Contents of Complete Index-based Weather Plan of Insurance Submission

Each Index-based Weather Plan of Insurance submission must be:

☐ 703(b) In Microsoft Office compatible format, unless otherwise approved by RMA.

☐ 703(b) Sent by email or by mail on removable storage device to DAPM.

Each Index-based Weather Plan of Insurance submission must include:

☐ 703(b) A detailed index that, in sequential order, references the location of the required information.

☐ 705(m) Applicant's name, TIN, D-U-N-S number, address or primary business location, phone number, and e-mail address.

☐ 705(m) A notation that it is an Index-based Weather Plan of Insurance submitted in accordance with FCIC procedures handbook 17050, Approved Procedures for Submission of Index-based Weather Plans of Insurance.

☐ 705(m) A summary of the qualifications of the applicant, including:

☐ (1) A list of the policies or plans of insurance the submitter has underwritten and administered that are comparable to the Index-based Weather Plan of Insurance, a description of these policies, and for each year the policies were sold the number of policies sold, total premium, liability and the loss ratio;

☐ (2) The most recent credit rating score of the submitter provided by AM Best credit rating bureau that reflects a credit rating of at least A- or above. If an AM Best credit rating is below A- a full explanation of the reasons for such rating and any corrective actions that have been taken to remediate the issue must be provided; and

☐ (3) For each state for which approval from FCIC is requested, the applicant must provide a letter from the state, stating the submitter has authority and approval from the state to sell the product, including how much liability or the number of Index-based Weather policies that the submitter can write in the state, and that the submitter has sufficient assets or reinsurance to satisfy the underwriting obligations for the Index-based Weather Plan of Insurance, including the value of assets or reinsurance dedicated to the Index-based Weather Plan of Insurance.

705(m) A statement of whether the applicant is requesting:

☐ (1) Risk Subsidy;

☐ (2) Administrative and operating subsidy (A&O); or

☐ (3) Both risk and A&O subsidy.
If risk subsidy is requested, an explanation of the amount of risk subsidy requested, which must be similar to comparable policies or plans of insurance reinsured by FCIC, except that the risk subsidy shall not exceed 60 percent of the total premium, and a detailed outline of the proposed method for determining the amount of risk subsidy calculated using a percentage of premium, a percentage of expected loss determined pursuant to a reasonable actuarial methodology, or a fixed dollar amount per acre.

If A&O subsidy is requested, an explanation of the amount of A&O subsidy requested and a breakdown of the method and factors used to determine the Index-based Weather Plan of Insurance’s A&O subsidy rate being requested. The submitter must include a statement that no portion of the A&O subsidy will be used as a subsidy for premiums or provided to the policyholder as an incentive to purchase a policy or for any other reason.

Proposed agricultural commodities, types, varieties, or practices covered.

Proposed crop or insurance year and reinsurance year.

Sales closing date, if applicable, or the sales window or the earliest date the applicant expects to release the product to the public.

States and counties where the plan of insurance is proposed to be offered.

Any known or anticipated future expansion plans.

Identification, including names, addresses, telephone numbers, and e-mail addresses, of the person(s) responsible for answering questions.

A statement of whether the submitter wants the submission to remain confidential.

Benefits of the plan, including, as applicable, a summary that includes the following:

1. Detailed description of the coverage provided by the submission and its applicability to all producers, including targeted producers;

2. How the submission offers coverage or other benefits not currently available from existing public or private programs;

3. How the submission provides producers of underserved specialty crops and livestock commodities coverage; and

4. How the submission meets public policy goals and objectives consistent with the Act and other laws.

A clearly written policy.

The amount of commodity and value of each agricultural commodity proposed to be covered in each proposed county and state.

A reasonable estimate of the expected number of potential buyers.

Liability and premium for each proposed county and state.

Total expected liability and premium by crop year based on assessment of producer interest.
A description of the number of producers involved in the development, their level of participation, their type of participation, and how many producers have provided data.

A comparison with similar products, including differences that may make participation different.

If available, any experience for each year and each proposed county and state the policy has been offered for sale including an evaluation of the policy’s performance and, if data are available, a comparison with similar policies reinsured under the Act.

Market research studies that include the following:

1. Focus group results (both positive and negative reactions), which must include the number of sessions held, where they were held, when they were held, the number of attendees, the attendees affiliation, and specific feedback from the attendees regarding levels of coverage that should be included to cover anticipated risks or perils, the range of costs the producer is willing to pay, what coverages the producers are specifically looking for and assessment of whether that coverage can be provided at the price the producers are willing to pay, what shortfall or gap in risk protection the product may address, tolerance of risk, perceptions of similar products, policy features producers may desire, and quality issues;

2. Other evidence the submission will be positively received by producers, agents, lending institutions, and other interested parties, including correspondence from producers, agents, grower organizations, or other stakeholders expressing the need for a certain risk management strategy, desired coverage for perils faced, and willingness to provide critical information for developing a product;

3. An assessment of factors that could negatively or adversely affect the market and responses from a reasonable representative cross-section of producers or significant market segment to be affected by the policy or plan of insurance; and

4. A consultation report that includes a summary and analysis of discussions with groups representing producers of those agricultural commodities in all major producing areas for commodities to be served or potentially impacted, either directly or indirectly, and the expected impact of the submission on general marketing and production of the crop from a regional and national perspective including evidence that the submission will not create adverse market distortions.

A marketability assessment from the applicant AIP, and from at least one other AIP. If a marketability assessment is not provided by an AIP who is not part of the applicant, the applicant must provide information regarding the names of the persons and AIPs contacted and the basis for their refusal to provide the marketability assessment.

The marketability assessment will include the following:

1. An assessment of whether producers will buy the product;

2. An assessment of whether AIPs and agents will want to sell and service the product;

3. An assessment of risks associated with the submission and likely effect under the SRA;

4. Estimated computer system impacts and costs;
(5) Estimated administrative and training requirement and costs;
(6) An analysis of the complexity of the product; and
(7) What, if any, efficiency will be gained or potential effects on the workload of AIPs or others participating in the program.

705(m) Information related to underwriting, including as applicable:

(1) Relevant dates;
(2) Rules for determining insurance eligibility, including all producer reporting requirements;
(3) Step-by-step examples of the data and calculations needed to establish the insurance guarantee (liability) and premium per acre or other unit of measure, including worksheets that provide calculations in sufficient detail and in the same order as presented in the policy to allow verification that premiums charged for coverage are consistent with policy provisions.

705(m) Information related to loss adjustment, including, as applicable:

(1) A detailed description of the causes of loss covered by the policy or plan of insurance and any causes of loss excluded;
(2) Loss determination methods and data sources used for determining losses based on the index; and
(3) Step-by-step examples of calculations used to determine indemnity payment for all probable situations where a partial or total loss may occur, and loss adjustment procedures necessary to establish the amounts of coverage and loss.

705(m) Premium rating methodology proposed to be used and basis for selection of this methodology.

705(m) A list of all assumptions made in the premium rating and commodity pricing methodologies, and the basis for these assumptions.

705(m) A detailed description of the rating methodology, including the following:

(1) All supporting documentation, including how expenses, profit, and overhead are calculated and included in the rate;
(2) All mathematical formulas and equations;
(3) Data and data sources used in determining rates and a detailed assessment of the data and how it supports the proposed rates and prices;
(4) An explanation of how the rates account for each risk covered by the policy; and
(5) An explanation of how the loss triggers are applicable to the policy and how the rates are actuarially appropriate for each type of loss trigger available under the policy.

705(m) An example of a rate calculation for each type of loss trigger available under the policy.
A discussion of the applicant’s objective evaluation of the accuracy of the data, short and long term availability of the data, and how the data will be obtained (if the data source is confidential or proprietary the cost of obtaining the data must be explained).

Analysis of results of simulations or modeling showing the performance of proposed rates for all types of loss triggers available under the policy based on one or more of the methods described in FCIC-17050 Approved Procedures for Submission of Index-based Weather Plans of Insurance, paragraph 11 (23) (f).

The proposed user fees and the submitter will charge other AIPs to sell the product established in accordance with FCIC-17050 Approved Procedures for Submission of Index-based Weather Plans of Insurance, paragraph 34.

A statement from the submitter that, if the Index-based Weather Plan of Insurance is approved, the submitter is solely responsible for the maintenance and quality assurance of any computer systems software or databases needed for the implementation and delivery of the product.

A statement from the submitter that, if the Index-based Weather Plan of Insurance is approved, the submitter will report sales, acreage and claim data, and any other data FCIC determines to be appropriate to evaluate sales and performance of the product or financial status of the AIP.

A signed statement stating that “(Applicant’s Name) hereby claim that the basis and amounts set forth in this document are correct.”

A signed statement stating that “(Applicant Name) understands that, in addition to criminal fines and imprisonment, the submission of false or fraudulent statements or claims may result in civil and administrative sanctions.”

A statement of whether the submitter wants the Index-based Weather Plan of Insurance to remain confidential.

**RMA may reject if the following conditions are not met:**

- The submission is complete.
- The product is likely to be Viable and Marketable as defined in 7 C.F.R. § 400.701.
- The product will provide crop insurance coverage in a significantly improved form.
- The product will adequately protect the interests of producers.