-issuance of **either** the entire handbook **or** selected portions (through slipsheets or bulletins). If slipsheets have been issued for a handbook, the original handbook as amended by slipsheet pages shall constitute the handbook. A bulletin can supersede either the original handbook or subsequent slipsheets.

A. DISTRIBUTION

The following is the minimum distribution of forms completed by the adjuster for the loss adjustment inspection:

One legible copy to the insured. The original and all remaining copies as instructed by the insurance provider.

NOTE: It is the insurance providers' responsibility to maintain original insurance documents relative to policyholder servicing as designated in their approved plan of operations.

B. TERMS, ABBREVIATIONS, AND DEFINITIONS

- (1) Terms, abbreviations, and definitions **general** (not crop specific) to loss adjustment are identified in the LAM.
- (2) Terms, abbreviations, and definitions **specific** to loss adjustment of prevented planting claims and this handbook, which are not defined in this section, are defined as they appear in the text.

3. GENERAL INFORMATION

Prevented planting (PP) provisions are contained in the Basic Provisions. These provisions provide PP coverage, unless the specific crop provisions or Special Provisions specifies otherwise.

4. PP COVERAGE AND ELIGIBLE ACREAGE

A. ELIGIBLE CROPS

PP coverage is applicable to the following crops: barley, canola/rapeseed, corn, cotton, ELS cotton, crambe, dry beans, dry peas, flax, grain sorghum, green peas, hybrid seed corn, hybrid sorghum seed, millet, mustard, oats, onions, peanuts, popcorn, central and southern potatoes, northern potatoes, processing sweet corn, processing beans, rice, rye, safflowers, soybeans, sugar beets ^{1/}, sunflower seed, and wheat.

^{1/} PP is not available in California counties with an April 30 Contract Change Date and a July 15 Cancellation Date.

B. INSURANCE PERIOD

- (1) The insurance period begins:
 - (a) For First Year Crop Coverage: on the sales closing date for the insured crop in the county for the crop year the producer's application is accepted.
 - (b) For Continuous Crop Coverage (not terminated or canceled for a crop year): on the sales closing date for the insured crop in the county for the prior crop year.

NOTE: Transfer of coverage (cancellation/re-write) to a different insurance provider or a different plan of insurance (from MPCCI to CRC, RA, etc.) is still considered continuous coverage.

- (2) The insurance period ends for PP acreage the earlier of the calendar date for the end of the insurance period or the date the claim is finalized for the PP acreage.
- (3) The following is applicable when an insured peril occurs in the prior crop year and continues to occur within the insurance period for the current crop year.
 - (a) When information is available from local irrigation authorities responsible for water allocations, the Bureau of Reclamation, the Corp of Engineers, Cooperative State Research, Education, and Extension Service (CSREES), the National Resources Conservation Service (NRCS) or other sources responsible for water allocations, that indicates expected water allocations or non-irrigated planting conditions if average snow-pack/precipitation occurs during the PP insurance period, PP coverage will be provided as follows:
 - ¹ When available information indicates average snow-pack/precipitation occurring within the PP insurance period for the current year would provide sufficient water to produce a crop on all insurable acreage, PP coverage will be provided for all acreage that is prevented from planting.

EXAMPLE: A producer normally irrigates 100 acres, but in 2001 is prevented from planting 60 acres due to drought. As determined by the irrigation authorities, average snow-pack/precipitation expected during the insurance period for the 2002 crop year (begins March 15, 2001) should result in sufficient water allocation to allow production on 100 acres in 2002. However, a drought continues into the 2002 crop year (average precipitation is not received during the insurance period) and the actual water allocation is sufficient for only 40 acres. In this case, since drought during the insurance period caused failure of the irrigation water supply for 60 acres, those acres would again be eligible for a PP payment.

2 When irrigation authorities indicate that average snow-pack/precipitation within the PP insurance period for the current year would result in a water allocation allowing production on only a portion of the acreage previously planted, only the portion of the loss attributable to insured perils occurring within the insurance period will be covered.

EXAMPLE: A producer normally irrigates 100 acres, but in 2001 is prevented from planting 100 acres. As determined by the irrigation authorities, average snow-pack/precipitation expected during the insurance period for the 2002 crop year would provide enough water to produce a crop on 75 acres. In this case, a PP payment for 2002 can be made only if the irrigation water supply is reduced to the extent that a crop can be produced on less than 75 acres. If the water supply is reduced so that only 35 acres can be irrigated, then 40 acres would be eligible for a PP payment.

3 When available information indicates that the effects of drought, excess moisture, or flooding occurring prior to the insurance period for the current crop year are such that normal weather within the insurance period would still not allow crop production (e.g., the land became part of a marsh or lake), the loss would be attributable to events occurring outside the insurance period for the current year and no PP payment could be made.

(b) The burden is on the producer to prove that average snow-pack/precipitation would allow production on all the intended acreage for the current crop year and when information is not available indicating how much acreage could be planted if average snow-pack/precipitation would have occurred within the insurance period, PP payments will be limited based on the number of acre prevented from being planted due to causes occurring prior to the current year's insurance period.

EXAMPLE: A producer normally produces a crop on 100 acres and irrigates from a well. In 2001 the irrigation water supply is reduced and the producer is prevented from planting 60 acres (failure occurs prior to the beginning of the insurance period for 2002). Information is not available indicating the number of acres that could be irrigated if average weather conditions occurred after the beginning of the insurance period for the 2002 crop year. A drought continues from the prior insurance period

into the insurance period for the current crop year and the producer is prevented from planting 75 acres. In this case, a PP payment can be made only for the number of PP acres in excess of 60, which is 15 acres.

C. CRITERIA FOR PP PAYMENTS

PP payments are provided if:

- (1) The insured crop cannot be planted with proper equipment by the final planting date* designated in the Special Provisions for the insured crop in the county. The insured may also be eligible for a PP payment if the insured failed to plant the insured crop with the proper equipment within the late planting period (ELS cotton, and winter wheat in counties with only a fall planting date, do not have a LP period);

***NOTE:** (latest final planting date for the crop in the county for barley, oats, and wheat)

- (2) The insured was prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics. The insured cause that prevented planting must have occurred during the PP insurance period. Refer to subsection B above for PP insurance period.

NOTE: Refer to Exhibit 2 for RMA's interpretation of Section 17 (d) (1) of the Basic Provision, which deals with drought and failure of the irrigation supply as it relates to being eligible for a preventing planting payment. For additional information, also refer to Section 4 B (3) above and the "Note" in Section 4 C (2) (b) below and subsections 1-6 therein. Also, refer to Exhibit 3 for RMA's interpretation of the definition of "Prevented Planting" under Section 1 of the Basic Provisions as codified in 7 C.F.R. § 457.8.

Drought or failure of the irrigation water supply will be an insurable cause of loss for PP purposes only if on the final planting date (or within the late planting period if the insured elects (intent was) to try and plant the crop):

- (a) For non-irrigated acreage, the area that is prevented from being planted has insufficient soil moisture for germination of seed and progress toward crop maturity due to a prolonged period of dry weather. Prolonged precipitation deficiencies must be verifiable using information collected by sources whose business it is to record and study the weather, including but not limited to, local weather reporting stations of the National Weather Service; or
- (b) For irrigated acreage, there is not a reasonable probability of having adequate water to carry out an irrigated practice. The insured cause that reduces the amount of irrigation water available **MUST** occur within the insurance period for prevented planting (see subsection B). Note that new policyholders are eligible for prevented planting payments only if the peril insured against occurred **on or after the sales closing date for the current year and all requirements for prevented planting have been met.**

NOTE: Section 13, Exhibit 1 contains a copy of the Irrigated Practice Guidelines, as found in the Crop Insurance Handbook (CIH), that the insurance provider in accordance with the CIH is to provide to the insured for the insured's use in determining the proper amount of irrigated acreage and acreage for which a prevented planting payment may be paid under an irrigated practice.

The following contains additional information that must be considered when determining whether failure of the irrigation water supply (due to an insured peril) prevented the insured from planting the crop.

1 Acreage historically grown under an irrigated practice for which the insured had no reasonable expectation of adequate irrigation water on the final planting date (or within the late planting period, if applicable) may be eligible for an irrigated prevented planting payment even if the acreage could have been planted with a non-irrigated practice and the producer elected not to plant

NOTE: Acreage historically grown under an irrigated practice is as stated in subsection G 11.

2 For crops that must be contracted with a processor to be insured, if processors cancel or do not provide contracts, or reduce the contracted acreage or production from what would have otherwise been allowed, solely because of failure of the insured's irrigation water supply, insurance providers may elect to determine the number of eligible prevented planting acres based on the greatest amount of acres or production contracted in the county in any of the four most recent crop years. The total eligible prevented planting acres in all counties for the insured cannot exceed the total amount of acreage or production contracted in all counties in any one of the four most recent crop years. If the applicable crop policy requires the price election to be based on a contract price, and a contract is not in force for the current year, the price election may be based on the contract price in place for other producers who have contracts with the processor the insured would normally contract with for the current year. If the processor does not have any contracts in place for the current year, the price contained in the producer's processor contract for the crop year immediately preceding the current crop year may be used.

3 Any reduction in the water supply due to participation in an electricity buy-back program or the sale of water under a water buy-back program (either before or after insurance attaches) is not considered an insurable cause of loss under the policy. However, if an insured cause of loss reduces the amount of irrigation water available, then subsequent participation in an electricity buy-back program (relative to the amount of water reduced by an insured cause of loss) will not reduce the insured loss.

4 In those cases where an insured cause of loss reduced the irrigation water supply for a portion of the insured's acreage and the insured elects to participate in the electricity buy-back programs or water right buy-back programs, the insurance provider must separately determine the amount of acreage for which an insured cause reduced the irrigation water supply and the amount of acreage for which participation in the electricity buy-back programs or water right buy-back programs caused the reduced irrigation water supply. The insured may still be eligible for a prevented planting payment or indemnity, as applicable, on the acreage where an insured cause of loss reduced the irrigation water supply, provided that all other requirements in the policy have been met.

5 Decreased water allocation resulting from the diversion of water for environmental or other reasons is not an insurable cause of loss unless the diversion is made necessary due to an insured cause of loss.

6 Increased costs for water, electricity, fuel, etc., from sources historically used by the insured are not considered insurable causes of loss under the policy. Any acreage for which the irrigation water supply has been reduced by the insured because of such increased costs is not insurable under an irrigated practice and no prevented planting payment may be made. Conversely, the availability of high-cost water, electricity, or fuel from a non-historical source will not be considered a reason to deny an otherwise payable claim.

- (3) The acreage of the insured crop that was prevented from being planted is listed on a timely submitted acreage report. (Refer to section 6.)
- (4) The insured did not plant the insured crop on the acreage being claimed as pp during or after the late planting (LP) period and the acreage is left idle or is planted to an approved cover crop (refer to Section 4 J for list of approved cover crops) that is not harvested (cover crop can be hayed or grazed).

NOTE 1: Insureds are not required to plant the insured crop during the late planting period even if they could have planted during the late planting period.

NOTE 2: When acreage, due to an insurable cause occurring within the insurance period for PP coverage, was prevented from being planted to the insured crop by the final planting date (or during the LP period, if applicable) is subsequently planted to the insured crop AFTER the LP period (or after the final planting date for crops that do not have a LP period), the insured has the choice of insuring or not insuring such acreage. The insured must report such acreage as insured or uninsured (as they have chosen) and the date such acreage is planted, along with any other items required for reporting acreage. If the insured decides to insure such acreage, the per-acre production guarantee or per-acre amount of insurance for such acreage will be the same as the insured's PP guarantee for the insured crop.

NOTE 2 EXAMPLE: The insured has 60 percent PP coverage level with a 100 bu. per-acre guarantee for timely planted acres. The guarantee for the LP acres will be 60 bu. (.60 X 100.0).

NOTE 3: COVER CROP EXAMPLE: WHEN AN INSURED WAS ELIGIBLE FOR A PP PAYMENT BUT THROUGH THE INSURED'S ACTIONS IS LATER DECLARED TO BE INELIGIBLE FOR A PP PAYMENT

The insured was prevented from planting wheat by the final planting date. The insured reports prevented planting wheat, and plants wheat after the final planting date for the purpose of a cover crop (not for harvest as grain). In this instance since wheat is an approved cover crop, the insured is eligible for a PP payment for wheat if all other eligibility requirements are met. However, if the insured harvests the crop as grain, the insured is no longer eligible for a PP payment on such wheat acreage. If a PP payment has already been made to the insured, the acreage report must be revised to remove the PP acres for this wheat acreage, and a corrected claim must be processed to set up an overpayment for the PP payment for this wheat acreage.

- (5) There is enough eligible PP acreage (after deducting planted acreage) to cover the unplanted acreage. (Refer to subsection 4 F and G.)
- (6) The amount of premium (gross premium less FCIC subsidy) that would be required to be paid by the insured for the PP acreage DOES NOT exceed the liability for such acreage. (Refer to section 5.)

NOTE: Also, refer to Section 4 G for acreage that is not eligible for PP coverage.

D. PP COVERAGE LEVEL PERCENTAGES

- (1) The crop provisions contain the PP coverage level percentage that will automatically apply to the insured's crop policy if the insured does not elect an available PP coverage level percentage on or prior to the sales closing date.
- (2) The actuarial documents may contain additional levels of PP coverage the insured may purchase for the insured crop on or before the sales closing date.
- (3) If the insured has a CAT Endorsement for any crop, the additional levels of PP coverage will not be available for that crop.
- (4) The insured may not increase the elected or assigned PP coverage level percent for any crop year if a cause of loss that will or could prevent planting is evident prior to the time the insured wishes to change his/her PP coverage level percent.

E. PRODUCTION GUARANTEES

IF ACREAGE IS PREVENTED FROM PLANTING TO THE INSURED CROP...	THEN THE GUARANTEE IS...
<p>, and acreage is left idle or planted to a cover crop not to be harvested (cover crop can be hayed* or grazed - Refer to subsection 4 J below for acceptable cover crops)</p> <p>* NOTE: haying includes silage, forage, haylage, and green chop.</p>	<p>C 60, 65, * or 70 * percent of the per-acre production guarantee for timely planted acres of barley, corn, canola/rapeseed, crambe, dry beans, dry peas, flax, grain sorghum, millet, mustard, oats, popcorn, rye, safflowers, soybeans, sunflower seed, and wheat.</p> <p>C 60, 65, * or 70 * percent of the per-acre amount of insurance for timely planted acres of hybrid sorghum seed.</p> <p>C 50, 55, * or 60 * percent of the per-acre production guarantee for timely planted acres of corn, cotton, ELS cotton, and peanuts. (Note: production guarantee for cotton and ELS cotton is based on the solid planted approved APH yield.)</p> <p>C 50, 55,* or 60* percent of the per-acre amount of insurance for timely planted acres of hybrid seed corn.</p> <p>C 45, 50, * or 55* percent of the per-acre production guarantee for timely planted acres of rice.</p> <p>C 45, 50,* or 55* percent of the <u>final stage</u> per-acre production guarantee for timely planted acres of sugar beets.</p> <p>C 45 percent of the <u>final stage</u> per-acre production guarantee for timely planted acres of onions.</p> <p>C 40, 45,* or 50* percent of the per-acre production guarantee for timely planted acres of green peas, processing sweet corn, and processing beans.</p> <p>C 25, 30,* or 35* percent of the per-acre production guarantee for timely planted acres of central and southern potatoes and northern potatoes.</p> <p>* If the insured has additional coverage and elects one of these higher PP coverages by the sales closing date.</p> <p>NOTE: PP coverage for double-cropped acreage is not available for CAT.</p> <p>NOTE: The PP guarantee for eligible double-cropped acreage is the same as for PP acreage that is not planted to any crop (e.g.; 60 percent for corn).</p>

F. ELIGIBLE ACRES

(1) Acreage eligible for PP must be:

(a) Insurable. To determine whether acreage is insurable refer to the section entitled Insurable Acreage in the Basic Provisions and crop provisions, and if applicable, statements in the Special Provisions pertaining to insurable acreage.

(b) Available for planting.

NOTE: Available for planting means land is free of trees, rocky outcroppings, or other factors that would prevent proper and timely preparation of the seedbed for planting and harvest of the crop for the crop year. Acreage not considered available for planting includes, but is not limited to, the following: (1) acreage enrolled in CRP, (2) perennial crop acreage; i.e., trees or vines still on the acreage or not removed in time to plant, and (3) permanent pasture acreage.

(c) Acreage for which the insured can provide evidence that there was intent to plant an insured crop. Evidence that the insured had previously planted the crop on the unit will be considered adequate proof unless the insured's planting practices or rotational requirements show the acreage would have remained fallow or would have been planted to another crop.

(2) Maximum eligible acreage for ALL insured crops eligible for PP payments.

The maximum is the TOTAL number of acres eligible for PP coverage for ALL crops. This total cannot exceed the number of cropland acres in the insured's farming operation for the crop year, unless the insured is eligible for PP coverage on double-cropped acreage. Refer to subsection G (4) below.

Continued on the next page

(3) Maximum eligible acreage for each crop.

TYPE OF CROP:	Eligible acres if, in any of the 4 most recent policy crop years, the insured has planted ANY crop in the county for which PP insurance was available or has received a PP insurance guarantee:	Eligible acres if, in any of the 4 most recent policy crop years, the insured HAS NOT planted ANY crop in the county for which PP insurance was available or has not received a PP insurance guarantee:
<p>For crops not required to be contracted with a processor to be insured.</p> <p>Applicable crops not requiring processor contracts are as follows:</p> <p>Barley, canola/rapeseed, corn, cotton, ELS cotton, dry beans*, dry peas*, flax, grain sorghum, millet, oats, onions, peanuts, central and southern potatoes, northern potatoes, rice, rye, soybeans, safflowers, sunflower seed, and wheat</p> <p>*This does not include contract seed beans or contract seed peas. See contract seed beans or contract seed peas below.</p>	<p>The maximum number of acres certified for APH purposes or reported for insurance for the crop in any one of the 4 most recent policy crop years (not including reported PP acreage that was planted to a substitute crop other than an approved cover crop).</p> <p>The number of acres determined above for a crop may be increased by multiplying it by the ratio of the total cropland acres that the insured is farming in the current policy crop year (if greater) to the total cropland acres that the insured farmed in the previous year, provided that the insured submits proof to the insurance provider that for the current policy crop year the insured has purchased or leased additional land or that acreage will be released from any USDA program which prohibits harvest of a crop. Such acreage must have been purchased, leased, or released from the USDA program in time to plant it for the current policy crop year using good farming practices. No cause of loss that will or could prevent planting may be evident at the time the acreage is purchased, leased, or released from the USDA program.</p>	<p>The number of acres specified on an intended acreage report submitted to the insurance provider by the sales closing date for ALL crops insured for the policy crop year and that is accepted by the insurance provider. The total number of acres listed (for all crops) cannot exceed the number of acres of cropland in the insured's farming operation at the time the intended acreage report is submitted. The number of acres determined above for a crop can only be increased by multiplying it by the ratio of the total cropland acres that the insured is farming in the current policy crop year (if greater) to the number of acres listed in the intended acreage report, if the insured submits proof to the insurance provider that for the current policy crop year the insured has purchased or leased additional land or that acreage will be released from any USDA program which prohibits harvest of a crop. Such acreage must have been purchased, leased, or released from the USDA program in time to plant it for the current policy crop year using good farming practices. No cause of loss that will or could prevent planting may be evident at the time the acreage is purchased, leased, or released from the USDA program.</p>

TYPE OF CROP:	Eligible acres if, in any of the 4 most recent policy crop years, the insured has planted ANY crop in the county for which PP insurance was available or has received a PP insurance guarantee:	Eligible acres if, in any of the 4 most recent policy crop years, the insured HAS NOT planted ANY crop in the county for which PP insurance was available or has not received a PP insurance guarantee:
<p>For crops that require a processor contract in order for the crop to be insured.</p> <p>Applicable crops requiring processor contracts are as follows:</p> <p>Crambe, hybrid seed (corn), hybrid sorghum seed, contract seed beans under the dry bean crop provisions, mustard, contract seed peas under the dry pea crop provisions, green peas, popcorn, processing sweet corn, processing beans, and sugar beets.</p>	<p>The number of acres specified in the processor contract, if the contract specifies a number of acres contracted for the policy crop year; or</p> <p>The result of dividing the quantity of production stated in the processor contract by the insured's approved yield, if the processor contract specifies a quantity of production that will be accepted. (For the purposes of establishing the number of PP acres, any reductions applied to the transitional yield for failure to certify acreage and production for four prior years will not be used.)</p>	<p>The number of acres specified for the crop in the processor contract, if the contract specifies a number of acres contracted for the policy crop year; or</p> <p>The result of dividing the quantity of production stated in the processor contract by the insured's approved yield, if the processor contract specifies a quantity of production that will be accepted. (For the purposes of establishing the number of PP acres, any reductions applied to the transitional yield for failure to certify acreage and production for four prior years will not be used.)</p>

- (4) Any eligible acreage determined in accordance with the table in subsection F (3) above will be reduced by subtracting the number of acres of the crop (insured and uninsured) that are timely and late planted.
- (5) PP acreage is established when insureds report their acreage by the acreage reporting date. Refer to section 6 for acreage reporting information and section 11 for information about verifying eligibility of reported PP acreage and examples thereof.
- (6) If an insured has an additional coverage policy for a crop and executes a High Risk Land Exclusion Option that separately insures high-risk land acreage for that crop under a CAT policy, the maximum number of acres eligible for a PP payment will be limited for each crop policy as specified in subsection 4 F and G.
- (7) If the insured is prevented from planting a crop for which the insured does not have an adequate base of eligible PP acreage, as determined in accordance with the table in subsection F (3) above, the following applies:

- (a) The PP production guarantee or amount of insurance, premium, and PP payment will be based on the crops insured for the current crop year, for which the insured has remaining eligible PP acreage. The crops used for this purpose will be those that result in a PP payment **most similar (closest)** to the per-acre PP payment that would have been made for the crop that was prevented from being planted.

NOTE: When the insured is prevented from planting any non-irrigated acreage, and the insured does not have any remaining eligible acreage for that crop but has remaining eligible acreage for another crop, the PP payment for that acreage can be made based on an irrigated practice for a crop **ONLY** when the irrigated practice results in the most similar payment. If the producer has only irrigated history for another crop that has remaining eligible acres, and both irrigated and non-irrigated practices for the crop are insurable in the county and the non-irrigated practice would result in the most similar payment, a non-irrigated practice will be established for the producer and the PP payment for the remaining acres will be paid based on the non-irrigated practice for the crop.

- (b) The PP payment may or may not be made from crop eligibility that is in the same physical location as the acreage that was actually prevented from being planted. For example, the land upon which the crop was prevented from being planted may be located in legal section 12 and the crop and unit for which the PP payment is the most similar may be associated with legal section 10. Refer to example in subsection 11 E.

G. ACREAGE WHICH IS NOT ELIGIBLE FOR PP COVERAGE

Regardless of the number of eligible acres determined from using the table in subsection F (3) above, PP coverage will not be provided for any acreage:

- (1) That does not constitute at least 20 acres or 20 percent of the insurable crop acreage in the unit, whichever is less (after the minimum acreage requirement on the unit is met, PP payments are on a per acre basis).

NOTE: Any PP acreage within a field that contains planted acreage will be considered to be acreage of the same crop, type, and practice that is planted in the field, unless the PP acreage in the field constitutes at least 20 acres or 20 percent of the total insurable acreage in the field and the insured produced both crops, crop types, or followed both practices in the same field in the same crop year within any of the 4 most recent policy crop years. This provision is used only to determine the crop, type, or practice for the unplanted acreage. All policy provisions for the crop, type or practice determined must be met in order for the acreage to qualify for PP coverage (e.g., the crop determined must have been prevented from being planted, rotation requirements must have been met, etc.);

- (2) For which the actuarial documents do not designate a premium rate unless a written agreement designates such premium rate;
- (3) Used for conservation purposes or intended to be left unplanted under any program administered by the USDA;

- (4) On which the insured crop is prevented from being planted, if the insured or any other person receives a PP payment for any crop for the same acreage in the same policy crop year (excluding share arrangements), unless the insured has coverage greater than CAT coverage and for the insured crops has records of acreage and production that are used to determine the insured's approved yield that show the acreage was double-cropped in each of the last four years in which the insured crop was grown on the acreage (If one of the crops being double-cropped is not insurable or is a non-APH crop, verifiable records of it being planted, other than APH records, may be used.);

EXAMPLE: If an insured claims PP on double-crop soybeans, the insured must be able to prove that in the 4 previous years that soybeans were double-cropped on the acreage for which PP is being claimed. More than four calendar years may need to be considered since soybeans may not have been planted in each of the last 4 years. If the insured planted soybeans in a single crop situation on the claimed PP acreage three years ago, this would break the double-cropping sequence, and the insured would not be eligible for PP for double-crop soybeans on this acreage.

- (a) For the purposes of PP, the following definitions apply:

Double-Cropped Acreage. Acreage is considered to be double-cropped for a policy crop year if a spring-planted crop follows a different fall-planted crop on the same acreage during the same policy crop year (e.g., soybeans or grain sorghum follows a fall-planted wheat crop on the SAME acreage.)

Crop Year Grown. When determining the number of years that insured crops were double-cropped in previous policy crop years, the following situations will be considered the same as if the crop was grown on the affected acreage for that policy crop year. Excluding acreage which was considered to be a substitute crop, the insured crop will be considered to have been grown on acreage which:

- 1 The insured or another person received a prevented planting payment;
 - 2 A crop was planted and failed and a benefit was derived under any program administered by the USDA; or
 - 3 A crop other than a cover crop (which may be hayed or grazed after the final planting date for the insured crop) was harvested, hayed, or grazed.
- (5) On which the insured crop is prevented from being planted, if any crop from which any benefit is derived under any program administered by the USDA is planted and fails, or if any crop is harvested, hayed, or grazed on the same acreage in the same policy crop year (other than a cover crop which may be hayed or grazed after the final planting date for the insured crop), unless the insured has coverage greater than CAT coverage and has records of acreage and production that are used to determine the insured's approved yield that shows the acreage was double-cropped in each of the last 4 years in which the insured crop was grown on the acreage; (If one of the crops being double-cropped is not insurable or is a non-APH crop, verifiable records of it being planted, other than APH records, may be used.)

- (6) Of a crop that is prevented from being planted if a cash lease payment is also received for use of the same acreage in the same policy crop year (not applicable if acreage is leased for haying or grazing only);

NOTE: If the insured falsely states that he/she did not cash rent the acreage, and he/she claims a PP payment, the insured is subject to civil and criminal sanctions if they do not return the PP payment.

- (7) For which planting history or conservation plans indicate that the acreage would have remained fallow for crop rotation purposes;
- (8) That exceeds the number of acres eligible for a PP payment;
- (9) That exceeds the number of eligible acres physically available for planting;
- (10) For which the insured cannot provide proof that he/she had inputs available to plant and produce a crop with the expectation of at least producing the yield used to determine the production guarantee or amount of insurance; (See subsection F (1) above.)
- (11) Based on an irrigated practice production guarantee or amount of insurance unless adequate irrigation facilities were in place to carry out an irrigated practice on the acreage prior to the insured cause of loss that prevented the insured from planting. **Acreage with an irrigated practice production guarantee will be limited to the number of acres allowed for that practice within the eligible acres determined as described in subsection 4 F (3) (4) and (5) and subsection 4 G; or**
- (12) Of a crop type or variety that the insured did not plant or has not received a PP insurance guarantee in at least one of the 4 most recent policy crop years. Types or varieties for which separate price elections, amounts of insurance, or production guarantees are available must be included in the APH database in at least one of the 4 most recent policy crop years, or crops that do not require yield certification (crops for which the insurance guarantee is not based on APH) must be reported on the insured's acreage report in at least one of the four most recent policy crop years, except as otherwise allowed and approved on an intended acreage report as specified in subsection F (3) above.

NOTE: Eligible acreage for a crop type or variety is limited to the maximum number of acres allowed for that crop type or variety as specified in subsection 4 F and G above. For example: The insured's dry bean history in the 4 most recent policy crop years is 10 acres for black turtle beans and 90 acres for navy beans. If the insured reports 100 prevented planting acres of black turtle beans on his/her acreage report, the acreage report must be revised to reflect 10 acres PP for black turtle beans and 90 acres PP for navy beans. The insured would be eligible for 100 acres of PP since no crop was planted, but the PP payment would have to be based on 10 acres of black turtle beans and 90 acres of navy beans.

- (13) When wheat acreage is short-rated (less than a full crop year coverage and premium), such acreage is not eligible for a PP payment for wheat, nor is it eligible for a PP payment for another crop unless it qualifies under “double cropping” provisions of the prevented planting section of the policy.

H. PP COVERAGE FOR SPRING CROPS INTENDED TO FOLLOW A FAILED FALL CROP

- (1) An insured may be eligible for a PP guarantee for a spring-planted crop that was intended to be planted, even though a fall-planted crop had been planted on the acreage, if the acreage has a history of double-cropping (not applicable to CAT) or if all of the following apply:
- (a) The fall-planted crop failed, crop insurance coverage was not available for the fall-planted crop, and the insured is not eligible for any payment associated with the crop loss; e.g.; insured plants fall wheat in a county that only offers coverage for spring planted wheat (there is no insurance available for fall wheat);
 - (b) Failure of the fall-planted crop occurs prior to the time that planting of spring crops normally begins in the county;
 - (c) No benefit is derived from the failed fall-planted crop by harvesting it (haying or grazing is allowed after the final planting date for the spring crop); and
 - (d) An insurance policy with PP coverage is in place for the spring crop that is intended to be planted.
- (2) Generally, an insured would not be eligible for a PP guarantee when there is an existing forage stand. However, in certain unique situations, the insured may be eligible for a PP guarantee when: (1) the insured can demonstrate his/her intent to destroy an existing forage stand and plant a spring crop on the acreage **but due to insurable causes** was unable to destroy the forage stand and plant the spring crop (e.g., if chemical kill, plow-down, or chisel plow of the forage crop the fall before planting the ground to a spring crop is a recommended practice in the area, then that step must have been taken, unless the insured can provide documentation that an insured cause prevented that particular step), and (2) ALL of the following apply:
- (a) If forage insurance is available in the county, the forage crop must be an over-age stand or stand that is reduced such that insurance would not be available. If forage insurance is not available in the county, the stand must be reduced such that the forage would not be further cared for by producers in the area and would normally have been removed;
 - (b) The insured is not eligible for any **USDA** payment associated with the forage crop;

NOTE: An existing forage crop that has been reduced such that the forage would not be further cared for by producers in the area and would normally have been removed may be utilized as an acceptable cover crop provided the criteria in subsection J below has been met.

- (c) Insureds with acreage of similar characteristics in the surrounding area were prevented from planting;
- (d) The insured provides documentation/proof to the insurance provider's satisfaction that the acreage would qualify as "Insurable Acreage" under the applicable policy provisions for the crop being claimed as prevented; and
- (e) An insurance policy with PP coverage is in place for the spring crop that is intended to be planted.

I. ELIGIBILITY FOR A FALL-PLANTED CROP INTENDED TO FOLLOW SPRING-PLANTED CROPS

An insured producer may be entitled to a PP payment for a fall-planted crop if **other producers** with acreage having similar characteristics in the surrounding area were also prevented from harvesting a mature spring-planted crop (due to adverse weather) and were prevented from planting. In counties that have crops with only spring final planting dates or both fall and spring final planting dates (e.g., Small Grains), the insured crop must be prevented from being planted until the spring final planting date in order to be eligible for a PP guarantee.

J. ACCEPTABLE COVER CROPS

- (1) Acceptable cover crops include the following, provided they are not prior established crops (e.g., alfalfa) and are planted for erosion control, green manure, etc., and are generally left in place for only one growing season:
 - (a) Annual, biennial, or perennial grasses and legumes (legumes such as alfalfa, soybeans, or peanuts are not considered a cover crop, **with the exception of alfalfa as forage as indicated** in subsection H (2) (b) above) including sorghum grass crosses, sudans, and volunteer stands other than weeds.
 - (b) Barley, oats, rice, wheat, and other small grains qualify, provided they are not harvested for grain or seed.
- (2) The approved cover crops may be hayed (chopped for silage) or grazed after the final planting date for the insured crop only if allowed by PP policy provisions, but may not be harvested for grain or seed.
- (3) The above cover crops are commonly recognized in the farming community as cover crops and are consistent with those previously approved by the USDA for FSA administered programs.
- (4) Corn planted for any use is not considered to be a cover crop.

NOTE: When the cover crop planted is a crop that is commonly planted for silage, grazing, etc., in the area or for the type of farming operation the insured has (e.g. dairy operation), the adjuster must use extra caution in verifying whether the insured's original plan was to plant the crop claimed as a cover crop or the crop claimed as being prevented from planting. Items that may be verified include but are not limited to: (1) That the insured has the inputs to plant the crop claimed as PP, (2) That the insured has a history of planting the cover crop for hay, silage, grazing, etc.; and (3) Whether the insured certified acreage at FSA this crop year and if so, what use is shown for the acreage in question.

5. PREMIUM

The premium for PP is based upon the original per-acre production guarantee for timely planted acreage, less any premium for acreage deleted (by a revised acreage report) that was not eligible for PP coverage. If the premium amount for acreage that the insured is required to pay (gross premium less FCIC subsidy) for PP acreage exceeds the liability on such acreage, no premium will be due (coverage will not be provided for those acres and no indemnity will be paid for such acreage).

NOTE: When there is a Hail and Fire Exclusion in effect for a crop, premium is not reduced on acreage of the crop eligible for prevented planting.

6. ACREAGE REPORTING

The acreage report is the primary tool for implementing the LP and PP provisions, reducing the unit guarantee for LP and PP acreage.

A. INSURED'S RESPONSIBILITIES

With the agent's assistance:

- (1) On or before the final acreage reporting date, report all timely planted, LP, and PP acreage along with any information required to complete an accurate initial acreage report by the final acreage reporting date (also see subsection E below for final acreage reporting dates).
- (2) Report any change in status of any PP acreage, including the planting of PP acreage. A revised acreage report must be prepared by the agent as needed. See subsection H below for revised acreage report examples.
- (3) Identify on the acreage report (or on an attachment) all uninsurable and non-eligible PP acreage and the factors used in that determination; i.e., acreage planted for an uninsurable use (e.g., planted for pasture, etc.), adjustment of reported acreage due to eligible PP acreage limitations, planted for cover crop to be harvested, etc.

NOTE: Acreage planted to the insured crop after the LP period (after the final planting date for crops that do not have a LP period) must be reported appropriately as insured or uninsured acreage and include the date planted.

B. AGENT'S/INSURANCE PROVIDER'S RESPONSIBILITIES

- (1) Verify eligible PP acres.
- (2) Retain documentation of notification and any actions taken for adjuster verification and review.
- (3) Inform insureds that their actions subsequent to finalizing a claim, such as planting a crop for harvest on PP acreage, harvesting a cover crop (other than haying or grazing), may disqualify them from a PP payment or may affect the PP coverage.

C. LOSS ADJUSTER'S RESPONSIBILITIES

For required acreage report spot checks (as identified by FCIC-14010 (Manual 14)) and/or when completing a claim for a PP payment, verify eligible PP acreage and whether the correct PP guarantee has been reported and processed.

D. INTENDED ACREAGE REPORT

WHEN, IN THE FOUR MOST RECENT POLICY CROP YEARS, AN INSURED DID NOT PLANT ANY CROP IN THE COUNTY FOR WHICH PP INSURANCE WAS AVAILABLE OR HAS NOT RECEIVED A PP INSURANCE GUARANTEE, the insured must complete and submit an intended acreage report to the insurance provider prior to or on the sales closing date for the purpose of determining potential maximum number of eligible PP acres. This is not to be considered the final acreage report for reported PP acres. The final date for reporting PP acres is as stated in subsection E below. (For the purpose of determining maximum eligible number of PP acres, the total number of acres reported on the Intended Acreage Report cannot exceed the number of acres of cropland available for planting in the insured's farm operation at the time the report is submitted.) The eligible PP acres established by an approved intended acreage report, by crop, cannot be altered when acres are reported at acreage reporting time. For example: if the intended acreage report indicates 1,000 acres of corn, the insured cannot later claim 500 acres of PP corn and 500 PP soybean acres. The PP acres must remain as PP corn. Also, see example in subsection H below (revised acreage report examples).

NOTE: The Application or Application/Acreage Report form must have a block clearly marked "Intended Acreage" to record acreage intended to be planted for a crop in order for acreage shown on an application to be considered "intended acreage" as stated in the prevented planting provisions of the Basic Provisions. Acreage entered in a block marked "Acreage or "Est. Acres" or "Estimated Acreage" cannot be considered "intended acreage."

E. ACREAGE REPORTING DATE

- (1) If all insurable acreage is planted by the final planting date, the acreage report is due by the published acreage reporting date for the crop shown in the Special Provisions, unless the insured insures multiple crops. If the insured insures multiple crops with the same insurance provider, the acreage reporting date for all the insured crops will be the latest applicable acreage reporting date for such crops. Acreage reporting dates for fall-planted crops and spring-planted crops are considered two separate reporting dates.
- (2) For LP, PP, or a combination of timely planted, LP, or PP acreage, the acreage report is due the later of: (1) the date for the crop shown in the Special Provisions, or (2) if multiple crops are insured with the same insurance provider, the latest applicable reporting date for such crops (fall-planted and spring-planted are considered two separate reporting dates), or (3) 5 days after the end of the LP period (no LP period for ELS cotton or winter wheat).

NOTE: Filing acreage reports for LP or PP acreage does not extend the policy-stated acreage reporting period nor the 10-week requirement for acreage data transmission for full commission reimbursement.

F. SEPARATE LINE ENTRIES ON ACREAGE REPORT

Separate line entries are required on the acreage report for the following:

- (1) Basic, enterprise, and optional units, and within each unit, separate line entries for differing practices, types, varieties, shares, APH yields, and risk classifications (For whole farm units, a separate line entry is required for each crop and for each crop with differing practices, types, varieties, shares, APH yield, and risk classifications);
- (2) Timely planted acres (full production guarantee);
- (3) LP acres, with a separate line entry for each day of planting during the LP period, or if insurable, acreage planted after the LP period or after the final planting date for crops that do not have a LP period (with a reduced production guarantee based upon the planting date); and
- (4) Eligible PP acres not planted to any crop other than an approved cover crop.

NOTE: For the purpose of determining acreage eligible for PP coverage, the total amount of PP and planted acres cannot exceed the maximum number of acres eligible for PP coverage.

G. IDENTIFYING PP ACREAGE ON ACREAGE REPORT

For...	Enter...
acreage not planted to any crop (can be planted to cover crop not to be harvested (can be hayed or grazed after the final planting date for the insured crop))	as instructed by the insurance provider, the respective PP coverage codes "P2, PF, or PT" or respective PP coverage percentage. (The appropriate guarantee will be applied by line.) Refer to PP codes in Table in subsection 10 A. NOTE: Such acreage will NOT be counted for APH purposes.

H. REVISED ACREAGE REPORTS

The following revisions are those that should be made by the agent when the insured does something other than the intentions reported on the acreage report; e.g., (cover crop not harvested, cover crop harvested, or intended crop planted after the LP period). However, if it is discovered during the loss adjustment inspection that the acreage report had not been revised to reflect what was actually done, the adjuster/insurance provider may need to revise the acreage report.

If all the PP acres reported for the unit are PP acres that are found to be ineligible for PP coverage, the acreage report must be revised. However, if there is a combination of planted and PP acres, revised acreage reports to delete ineligible PP acres do not have to be made by the adjuster/insurance provider at the time the indemnity is worked, unless the insurance provider's claim processing system will not automatically:

- (1) refund excess premium, and
- (2) reduce the liability to the "determined liability" for over-reported PP acres.

EXAMPLE:

The liability calculated from the acreage report for the unit is \$180 (\$100 for LP acreage and \$80 for PP acreage). However, the "determined acres" liability is \$150 (\$100 for LP and \$50 for PP acreage). Premium would be refunded for the over-reported PP acres.

NOTE: Revisions to raise liability at loss time are not permitted except as noted in the examples below and as stated in Part 2, Section 3 of the LAM. For example, if there had been an obvious inadvertent error in switching the reported PP and timely planted acres, a revision to raise liability could be made. (The following might be considered an inadvertent error, reported 60 PP acres and 40 timely planted acres, but it was actually just the opposite.)

Continued on the next page

IF...	THEN...
PP acreage initially reported to be left idle or to be planted to a cover crop not for harvest, but is planted to another crop to be harvested	revise the acreage report to delete PP acreage, unless the insured has additional coverage and the acreage meets the double crop requirements (refer to subsection 4 G (4)). If the planted acreage has not already been reported and the insured has a policy in effect for the planted crop, the acreage report may be revised to add the crop acreage if it is prior to the acreage reporting date for the planted crop. If it is after the acreage reporting date for the planted crop, the revised acreage report may be revised to add the crop as insured acreage IF a crop inspection is performed and the crop meets the criteria for accepting unreported acreage (unreported unit, if applicable), as outlined in procedures for crop inspections in the LAM.
PP acreage reported with intent to plant cover crop (not for harvest), but the insured decides to harvest the cover crop	revise the acreage report to delete the PP acreage. If the insured harvests the cover crop without revising the acreage report and it is subsequently discovered during a loss inspection that the insured harvested the cover crop, the determined PP acreage on the claim form must not reflect this ineligible acreage.
the insured reported PP acres for a crop for which no eligible PP acres are provided under the policy (e.g., 100 acres of soybeans with no crop insurance history) but has eligible PP acres for another crop (e.g., 90 acres of corn).	Refer to subsection 11 E for example.
the insured reported 100 PP acres of black turtle beans, and the insured's dry bean history in the 4 most recent policy crop years shows the maximum acres for types of dry beans are: 10 acres for black turtle beans and 90 acres for navy beans	revise the acreage report to show 10 acres of PP acres for black turtle beans and 90 acres PP for navy beans.
acreage reported as PP is found to not be eligible for PP coverage	revise the acreage report to delete such acreage from the acreage report.

IF...	THEN...																		
<p>acreage reported as PP acres to be left idle (or planted to a cover crop not for harvest) is planted during or after the LP period (after the final planting date for crops that do not have a late planting period) to the crop reported as PP (NOTE: If the crop reported as PP was planted to an approved cover crop, see the example in “Note” 3 of subsection 4 C (4).)</p>	<p>revise the acreage report to delete the PP acreage. Revise the acreage report to add acreage planted within the LP period. If acreage is planted after the LP period (or after final planting date if LP period is not applicable), the acreage report can be revised to show the acreage as insured or uninsured depending on the insureds choice. Refer to “NOTE” 2 in subsection 4 C (4) to determine whether to add the acreage as insured or uninsured acreage.</p> <p>NOTE: This would not apply if the crop reported as PP was planted to an approved cover crop that was not harvested.</p>																		
<p>the number of PP and planted acres reported do not match the PP and the planted acres that were determined to exist, and the total number of determined acres do not exceed the reported acres for the unit, and the PP acres, if increased, does not result in exceeding the eligible PP acres for the crop and/or total eligible PP acres for ALL crops</p>	<p>revise the acreage report to reflect the number of acres of PP and planted acres that were actually determined to exist. Total unit acreage cannot be increased, but liability can.</p> <p>EXAMPLE:</p> <table data-bbox="699 848 1365 1100"> <tr> <td>Reported Acres</td> <td>50 planted</td> <td>\$ 5,000 liab.</td> </tr> <tr> <td></td> <td>100 PP</td> <td>\$ 6,000 liab.</td> </tr> <tr> <td></td> <td>Total liab. =</td> <td>\$ 11,000 liab.</td> </tr> <tr> <td>Determined Acres</td> <td>75 planted</td> <td>\$ 7,500 liab.</td> </tr> <tr> <td></td> <td>75 PP</td> <td>\$ 4,500 liab.</td> </tr> <tr> <td></td> <td>Total liab. =</td> <td>\$12,000 liab.</td> </tr> </table> <p>Total acres did not increase, but liability did, which meets the parameters for revising the acreage report for this situation as stated herein.</p>	Reported Acres	50 planted	\$ 5,000 liab.		100 PP	\$ 6,000 liab.		Total liab. =	\$ 11,000 liab.	Determined Acres	75 planted	\$ 7,500 liab.		75 PP	\$ 4,500 liab.		Total liab. =	\$12,000 liab.
Reported Acres	50 planted	\$ 5,000 liab.																	
	100 PP	\$ 6,000 liab.																	
	Total liab. =	\$ 11,000 liab.																	
Determined Acres	75 planted	\$ 7,500 liab.																	
	75 PP	\$ 4,500 liab.																	
	Total liab. =	\$12,000 liab.																	
<p>in the 4 most recent policy crop years, an insured has not planted any crop in the county for which PP insurance was available or has not received a PP insurance guarantee, and the insured reports that he/she intends to plant all his/her cropland acres (1,000 acres) to fall wheat on the intended acreage report prior to the sales closing date for fall wheat, and the insured later reports 500 PP acres for wheat and 500 PP acres for corn by the final acreage reporting date</p>	<p>revise the acreage report to list 1,000 wheat PP acres if it is determined that the insured was prevented from planting all 1,000 acres due to an insurable cause. The acreage report must be revised to 1,000 wheat PP acres because the insured did not have any eligible PP acres for corn due to the eligible acres being established on the intended acreage report in accordance with the Basic Provisions (i.e., eligible PP acres for producer who in the 4 most recent policy crop years has not planted any crop in the county for which PP insurance was available or has not received a PP guarantee).</p>																		

7. NOTICE REQUIREMENTS

A. INSURED'S REQUIREMENTS

If prevented from planting, the insured must report on or before the acreage reporting date.

B. ACREAGE REPORT/PP NOTICE OF LOSS

A notice of loss for PP acreage in an insurance unit is accomplished through the filing of the acreage report. From this notice, a field inspection(s) will be conducted as indicated in section 8.

8. FIELD INSPECTIONS

A. GENERAL INFORMATION

Field inspections are to be performed as needed to document acreage planted to the insured crop, planted to other crops, and/or left as PP acreage. In areas where only a minimal number of insureds turn in prevented planting claims, as early an inspection as possible (earlier than stated in subsection B (1) or (2) below if at all possible) is recommended so that the insurance provider can ensure that there was an insured cause of loss that prevented the reported PP acres from being planted.

B. FIELD INSPECTIONS FOR UNITS CONTAINING PP ACRES

On units containing PP acres, at least one field inspection is suggested to be made by the earlier of:

- (1) Fifty-five (55) days after the final planting date (the latest planting date for the crop in the county for spring-seeded barley, oats or wheat) for the insured crop, or
- (2) The general harvest date for the crop in the area. At that time, a revised acreage report must be prepared if necessary (Refer to subsection 6 H), and it may be possible to finalize the claim. Refer to subsection 10 D.

9. REPLANTING PAYMENT ELIGIBILITY

Replanting payment eligibility is determined on a unit planted-acre basis. Acreage prevented from being planted is not considered when determining eligibility for a replant payment. See additional information about replanting payments in the LAM and the appropriate crop handbook.

10. CLAIMS

A. PP CODES FOR CLAIMS

PP Codes	Explanation
P2	<p>When the PP coverage for the insured crop stated in the Basic Provisions is applicable and acreage of the insured crop is prevented from planting (left idle or planted to a cover crop (not harvested, but can be hayed and grazed after the final planting date for the insured crop).</p> <p>(Applicable policy percentage is 60 percent coverage for all crops eligible for PP except: hybrid seed corn, cotton, ELS cotton, and peanuts (50 percent); onions, rice, and sugar beets (45 percent); green peas, processing beans, and processing sweet corn (40 percent); and potatoes (central and southern and northern) (25 percent).)</p>
PF	<p>When the insured has additional coverage and elects a 5 percent increase of the policy stated PP coverage, if provided in the actuarial documents, by the sales closing date and acreage of the insured crop is prevented from planting (left idle or planted to a cover crop (not harvested), but can be hayed and grazed after the final planting date for the insured crop).</p>
PT	<p>When the insured has additional coverage and elects a 10 percent increase of the policy stated PP coverage, if provided in the actuarial documents, by the sales closing date and acreage of the insured crop is prevented from planting (left idle or planted to a cover crop (not harvested), but can be hayed and grazed after the final planting date for the insured crop).</p>
PA	<p>Indicates “planted acres;” i.e., not prevented from planting. Used only when a claim is prepared solely as a PP payment.</p>
“P2P,” PFP,” or PTP”	<p>Used ONLY on an Indemnity Payment claim (planted acres) when a “PP Payment Claim” was previously paid or prepared via a PP Payment Claim. These codes indicate a prevented planting payment (showing the appropriate PP coverage) was previously paid or will be paid for the acreage shown on that line of the claim form; i.e., if a PP payment for 25 acres of corn at 60% PP coverage was previously paid, the line with the 25 acres would be coded “P2P.”</p>

B. CLAIM ENTRY INSTRUCTIONS

With the exception of the instructions for PP acreage in the following table, adjusters are to follow instructions in the appropriate crop handbooks.

Item Name & Number	Entry Instruction
"Date Harvest Completed" column of the claim form	<ul style="list-style-type: none"> ▪ If the insured crop was prevented from being planted to the intended crop and no crop was planted on the insured acreage on the unit, enter P2, PF, or PT as appropriate for the insured's selected PP coverage. ▪ If acreage was planted to the insured crop, determine the entry as instructed in the appropriate crop handbook.
"Stage" column of the claim form	<ul style="list-style-type: none"> ▪ When acreage is eligible PP acreage, enter the appropriate PP code. ▪ If the claim is being prepared solely for a PP payment, enter "PA" for any acres that have been planted. ▪ If the claim is being prepared solely for an Indemnity Payment Claim, and there has been a previously prepared PP claim, enter, as appropriate, "P2P," "PFP," or "PTP." <p>See codes in Table in subsection A above.</p>
"Intended or Final Use" column of the claim form.	<ul style="list-style-type: none"> ▪ If PP code in the "Stage" column is "P2," enter "P2." ▪ If PP code in the "Stage" column is PF, enter "PF." ▪ If PP code in the Stage column is "PT," enter "PT." ▪ If code in the Stage column is "PA," enter "Planted Acres." (USE ONLY ON CLAIMS PREPARED SOLELY FOR PP PAYMENT.) ▪ If code in the Stage column is "P2F," "PFP," or "PTP," enter "Prev. Paid."

C. APH FOR PP ACREAGE

PP acreage will NOT be included in APH records when there are planted and PP acres within the same unit; e.g., 100 acres PP and 200 acres planted within the same unit - only the 200 planted acres will be reported on the APH record for the unit. If none of the acreage for the unit was planted, it will be considered a zero-planted year for APH record purposes.

D. INDEMNITY AND/OR PP PAYMENT DETERMINATIONS

(1) Planted Acreage (timely or LP)

- (a) Any harvested or appraised production from the insured crop, regardless of when planted, will be counted against the unit guarantee for timely and/or LP acreage UNLESS it is production from acreage that was planted for an uninsured use, planted on uninsurable land, and/or planted after the LP period and is not insurable - (Refer to Part 5 of the LAM regarding Late Planting Coverage, and subsection 4 C (4) of this handbook). If the crop was planted for an originally insured use (e.g., corn for grain) and:

1 Harvested for such use, the production will be counted on that basis (bushels of grain).

2 Subsequently put to another use, an appraisal must be made on the basis of the original intended use. If notice was not given prior to destruction of the crop or harvest for another use, not less than the appropriate guarantee will be assessed on such acreage.

- (b) Production from uninsured acreage of the insured crop MUST be kept separate or it will be considered production to count for the insured acreage.

(2) PP Acreage

The guarantees for timely, LP, and PP acreage are determined separately. Production from planted acreage (timely and LP) is not counted against the PP guarantee.

(3) Claims

A claim for a PP payment can be made separate from a claim for timely and LP acres or they can be combined onto one claim form.

(a) **PP Payment Claim**

When preparing a separate claim for a PP payment, the PP acreage and PLANTED acres must be shown on the claim form. For example, 70.0 acres were planted and 30.0 acres were prevented from planting. The line with the 70 "planted" acres will show the appropriate entries in the "Stage and "Intended Use" columns as indicated in the tables in subsections A and B above. The line with the 30 PP acres will be coded "P2," "PF," or "PT" respectively in the "Stage" and "Intended Use" columns. The "Total" final acres for the unit will be 100.0 acres. Only the line of PP acres will be transmitted to the RMA Data Acceptance System.

(b) Indemnity Payment (planted acres) Claim

If a PP Claim has already been prepared and submitted previous to an Indemnity Payment (planted acres) Claim, or the insurance provider prefers that separate claim forms are prepared for each type of claim, list the planted acres as instructed in the appropriate crop handbooks. List the PP acres for which a separate claim form has already been prepared, and make the appropriate entries (as instructed in subsections A and B above) in the “Stage” and “Intended Use” columns that indicate the PP payment has already been made. This would also include acreage planted after the LP period due to an insured cause that prevented planting prior to the respective crop’s final planting date or during the LP period for the respective crop.

For example, there are 100 acres in the unit. A separate PP payment was previously paid on the 30 acres. The 70 acres of planted acres have been harvested. On the line with the 70 acres, the entry in the “Stage” column would be “H” and the “Intended Use” would be “H.” On the line showing the 30 acres of previously paid PP acres (60% PP coverage), the “Stage” column entry would be “P2P, ” and the “Intended Use” column entry would be “Prev. Paid.” The entry for “Total” final acres for the unit would be 100.0 acres.

(c) Combination Indemnity Payment (planted acres) and PP Payment Claim

If the insured is eligible for a PP payment, which has not been claimed previously, and an indemnity payment is due for the planted acres, a combination of both types of claims can be entered on the same claim form.

- 1 For all lines of planted acres, follow the instructions in the appropriate crop handbook for making the appropriate claim entries.
 - 2 For all lines of PP acres, make the appropriate claim entries as instructed in subsections A and B above.
 - 3 The indemnity payment for the planted acres will be determined separately from the PP payment.
- (4) The insurance provider must be reasonably certain that PP acreage is not shared in common between two or more crops insured through different insurance providers before finalizing a claim for indemnity.
 - (5) The PP acreage reported on the acreage report for the unit will be considered the PP acres for the unit UNLESS ineligible PP acreage was reported. Verify eligible PP acreage as described in section 11.

If ineligible PP acreage is reported, the entry for “determined acres” on the claim form for the PP acres must reflect only the ELIGIBLE PP acres. The acreage report does not need to be revised during loss adjustment except as stated in subsection 6 H.

E. PP PAYMENT CALCULATION

The PP guarantee is separate from the timely and LP guarantees, and the guarantees are not added together to determine the PP payment. The PP payment is considered a separate payment from the indemnity payment. The PP payment is determined as follows:

- C per-acre production guarantee (or per-acre amount of insurance if, applicable) for timely planted acreage X
- C the price election for the crop (or type if applicable) X
- C the PP coverage level elected by the insured X
- C the number of eligible PP acres in the unit X
- C the insured's share.

F. UNIT GUARANTEE FOR THE CLAIM

- (1) For planted acreage, the claim will reflect the total of the guarantees, by line, of the timely planted and LP acreage, and
- (2) For PP acres, the claim will reflect the PP guarantee.

G. MULTIPLE PP PAYMENTS

Only ONE PP payment (excluding share arrangements) can be made for each acre for the crop year for CAT coverage. For additional coverage, only ONE PP payment can be made for each acre for the crop year unless, the insured provides records showing that the acreage and crop has a history of double-cropping in each of the last four years in which the insured crop was grown on the acreage. Double-cropping must be an insurable practice in the county for the crop.

H. FINALIZING CLAIMS

PP payment claims are **not** to be **finalized** UNTIL:

- (1) The adjuster and insurance provider are satisfied with all verifications/determinations, including, but not limited to:
 - (a) All acres claimed as PP for the insured crop met all acreage eligibility requirements for PP payments;

NOTE: Acres are not eligible PP acres if they are not available for planting; refer to subsection 4 F (b) for more information. If the adjuster questions the eligibility of any of the reported PP acreage, the adjuster is to contact the next level of supervision.

- (b) The crop claimed as a cover crop met the criteria for a cover crop; i.e., was not planted for the purpose of silage, haying, etc., (refer to "NOTE" in subsection 4 J);

- (c) There was an insured peril that prevented the insured from planting the insured crop; and
 - (d) Any other factors that would affect eligibility for a PP payment.
- (2) It is too late to plant any crop on the PP acreage, which could be harvested in the same crop year, or conditions prohibit soil preparation or seeding the acreage beyond the date any crop could be established to be harvested in the same crop year.

11. VERIFYING ELIGIBLE PP ACREAGE

A. DOCUMENTATION

Factors used in the determination of eligible acreage must be maintained in the insured's file for review.

B. MAXIMUM ELIGIBLE PP ACRES

Determine the maximum number of eligible PP acres by totaling the number of eligible PP acres for ALL crops in the county in which the insured has a share. Refer to subsection 4 F.

C. EXAMPLES OF MAXIMUM ELIGIBLE ACRES FOR THE CONTRACT (COUNTY/CROP)

EXAMPLE 1 - No Added Land (leased, purchased, or transferred out of CRP)

<u>TOTALS:</u>	<u>Maximum PP Acres by Crop and for ALL CROPS</u>
Cropland* = 900 acres	Corn = 400 acres
Corn History = 400 acres	Soybeans = 400 acres
Soybean History = 400 acres	<u>Wheat = 100 acres</u>
Wheat History = 100 acres	TOTAL = 900 acres eligible
*CRP acres enrolled = 200 acres	for all crops.

***NOTE:** The term “cropland” as used in this example (and for crop insurance purposes) includes ONLY cropland that is available for planting. (Including the CRP acres in the example, there are 1100 total acres. Although, FSA or others might consider this farmland/cropland, it would not be considered cropland for insurance purposes since it is not available for planting.) Refer to subsection 4 F (b) for more information regarding cropland acreage that is available for planting. In the example above, the 200 acres still enrolled in the CRP program are not considered part of the cropland acres eligible for insurance purposes and therefore, are not included in the cropland total in the example above.

EXAMPLE 3 - Added Land - (leased, purchased, or transferred out of CRP)

Previous Crop Year

900 acres of cropland acres available for planting the previous year.	400 acres corn history 300 acres wheat history 300 acres soybean history
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Added 300 acres of cropland available for planting for the current crop year.
(Added land that was purchased, leased, or released from CRP in time to plant and was available for planting and meets the policy provisions for allowing it for eligible PP acres and no cause of loss that will or could prevent planting was evident at the time the land was purchased, leased, or released from CRP.)

Total cropland available for planting in current crop year = 1200 acres

Calculate the maximum eligible PP acres by crop, as follows:

- (1) $\frac{1200 \text{ cropland acres (available for planting the current crop year)}}{900 \text{ cropland acres (available for planting the previous crop year)}}$
= 1.333 factor
- (2) 400/A corn history X 1.333 = 533.2 acres
300/A soybean history X 1.333 = 399.9 acres
300/A wheat history X 1.333 = 399.9 acres

<u>Totals, including new land</u>	<u>Maximum PP Acres by Crop and for All Crops</u>
1200 cropland acres available for planting	Corn = 533.2 acres Soybeans = 399.9 acres Wheat = 399.9 acres *TOTAL = 1333.0 acres eligible for ALL crops

*The total exceeds the cropland acres available for planting, so the maximum eligible acres for corn, soybeans, and wheat for this crop year will have to be based on the insured's intent, limited by the policy limitations and cropland acres available for planting. For example, the insured intends to plant 525.0 acres of corn, 375.0 acres of soybeans, and 300.0 acres of wheat, which would be within the maximum eligible PP acres.

NOTE: The term "cropland" as used in this example includes ONLY cropland that is available for planting. Also, see subsection 4 F (b) for more information regarding cropland acreage that is available for planting.

D. EXAMPLES OF REMAINING ELIGIBLE ACREAGE WHEN THERE IS PLANTED AND PP ACREAGE

(1) **EXAMPLE 1**

FSN # 1 (Unit 00101)
100 corn acres planted timely
50 soybean acres timely planted

FSN # 2 (Unit 00102)
100 corn acres planted timely
50 soybeans acres PP

FSN # 3 (Unit 00103)
50 soybean acres LP
100 corn acres planted timely

FSN # 4 (00104)
50 soybean acres LP
100 acres soybeans planted after the LP period due to insured cause preventing planting

4 FSN's with 150 cropland acres each available for planting = 600 cropland acres available for planting

100 acre corn history on each FSN = 400 acres total corn history.
 300 acres soybean history. Insured's potential PP acres were 400 corn and 300 soybeans; however, the combination of the two exceeds the cropland acres available for planting, and one of these crop would be limited.

Insured Reports - 300.0 acres corn planted
 250.0 acres soybeans planted
 50.0 acres PP soybeans

Cropland acres available for planting - 600 minus 550 planted acres = 50 acres eligible PP acres. The 50 PP soybean acres reported meets all of the PP qualifications and is eligible for PP payment.

NOTE: The term "cropland" as used in this example includes ONLY cropland that is available for planting. Refer to subsection 4 F (b) for more information regarding cropland acreage that is available for planting.

(2) **EXAMPLE 2**

FSN #1 (Unit 00101)	FSN # 2 (Unit 00102)
100 PP Wheat acres	50 corn acres timely planted
100 PP Soybeans (double-crop)	50 corn LP
100 acres of corn LP	100 corn acres timely planted
100 corn timely planted	100 soybean acres timely planted

2 FSN's (each FSN represent an optional unit)

300 cropland acres available for planting in each FSN = 600 total cropland acres

Wheat History = 100 acres
 Corn History = 400 acres
 Soybean History = 100 acres
 DC Soybean History = 100 acres (acceptable DC history)

Insured reports: Units:

00101	100 wheat acres PP
	100 corn acres timely planted
	100 corn acres LP
	100 soybean acres PP (int. double-crop)
00102	150 corn timely planted
	50 corn acres LP
	<u>100 soybean acres timely planted</u>
TOTAL	700 acres for both units

Insured has coverage greater than CAT coverage. It is determined that there was an insured cause that prevented planting of wheat and soybeans. Since the insured met the policy requirements of a history of double-cropping soybeans after wheat, both the PP wheat and PP soybeans are eligible.

Eligible for PP payment by crop: wheat = 100 acres
 soybeans = 100 acres

Individual crop acres do not exceed maximum eligible PP acres by crop, and the 200 acres does not exceed the remaining eligible acres for ALL crops. All planted and PP acres do not exceed cropland when the eligible double-cropped acreage is considered in determining the insured's maximum eligible PP acreage.

NOTE: The term "cropland" as used in this example includes ONLY cropland that is available for planting. Refer to subsection 4 F (b) for more information regarding cropland acreage that is available for planting.

E. PREVENTED FROM PLANTING - NOT ENOUGH ELIGIBLE ACREAGE FOR THE CROP

EXAMPLE: An insured plants 75 acres of Unit 00101 to corn and is prevented from planting 25 acres. The insured has a 100 percent share on this unit. The adjuster determines that there are 75 acres MAXIMUM eligible acres for corn. Since the insured has planted 75 acres of corn and there are no more eligible corn acres, the PP payment must be based on another crop(s) that will result in the most similar (closest) PP payment as corn. The corn Unit 00101 per acre PP amount is \$146.25. The insured also has soybeans and grain sorghum on the policy and has another policy for fall wheat for the same crop year. The per-acre PP guarantee dollar amounts (without regard to share) are:

<u>Soybeans</u>	<u>Grain Sorghum</u>	<u>Wheat-Fall Policy</u>
00101 - \$112.50	00100 - \$44.10	00101- \$35.88
00102 - \$101.25	00201 - \$53.75	00102 - \$32.48
00103 - \$123.75	00202 - \$58.50	00200 - \$40.50

NOTE: When the insured is prevented from planting any non-irrigated acreage, and the insured does not have any remaining eligible acreage for that crop but has remaining eligible acreage for another crop, the PP payment for that acreage can be made based on an irrigated practice for a crop ONLY when the irrigated practice results in the most similar payment. If the producer has only irrigated history for another crop that has remaining eligible acres, and both irrigated and non-irrigated practices for the crop are insurable in the county and the non-irrigated practice would result in the most similar payment, a non-irrigated practice will be established for the producer and the PP payment for the remaining acres will be paid based on the non-irrigated practice for the crop.

The maximum eligible PP acres for each crop is as follows :

Corn = 75.0 acres Grain Sorghum = 42.0 acres
 Soybeans = 47.0 acres Wheat = 105.4 acres

Eligible acres for each crop after deduction for planted and prevented planting acres for the specific crop:

Corn = 75 eligible PP acres minus 75 planted acres = 0 acres

Soybeans = 47.0 eligible acres minus 32.0 planted acres = 15 acres

Grain Sorghum = 42.0 eligible acres minus 30.0 planted acres minus 7 PP acres of actual PP acres of grain sorghum = 5 acres

Fall Wheat = 105.4 eligible acres minus 100.4 planted acres = 5 acres.

Unit 00103 soybeans per-acre PP amount of \$123.75 is the closest amount to the corn PP amount of \$146.25. Since there are not enough eligible soybean acres, the next similar (closest) payment must be found on another crop, which is Unit 00202 grain sorghum at

\$58.50. Since there is not enough eligible grain sorghum acreage, the next most similar (closest) payment on another crop with eligible acreage must be used. The next most similar (closest) payment is on unit 00200 wheat at \$40.50. The insured would be paid a PP payment on the following crops, units as follows:

Soybeans unit 00103 - 15 acres X \$123.75 X (same share as unit 00101 corn)

Grain Sorghum unit 00202 - 5 acres X \$58.50 X (same share as unit 00101 corn). The actual 7 PP acres for grain sorghum for this unit will be the share reported for this grain sorghum unit. Wheat unit 00200 - 5 acres X \$40.50 X (same share as qualifying corn unit)

When making comparisons to determine the crop/unit for which the PP payment would be the most similar (closest) to the crop prevented from planting (qualifying unit) and when making PP payments in this type of situation (for the PP acreage for the qualifying unit), the share used will be the share from the crop unit on which the acreage was prevented from planting (qualifying unit).

NOTE: Once the crop unit that would result in the most similar payment is determined, the number of acres payable under that unit is not limited to the number of physical acres in that unit. For example, if a producer claimed 200 acres of PP corn and did not have any remaining eligible corn acres, and you determine the producer had 200 acres of soybeans remaining eligible PP acres, and soybeans unit 00101 would result in the closest payment, the 200 acres claimed as PP corn could be paid as PP soybeans, unit 00101, even though there may have only been 100 cropland acres in soybeans, unit 00101.

Acreage reports will also be revised to show PP acreage that will be used to pay the PP acreage for the qualifying unit. The share will be the same as the qualifying unit (in this example unit 00101 corn).

When preparing the claim form for the PP payment for each crop unit that eligible PP acreage was used to pay the PP claim for the qualifying unit acreage, document the crop, unit number, and legal description of the qualifying crop/unit.

NOTE 1: The most similar (closest) PP payment could be either a higher amount or a lower amount than the qualifying crop's per acre PP amount would have been. For crops insured under a CRC, RA, or other revenue- type plans of insurance under which PP is available, when determining the per acre PP payment amount most similar (closest) to the qualifying crop's PP acre amount, calculate the per acre PP payment amount as stated in ******* the applicable policy provisions.

NOTE 2: In counties having both a fall and spring wheat final planting dates, eligible acres are based on the total of all wheat types; however, payment is based on the spring type only.

12. RESERVED

This section is reserved.

13. REFERENCE MATERIAL

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES

In accordance with the instructions in the CIH, insurance providers are to provide a copy of the Irrigated Practice Guidelines to all insureds for whom the irrigated practice may apply. These guidelines identify factors that are to be considered in determining the acreage that can be reported and insured under an irrigated practice for planted acreage, perennial acreage and prevented planting under an irrigated practice. The guidelines that are specific to prevented planting are found in 2 below. These same guidelines are to be used by the adjuster to verify the reported information.

1 IRRIGATED PRACTICE GUIDELINES FOR PLANTED OR PERENNIAL CROP ACREAGE

The following guidelines are provided to enable insureds to properly report planted or perennial crop acreage to be insured under the irrigated practice in order to receive maximum protection under their crop insurance contract. It is very important that these guidelines be utilized to document whether, at the time insurance attaches, there is a REASONABLE EXPECTATION of receiving adequate water to carry out a good irrigation practice for the acreage reported under the irrigated practice.

A. Definitions. The following definitions are provided to facilitate a uniform understanding of the standards and guidelines for the irrigated practice for planted or perennial crop acreage.

- (1) **Acreage Insurable under the Irrigated Practice.** Insurable acreage for which the insured can demonstrate, to the insurer's satisfaction, that adequate facilities and water existed, at the time insurance attached*, to carry out a good irrigation practice for the insured crop.

* The insured is responsible for demonstrating that, at the time insurance attached, there was a REASONABLE EXPECTATION of receiving adequate water to carry out a good irrigation practice on acreage insured under the irrigated practice.

- (2) **Reasonable Expectation, at the Time Coverage Begins, of Receiving Adequate Water to Carry Out a Good Irrigation Practice.** If the insured knew or had reason to know that the amount of his/her irrigation water may be reduced before coverage begins, no reasonable expectation exists.

- (3) **Adequacy of Water.** The determination of the adequacy of water will be based upon: (a) the water available (at the time insurance attaches) from the irrigation water supply, soil moisture levels, and, as applicable, snowpack storage levels; AND (b) supplementary precipitation which would normally be received, after insurance attaches, during the period that a good irrigation practice is normally carried out. Consideration will also be given to the factors identified in subparagraph 1 B below, including the legal entitlement or rights to water.

- (4) **Good Irrigation Practice.** Application of adequate water in an acceptable manner, at the proper times to allow production of a normal crop, which is often identified as the approved Actual Production History (APH) yield for crops under APH.

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES (Continued)

- (5) **Irrigation Water Supply.** The water source and means for supplying irrigation water, without regard to the equipment or facilities. This includes the water source AND dams, canals, ditches, pipelines, etc., which contain the water for movement from the source to the acreage and (a) are not under the control of the insured or (b) routinely deliver water to acreage in addition to that which is owned or operated by the insured. It DOES NOT INCLUDE any irrigation equipment or facilities.
- (6) **Irrigation Equipment and Facilities.** The physical resources, other than water, used to regulate the flow of water from a water source to the acreage. This includes pumps, valves, sprinkler heads, and other control devices. It also includes pipes or pipelines which (a) are under the control of the insured or (b) routinely deliver water only to acreage, which is owned or operated by the insured. A center pivot system is considered irrigation equipment and facilities.
- (7) **Adequacy of Irrigation Facilities.** Irrigation facilities are considered adequate if it is determined that, at the time insurance attaches to planted or perennial acreage, they will be available and usable at the times needed and have the capacity to timely deliver water in sufficient quantities to carry out a good irrigation practice for the acreage insured under the irrigated practice.
- (8) **Water Source.** The source from which water is made available. This includes wells, lakes, reservoirs, streams, aquifers, etc.

B. Reporting Requirements Under Irrigated Practice

- (1) **Failure of acreage** to qualify for insurance under the irrigated practice will result in such acreage being insured under a practice other than irrigated. If no other appropriate practice is available for the acreage, insurance will not be considered to have attached on the acreage.
 - (2) **Failure to carry out a GOOD IRRIGATION PRACTICE** on acreage properly insured under the irrigated practice will result in an appraisal for uninsured causes against such acreage, unless the failure was caused by unavoidable failure of the irrigation water supply after insurance attached.
- NOTE:** If a loss is evident, acreage reported as an irrigated practice that qualified as an irrigated practice at the time insurance attached cannot be revised to a non-irrigated practice after the acreage reporting date even if liability stays the same or decreases, even if the insured never applies water.
- (3) **For loss purposes**, insureds are required to keep their production records separate for acreage insured under the irrigated practice, acreage insured under a practice other than irrigated (or with no practice applicable), and uninsured acreage.
 - (4) **Insureds are expected to be prepared** to provide documentation of the factors, which were considered in reporting acreage to be insured under the irrigated practice.

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES (Continued)

- (5) **Factors to consider in determining planted or perennial crop acreage** to be reported and insured under an irrigated practice include, but are not limited to:
- (a) **Water source history**, trends, and forecasting reliability;
 - (b) **Supplemental water supply availability and usage** (including return flow);
 - (c) **Pumping plant efficiency** and capacity;
 - (d) **Water distribution uniformity**; and flexibility of the system or district;
 - (e) **Water requirements** (amount and timing) of all crops to be irrigated;
 - (f) **Water rights** (primary, secondary, urban versus agricultural use, etc.);
 - (g) **Contingency plans** available to handle water shortages;
 - (h) **Acres to be irrigated**, amount of water to be applied, and expected yield;
 - (i) **Ownership of water** (state or federal versus landowner);
 - (j) **Use of meters** and other measuring devices or methods;
 - (k) **Soil types**, soil moisture levels, and pre-plant irrigation needs;
 - (l) **Water conserving** methods, devices, and plans utilized;
 - (m) **Past crop planting history**, trends, and recommended local practices;
 - (n) **Prudent activities and practices** utilized by non-insured producers;
 - (o) **Irrigation water supply** (both quantity and quality) and facilities;
 - (p) **Recommendations from** local County Extension Service (CES) or National Resource Conservation Service (NRCS) (and other sources recognized by CES or NRCS to be an expert in this area), regarding irrigation and crop production; and
 - (q) **Information the insured knew (or should have known)**, and when the insured knew (or should have known) such information.

The insurance provider will use the above, and any other appropriate factors necessary, to verify whether acreage was properly reported under the irrigated practice. Insureds who need assistance in determining the proper acreage to report for insurance under an irrigated practice should contact their crop insurance agent for information and assistance.

EXHIBIT 1

IRRIGATED PRACTICE GUIDELINES (Continued)

2 IRRIGATED PRACTICE GUIDELINES FOR PREVENTED PLANTING COVERAGE

Under the prevented planting provisions in the Basic Provisions and applicable crop provisions, insureds may be able to receive a prevented planting payment for acreage historically grown under an irrigated practice if there is not a reasonable expectation of having adequate water (due to an insured cause of loss occurring in the prevented planting insurance period) on the final planting date (or within the late planting period if the insured elects to try to plant the crop) to carry out an irrigated practice, provided all other prevented planting provisions have been met.

A. Additional Definitions

- (1) **Reasonable Expectation (Probability).** If the insured knew or had reason to know that his/her water may be reduced or cut off during the irrigation season by the time frames stated above, then no reasonable expectation exists.
- (2) **Irrigation Water Supply.** (See 1 A (5) of this Exhibit for definition).
- (3) **Water Source.** (See 1 A (8) of this Exhibit for definition).

B. Prevented planting payments may be allowed when an insured peril that occurs on or after the applicable sales closing date [see below] causes failure of the irrigation supply, and all other requirements for prevented planting have been met.

- (1) For carryover insureds, the sales closing date for the previous crop year.
- (2) For new insureds, the sales closing date for the current crop year.

C. Acreage historically grown under an irrigated practice for which the insured had no reasonable expectation of having adequate irrigation water by the final planting date (or within the late planting period, if applicable), may be eligible for an irrigated prevented planting payment even if the acreage could have been planted with a non-irrigated practice and the producer elects not to plant.

D. Insureds are expected to be prepared to provide documentation of the factors that were considered in reporting that there was no reasonable expectation of receiving adequate irrigation water for the acreage reported as prevented planting under an irrigated practice.

EXHIBIT 2

Final Agency Determination: FAD-008

Subject: Section 17(d)(1) of the Basic Provisions, pursuant to 7 C.F.R. part 400, subpart X.

Background

On June 5, 2001, the Risk Management Agency was asked for a final agency determination for the 2000 and 2001 crop years, on Section 17(d)(1) of the Basic Provisions, 7 C.F.R. § 457.8, which states:

(d) Drought or failure of the irrigation water supply will be considered to be an insurable cause of loss for the purposes of prevented planting only if on the final planting date (or within the late planting period if you elect to try to plant the crop):

(1) For non-irrigated acreage, the area that is prevented from being planted has insufficient soil moisture for germination of seed and progress toward crop maturity due to a prolonged period of dry weather. Prolonged precipitation deficiencies must be verifiable using information collected by sources whose business it is to record and study weather, including, but not limited to, local weather reporting stations of the National Weather Service; or . . .

Interpretation Submitted

1. Once insufficient soil moisture has been verified, a prolonged period of dry weather is automatically assumed.

A. If, due to dry conditions, a National Resources and Conservation Service (NRCS) advisory has been issued and is in effect on the final planting date (or the late planting period), indicating that soils should not be disturbed in order to guard against wind erosion, "insufficient" will be adequately verified. Prevented planting due to drought will be considered payable provided all other policy provisions are met and, the following:

a. The advisory must encompass the area where the affected insured unit is located, as determined by the provider.

b. The claims representative must verify and document that conditions on the insured unit are consistent with conditions in the area described by the NRCS issuance, that drought conditions are general in the surrounding area, and other producers with similar characteristics are prevented from planting.

B. In the absence of NRCS evidence as cited in "A" above, and provided all other policy provisions are met, prevented planting due to drought will be considered payable and sufficiently verified in accordance with the following documentation:

EXHIBIT 2

FAD-008 (Continued)

a. Soil moisture will be considered inadequate if:

i. Local reporting stations of the National Weather Service (NWS) documentation exists that establishes, to the providers satisfaction, inadequate rainfall occurred during the 'soil bank' period to provide sufficient germinating moisture at the final planting date (or within the Late Planting Period), and

ii. Claims representative observations will be considered sufficient to confirm (provided the claim is annotated accordingly) that conditions on the insured unit are consistent with:

- NWS indications,
- Drought conditions are general in the surrounding area,
- Other producers with similar characteristics are prevented from planting, and

iii. At least one documentation source, acceptable to the insurance provider, establishes conditions on the insured unit are consistent with i and ii above. Documentation sources may include but are not limited to:

- Local rainfall records (local weatherman, farm records, etc.)
- Anecdotal documentation (such as newspaper reports)
- Written opinion from the Cooperative State Education and Extension Service (CSREES) stating that there was insufficient soil moisture for germination of seed and progress toward crop maturity
- Soil moisture indices document demonstrating that conditions in the general area (region) are extremely dry (e.g. Palmer, Crop Moisture Index, etc.)

2. Determinations are based upon soil moisture at the final planting date or within the late planting period, as applicable, without regard to the rainfall that may subsequently fall, or be expected to fall, on the insured acreage.

3. A determination to pay prevented planting due to drought for one producer does not preclude accepting another producer's planted acreage for insurance when both are located in the same area and have similar characteristics.

Final Agency Determination

The interpretation submitted by the requestor is not in accordance with the terms of the policy. Under section 17(d)(1) and the definition of "prevented planting" in the Basic Provisions, to qualify for prevented planting due to drought, the acreage must (1) have insufficient soil moisture for germination of seed and progress toward crop maturity; (2) have a prolonged period of dry weather that is general to the area; and (3) be located in an area where other producers with acreage with similar characteristics are also prevented from planting their crop. Each of these elements must be proven separately.

EXHIBIT 2

FAD-008 (Continued)

Therefore, the requestor's conclusion that once insufficient moisture has been verified, a prolonged period of dry weather is automatically assumed is incorrect. Reinsured companies must obtain evidence of the prolonged period of dry weather. Under section 17(d)(1) of the Basic Provisions, such evidence must be obtained from a source whose business it is to record and study weather, such as the National Weather Service (NWS).

Further, the requestor states that if a NRCS advisory has been issued, insufficient soil moisture will be adequately verified. Section 17(d)(1) of the Basic Provisions states that there must be insufficient moisture for the germination of the seed and to allow the crop to reach maturity. Unless the NRCS advisory specifically states that the soil is too dry for the germination or production of the crop, it cannot be used to verify these elements.

The requestor also alleges that if NRCS evidence is not available, prevented planting will be considered sufficiently verified if local reporting stations of the NWS have documentation that inadequate rainfall occurred during the period preceding the normal planting period in which moisture is normally accumulated in the soil profile to provide sufficient germinating moisture. The question of the amount of rainfall needed to permit sufficient soil moisture to allow germination and crop production is determined by experts based on the crop, area in which it is grown, and other relevant factors. Once this amount is known, reinsured companies can use NWS data in the area to determine whether there was adequate rainfall to provide sufficient soil moisture.

Additionally, the requestor claims that documentation sources may include local rainfall records from local weather forecasters and farm records, newspaper reports, written opinions from CSREES, and soil moisture indices. Depending on the element sought to be verified, these sources may or may not be acceptable. If the reinsured company is seeking to verify that soil moisture was insufficient for germination, as stated above, once the amount of rainfall needed for germination and production is known, local NWS data may be used. Further, the soil moisture indices may be adequate evidence. The U.S. Drought Monitor should generally show severe drought or worse (D2, D3, or D4) on the final planting date or during the late planting period. However, the reinsured company must still verify that the insured acreage experienced the same drought conditions or level of rainfall.

However, as stated above, to verify whether the dry weather has been prolonged, section 17(d)(1) of the Basic Provisions explicitly states that only records from a source whose business it is to record and study the weather may be used. Therefore, NWS records or records of other entities that record and study weather, such as universities that record and study the weather, may be used. However, farm records, written opinions from CSREES, and the soil moisture indices cannot be used because these sources are not in the business of recording and studying weather. Certain anecdotal information may be used, such as reports from local weather forecasters, since their business is to record and study weather. Reinsured companies need to obtain the source data of such reports. Newspaper reports should not be used.

EXHIBIT 2

FAD-008 (Continued)

The requestor is correct that the reinsured companies must verify that drought conditions are general to the surrounding area and producers with acreage with similar characteristics are prevented from planting. Local NWS rainfall data or soil moisture indices should be used to determine the area affected by the drought and whether the insured acreage falls within that area.

The requestor is correct that determinations of prevented planting are based on the soil moisture at the final planting date or within the late planting period, regardless of whether rain subsequently falls or is expected to fall.

Lastly, the requestor states that a determination to pay a prevented planting claim for one producer does not preclude accepting another producer's planted acreage for insurance when both are located in the same area and the acreage has similar characteristics. This is not correct. One of the elements to be established is that other producers in the area with acreage with similar characteristics were also prevented from planting. If producers with acreage in the area with similar characteristics are able to plant, prevented planting claims should not be paid.

In accordance with 7 C.F.R. § 400.765(c), this constitutes the final agency determination and is binding on all participants in the Federal crop insurance program.

Date of Issue: August 9, 2001

EXHIBIT 3

Final Agency Determination: FAD-012

Subject: Definition of "Prevented Planting" under 7 C.F.R. § 457.8

Background

On January 18, 2002, the Risk Management Agency (RMA) was asked for a final agency determination for the 2001 and succeeding crop years, regarding the interpretation of the definition of "prevented planting" contained in section 1 of the Basic Provisions. The request is pursuant to 7 C.F.R. part 400, subpart X. The portion of the definition of "prevented planting" contained in section 1 of the Basic Provisions pertinent to the request reads as follows:

Prevented Planting - Failure to plant the insured crop . . . by the final planting date designated in the Special Provisions for the insured crop in the county. . . You must have been prevented from planting the insured crop due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics.

Interpretation Submitted

The requestor's interpretation of the definition is as follows:

1. In FAD-008, which interpreted section 17(d)(1) of the Basic Provisions, RMA stated that to qualify for a prevented planting payment due to drought that acreage had to be in an area where other producers with acreage with similar characteristics were also prevented from planting their crop. The requestor considers this statement to constitute an interpretation of the definition of "prevented planting" that is applicable to all prevented planting claims regardless of the specific cause of loss.
2. Because the term "area," as used in the definition of prevented planting, is subject to multiple reasonable interpretations, the requestor considers the term to be vague and ambiguous. Therefore, in arbitration, an arbitrator is likely to interpret "area" in favor of the policyholder. Nonetheless, the requestor believes that "area" is not amenable to a one-size-fits-all definition or bright line test. Rather, what constitutes an "area" will vary on a case-by-case basis. In this connection, the requestor regards all acreage sharing similar characteristics as constituting an area.
3. With respect to the meaning of "acreage with similar characteristics," the requestor considers parcels of land to have similar characteristics if such land, for example, has comparable geography, topography, soil types, exposure to the elements, and suffers from the same cause of loss. Whether the acreage is insured and the ownership of the acreage are, in the requestor's opinion, irrelevant to determining the existence of similar characteristics.

EXHIBIT 3

FAD-012 (Continued)

4. The requestor believes that evaluation of a policyholder's prevented planting claim is based simply on whether the farmer physically could plant the crop by the final planting date, assuming that planting the crop does not constitute a poor farming practice. Economic and business related factors, such as, the existence of insurance, the level of coverage, and outstanding loan obligations, are not relevant to the question of whether a policyholder was prevented from planting.

Final Agency Determination

1. RMA agrees that to qualify for a prevented planting payment due to any insured cause of loss, the acreage must be located in an area where other producers with acreage with similar characteristics are also prevented from planting their crop. This requirement is in the definition of "prevented planting" in the Basic Provisions of the policy.
2. RMA agrees that the term "area" is subject to multiple reasonable interpretations, and the determination of "area" may vary from case to case. However, RMA believes that the area must be defined by the cause of loss. For example, all acreage that has been affected by a flood or drought would be included in the area. Once this area is defined, acreage with similar characteristics within the area would be compared to determine whether producers are prevented from planting.
3. RMA also agrees that acreage would be considered to have similar characteristics if it had comparable geography, topography, soil types and the same weather conditions and exposure. RMA agrees that ownership of the acreage or whether it is insured should not be considered when determining whether acreage has similar characteristics.
4. RMA does not fully agree with the requestor's interpretation provided in paragraph 4 above. In some cases, such as drought, it may be physically possible to plant the acreage even though soil moisture and weather conditions are such that there is insufficient soil moisture for germination of seed and progress toward crop maturity due to a prolonged period of dry weather. The decision by some producers to plant in conditions where the crop could not germinate and make normal progress toward maturity may not preclude other producers in the area with acreage with similar characteristics from receiving prevented planting payments. A determination would need to be made whether planting in dry conditions constitutes a poor farming practice, which would not be insurable under the terms of the policy. If planting would constitute a poor farming practice, producers in the area with acreage with similar characteristics could receive prevented planting payments. RMA agrees that factors such as existence of insurance, level of insurance coverage, or the financial position of the producer should not be considered when evaluating whether a producer was prevented from planting.

EXHIBIT 3

FAD-012 (Continued)

In accordance with 7 C.F.R. § 400.765(c), this constitutes the final agency determination and is binding on all participants in the Federal crop insurance program for the 2001 and succeeding crop years.

Date of Issue: February 27, 2002

