

LIVESTOCK GROSS MARGIN FOR DAIRY CATTLE INSURANCE POLICY

Throughout the policy, “you” and “your” refer to the named insured shown on the summary of insurance and “we”, “us”, and “our” refer to the Company. Unless the context indicates otherwise, use of the plural form of a word includes the singular and use of the singular form of the word includes the plural.

This policy is reinsured by the Federal Crop Insurance Corporation (FCIC) under the authority of sections 508(h) and 523(b) of the Federal Crop Insurance Act, as amended (7 U.S.C. §§ 1508(h) and 1523(b)). The provisions of the policy may not be waived or varied in any way by any crop insurance agent of the Company. Neither FCIC nor the Risk Management Agency has the authority to revise, amend, or otherwise alter this policy. In the event the Company cannot pay your loss, your claim will be settled in accordance with the provisions of this Policy and paid by FCIC. No state insurance guarantee fund will be liable to pay your loss.

Agreement to Insure: In return for the payment of the premium, and subject to all the provisions of this policy, we agree to pay you the difference between the gross margin guarantee and the actual total gross margin, as determined by policy provisions, for the insurance period identified in your Summary of Insurance. If a conflict exists among the policy provisions, the order of priority is as follows: (1) The Special Provisions and (2) these Basic Provisions, with (1) controlling (2).

BASIC PROVISIONS TERMS AND CONDITIONS

1. Definitions

Act - The Federal Crop Insurance Act (7 U.S.C. 1501 *et seq.*).

Actual Corn Price - For months in which a CBOT corn contract expires, the simple average of the final daily settlement prices for the CBOT corn futures contract for the month during the actual price measurement period plus the state-specific corn basis for the month. For other months, the state-specific corn basis for the month plus the weighted average of the immediately surrounding months' simple average of the daily settlement prices during the actual price measurement period. (See the Commodity Exchange Endorsement for more information.)

Actual Cost of Feed - The actual cost of feed for each month equals the target corn (or corn equivalent) to be fed times 2,000/56 (to convert tons to bushels) times the actual corn price for that month, plus the target protein meal (or protein meal equivalent) to be fed times the actual soybean meal price for that month.

Actual Gross Margin Per Month - Actual revenue less the actual cost of feed for the month.

Actual Marketings - The total amount of milk sold by you in each month of the insurance period and for which you have proof of sale. Actual marketings are used to verify ownership of milk and determine approved target marketings.

Actual Milk Price - The simple average of the final daily settlement prices of the CME Class III milk futures contract for the month during the actual price measurement period plus the state-specific milk basis for the month. (See the Commodity Exchange Endorsement for more information.)

Actual Milk Revenue - The actual milk price for a month times target marketings for the month.

Actual Price Measurement Period - The last three trading days prior to contract expiration.

Actual Soybean Meal Price - For months in which a CBOT soybean meal contract expires, the simple average of the final daily settlement prices for the CBOT soybean meal contract for the month during the actual price measurement period. For other months, the weighted average of actual soybean meal prices in the immediately surrounding months. (See the Commodity Exchange Endorsement for more information.)

Actual Total Gross Margin - The sum of actual gross margins per month across all months of the insurance period.

Application - The form required to be completed by you and accepted by us before insurance coverage will commence.

Approved Target Marketings - The maximum target marketings allowed for the designated months of the applicable insurance period. The producer's target marketings for any month may not be more than the producer's approved target marketings. Approved target marketings will be based on the lesser of farm capacity or underwriting capacity for the ten-month insurance period as determined by the insurance underwriter.

Assignment of Indemnity - A transfer of your policy rights, made on our form, and effective when approved by us whereby you assign your right to an indemnity payment to any party of your choice for the insurance period.

CBOT - The Chicago Board of Trade.

CME - The Chicago Mercantile Exchange.

Company - The insurance company identified on, and issuing, your summary of insurance.

Consent - Approval in writing by us allowing you to take a specific action.

Contract Change Date - The calendar date by which we make any policy changes available for inspection in the agent's office.

Corn Equivalent - The amount of corn equivalent to the energy content of the dairy ration used by the producer. Suggested conversion rates for dairy feeds are given in the Commodity Exchange Endorsement.

Coverage - The insurance provided by this policy, against insured loss of gross margin as shown on your summary of insurance.

Crop Year - The twelve-month period, beginning July 1 and ending the following June 30, which is designated by the calendar year in which it ends.

Date Coverage Begins - The calendar date the insurance provided by this policy begins.

Days - Calendar days.

Deductible - The portion of the expected total gross margin that you elect not to insure. Per hundredweight deductible amounts range from zero to \$1.50 per cwt in 10 cent increments. The deductible equals the selected per hundredweight deductible times the sum of target marketings across all months of the insurance period.

End of Insurance Period, Date of - The date upon which your insurance provided by this policy ceases.

Expected Corn Price - For months in which a CBOT corn contract expires, the simple average of the settlement prices for the CBOT corn futures contract for the month during the expected price measurement period plus the state-specific corn basis for the month. For other months, the state-specific corn basis for the month plus the weighted average of the immediately surrounding months' simple average of the daily settlement prices during the expected price measurement period. (See the Commodity Exchange Endorsement for more information.)

Expected Cost of Feed - The expected cost of feed for each month equals the target corn (or corn equivalent) to be fed times 2000/56 (to convert tons to bushels) times the expected corn price for that month, plus the target protein meal (or protein meal equivalent) to be fed times the expected soybean meal price for that month.

Expected Gross Margin per Month - Expected revenue less the expected cost of feed for the month.

Expected Milk Price - The simple average of the daily settlement prices of the CME Class III milk futures contract for the month during the expected price measurement period plus the state-specific milk basis for the month. (See the Commodity Exchange Endorsement for more information.)

Expected Milk Revenue - The expected milk price for a month times target marketings for the month.

Expected Price Measurement Period - The three trading days prior to the second to last trading day of the month in which sales takes place.

Expected Soybean Meal Price - For months in which a CBOT soybean meal contract expires, the simple average of the daily settlement prices of the CBOT soybean meal futures contract for the month during the expected price measurement period. For other months, the weighted average of the immediately

surrounding months' simple average of the daily settlement prices during the expected price measurement period. (See the Commodity Exchange Endorsement for more information.)

Expected Total Gross Margin - The sum of expected gross margins per month across all months of the insurance period.

FCIC - The Federal Crop Insurance Corporation, a wholly owned government corporation within USDA.

Gross Margin Guarantee - The gross margin guarantee for an insurance period is the expected total gross margin for an insurance period minus the deductible.

Insurance Period - The eleven-month period designated in the summary of insurance to which this policy is applicable. See the Commodity Exchange Endorsement for additional detail on insurance periods.

Insured - The person as shown on the summary of insurance as the insured. This term does not extend to any other person having a share or interest in the animals (for example, a partnership, landlord, or any other person) unless also specifically indicated on the summary of insurance as the insured.

Marketing Report - A report submitted by you on our form showing for each month your actual marketings for that month of milk insured under this policy. The marketing report must be accompanied by copies of sales receipts that provide records of the actual marketings shown on the marketing report.

Milk - Milk produced from any species of domesticated mammal of the family *Bovidae* commonly grown for production of dairy products, also referred to as dairy cows.

Notice of Probable Loss - Our notice to you of a probable loss on your insured milk.

Person - An individual, partnership, association, corporation, estate, trust, or other legal entity.

Policy - The agreement between you and us consisting of these provisions, the Special Provisions, the summary of insurance, the Commodity Exchange Endorsement, and the applicable regulations published in 7 CFR chapter IV.

Premium - The amount you owe us for this insurance coverage based on your target marketings in accordance with section 5.

RMA - Risk Management Agency, an agency within USDA.

Sales Closing Date - A date by which your completed application and premium must be received by us. Also, the last date by which you may change your insurance coverage for an insurance period.

Share - The lesser of your percentage interest in the insured milk as an owner at the time insurance attaches and at the time of sale. Persons who lease or hold some other interest in the milk other than as an owner are not considered to have a share in the milk.

Soybean Meal Equivalent - The amount of soybean meal equivalent to the protein content of the dairy ration used by the producer. Suggested conversion

rates for dairy feeds are given in the Commodity Exchange Endorsement.

Substantial Beneficial Interest - An interest held by a person of at least 10 percent in the applicant or insured. All spouses that reside in the household will be considered to have a substantial beneficial interest in the applicant or insured unless the spouse can prove that the milk owned is in a totally separate farming operation in accordance with FCIC procedures and the spouse derives no benefit from the dairy operation of the insured or applicant.

Summary of Insurance - Our statement to you, based upon your application, specifying the insured, the milk, the target marketings, gross margin guarantee, and the premium for an insurance period.

Target Corn to Be Fed - Your determination as to the number of tons of corn or corn equivalent that you will feed for each month.

Target Protein Meal to Be Fed - Your determination as to the number of tons of soybean meal or protein meal equivalent you will feed each month.

Target Marketings - Your determination as to the number of hundredweight of milk you elect to insure in each month during the insurance period.

Target Marketings Report - A report submitted by you on our form showing for each month your target marketings for that month.

Termination Date - The calendar date upon which your insurance ceases to be in effect because of nonpayment of any amount due us under the policy, including premium.

UCM - FCIC's Underwriting Capacity Manager (UCM) web site. This is a facility through which FCIC manages underwriting capacity for livestock.

USDA - The United States Department of Agriculture.

Void - When the Policy is considered not to have existed for an insurance period as a result of concealment, fraud, or misrepresentation.

2. Life of Policy, Cancellation, and Termination

(a) You can only purchase this plan of insurance during a sales period, if:

- (1) The expected gross margins are available on the RMA website.
- (2) Underwriting capacity for this plan of insurance is available.

(b) Unless we are notified by FCIC that underwriting capacity for this plan of insurance is available, we will not accept your application or extend insurance for additional insurance periods. Sales for the year will be suspended or terminated if there is insufficient underwriting capacity.

(c) LGM for Dairy Cattle will not be offered for a sales period if the required data for establishing the expected gross margins for each month of the insurance period are not available because futures did not trade, or were not able to continue trading at the end of the day (such as the price moved the maximum allowed by the exchange and trading

was suspended), for any day that the information is needed.

- (1) LGM for Dairy Cattle will not be offered if CME class III milk futures prices decline by the maximum allowed by the exchange two consecutive days during the time period for establishing the expected gross margins.
 - (2) LGM for Dairy Cattle will not be offered if CME class III milk or CBOT corn futures prices increase by the maximum allowed by the exchanges two consecutive days during the time period for establishing the expected gross margins.
- (d) Your agent does not have authority to bind coverage under this policy. Coverage for the milk described in the application will only become effective when we notify you in writing that your application has been accepted and approved by us and we issue a written summary of insurance to you.
- (1) For subsequent insurance periods, coverage will only be effective if there is sufficient underwriting capacity and we issue a written summary of insurance to you.
 - (2) This policy will be available for sale only on business days when FCIC's UCM web site is operational.
- (e) The application must be completed by you and received by us not later than the sales closing date of each insurance period for which insurance coverage is requested. See the LGM commodity exchange endorsement for additional detail on sales closing dates.
- (f) Insurance coverage will not be provided if you are ineligible under the contract or under any federal statute or regulation or if you do not have a share in the livestock or livestock products to be insured.
- (g) Your application must contain all the information required by us to complete the summary of insurance.
- (1) Applications that do not contain all social security numbers and employer identification numbers of the applicant and all social security numbers of individuals with a substantial beneficial interest in the applicant, as applicable, share, deductible, target marketings, and any other material information required to insure the gross margin for the livestock or livestock products are not acceptable.
 - (2) If an entity has an interest of more than 10 percent in the insured or applicant, the social security numbers of all individuals with a substantial beneficial interest in the entity must also be provided.
 - (3) If we discover that a person with a substantial beneficial interest has failed to provide a social security number or the person with a substantial beneficial interest is ineligible, the

application will not be accepted or no indemnity will be due for the insurance period for the milk insured for which the social security numbers were not provided or the person was ineligible. Because no indemnity is due as a result of a breach of this policy, any premiums will still be owed.

- (h) This is a continuous policy, but will automatically terminate at the end of the pilot program.
- (i) After acceptance of the application, you may not cancel this policy for the initial insurance period. Thereafter, the policy will continue in force for each succeeding insurance period unless canceled or terminated. Either you or we may cancel this policy after the initial insurance period by providing written notice to the other on or before the cancellation date.
- (j) If any amount due, including a check returned for insufficient funds or overpayment, plus any accrued interest, is not paid, or an acceptable arrangement for payment is not made, on or before the termination date specified in these Basic Provisions or the date contained in any notice to you, the amount will be considered delinquent and your insurance coverage will terminate.
 - (1) Termination may affect your eligibility for benefits under other USDA programs.
 - (2) You will also be determined to be ineligible to participate in any crop insurance program authorized under the Act in accordance with 7 CFR part 400, subpart U.
 - (3) For unpaid premium resulting from a check returned for insufficient funds, the policy will terminate as of the sales closing date;
 - (4) For other amounts due, the policy will terminate effective on the termination date immediately after the debt becomes delinquent;
 - (5) Payment of premium with a check returned for insufficient funds may result in your ineligibility for participation in any program administered under the authority of the Act.
 - (6) Ineligibility for unpaid premium resulting from a check returned for insufficient funds or failure to timely pay other amounts due will be effective on:
 - (i) The date that a policy was terminated for the livestock or livestock products for which you failed to pay premium and any related interest owed;
 - (ii) The payment date contained in any notification of indebtedness for any overpaid indemnity, if you fail to pay the amount owed by such due date; or
 - (iii) The termination date for the marketing year prior to the marketing year in which a scheduled payment is due under a payment agreement if you fail to pay the

amount owed by any payment date in such payment agreement.

- (7) All other policies that are issued by us under the authority of the Act, including all crop insurance policies, will also terminate as of the next termination date contained in the applicable policy;
- (8) A policy already in effect at the time you become ineligible will not be affected until the termination date for that policy and if you are ineligible, you may not obtain any insurance under the Act for any crop or livestock until payment is made in full, you execute an agreement to repay the debt and make payments in accordance with the agreement, or you file a petition to have your debts discharged in bankruptcy (Dismissal of the bankruptcy petition before discharge will void all policies in effect retroactive to the date you were originally determined ineligible to participate and any indemnities paid subsequent to that date must be repaid.);
- (9) If you execute an agreement to pay the debt and fail to make any scheduled payment:
 - (i) All your policies, including all crop insurance policies, will be terminated effective on the termination date for the crop year prior to the crop year in which you failed to make the scheduled payment and no indemnity will be due for that year;
 - (ii) You will no longer be eligible to obtain insurance under the Act by execution of an agreement to pay the debt; and
 - (iii) You will be ineligible for insurance under the Act until the debt is paid in full or you file a petition to discharge the debt in bankruptcy. Dismissal of the bankruptcy petition before discharge will void all policies in effect retroactive to the date you were originally determined ineligible to participate and any payments and indemnities paid subsequent to that date must be repaid;
- (10) Once the policy is terminated, it cannot be reinstated for the current crop year unless the termination was in error because you did not owe any amounts or you paid the amounts owed on or before the termination date;
- (11) After you again become eligible for insurance under the Act, if you want to obtain coverage, you must reapply on or before the sales closing date for the crop or livestock (You cannot reapply for insurance in the crop year in which you became ineligible.); and
- (12) Any amount due us for any livestock or crop insured by us under the authority of the Act will be deducted from any indemnity due you for this or any other crop or livestock insured with us. If we deduct the amount due us from an

indemnity, the date of payment for the purpose of this section will be the date you sign the properly executed claim for indemnity.

- (k) If you die, disappear, or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved, the Policy will terminate as of the date of death, judicial declaration, or dissolution. If such event occurs after coverage begins for any insurance period, the policy will continue in force through the insurance period and terminate at the end of the insurance period and any indemnity will be paid to the person or persons determined to be beneficially entitled to the indemnity. The premium will be deducted from the indemnity or collected from the estate. Death of a partner in a partnership will dissolve the partnership unless the partnership agreement provides otherwise. If two or more persons having a joint interest are insured jointly, death of one of the persons will dissolve the joint entity.
- (l) Any insured may sign any document relative to this policy on behalf of any other insured covered by this policy, provided that the person has a properly executed power of attorney or other legally sufficient document authorizing such insured to act for other insureds.
- (m) We may cancel your policy if no premium is earned for 3 consecutive years.
- (n) The cancellation date is June 30 for all insurance periods.
- (o) The termination date for debt for the insurance period is the first day of the next month immediately following the sales closing date.

3. Insurance Coverages

- (a) Your gross margin guarantee, deductible, and maximum premium for the insurance period are as shown on your summary of insurance.
- (b) You must select a deductible by the sales closing date.
- (c) You may only select one deductible that is applicable for all target marketings.
- (d) Target marketings must be submitted on our form by the sales closing date for each insurance period in which you desire coverage. If target marketings are not submitted by the sales closing date, your target marketings for the insurance period will be zero.
- (e) Target marketings for any month of an insurance period cannot be greater than the approved target marketings for that insurance period. Your target marketings are due at the time of application in the initial insurance period and your target marketings report is due by the sales closing date in subsequent insurance periods.
- (f) No indemnity will be owed, but you will still be responsible for any premiums owed, if we find that your marketing report:

- (1) Is not supported by written verifiable records in accordance with the definition of marketing report; or

- (2) Fails to accurately report actual marketings or other material information.

- (g) Under no circumstance will the total number of hundredweight insured exceed 240,000 hundredweight of milk in any insurance period or insurance year.

- (h) Coverage can be purchased from the time starting after the review of prices and ending on the following day at 9:00 a.m. Central Time or as otherwise specified in the Special Provisions. Coverage is not available for purchase if expected milk and feed prices are not available on the RMA website.

- (i) Sales of LGM may be suspended for the next sales period if unforeseen and extraordinary events occur that interfere with the effective functioning of the corn, soybean meal, or milk commodity markets. Evidence of such events may include, but is not limited to, consecutive limit down moves in the milk futures markets or limit up moves in the corn and soybean meal contracts.

4. Causes of Loss Covered

This policy provides insurance only for the difference between the actual gross margin and the gross margin guarantee. This policy does not insure against the death or other loss or destruction of your dairy cattle, or against any unexpected decline in milk production, or in other loss or damage of any kind whatsoever.

5. Annual Premium

The premium is earned and payable at the time coverage begins. The application will not be accepted if the premium is not paid in full at the time of application. In subsequent insurance periods, if the premium is not paid in full by the applicable sales closing date, your target marketings will be reduced to zero for each month of the insurance period and you will have no coverage for milk under this policy. The premium amount is shown on your summary of insurance.

6. Insurance Period

- (a) Coverage begins on your milk one full calendar month following the last calendar day of the month in which sales occurs, unless otherwise specified in the Special Provisions, provided premium for the coverage has been paid in full. For example for the contract with a sales closing date of January 29, coverage will begin on March 1.

- (b) Coverage ends at the earliest of:

- (1) The last month of the insurance period in which you have target marketings.

- (2) As otherwise specified in the policy.

- (3) If the end date is on a Saturday, Sunday, or federal holiday, or, if for any reason the relevant report is not available to us for that day or any other day of the ending period, then

the actual ending value will be based on the most recent reports made prior to that date.

7. Determining Indemnities

- (a) In the case of a payable loss on insured milk, we will send you a notice of probable loss approximately ten days after all actual gross margins applicable for the insurance period are released by RMA. You must submit a marketing report, within 15 days of your receipt of the notice of probable loss.
- (b) In the event of loss covered by this policy, we will settle your claim by subtracting the actual total gross margin from the gross margin guarantee. If the result is greater than zero, an indemnity will be paid.
- (c) In the event that the total of actual marketings are less than 75 percent of the total of targeted marketings for the insurance period, indemnities will be reduced by the percentage by which the total of actual marketings for the insurance period fell below the total of target marketings for the period.

8. Conformity to Food Security Act

Although your violation of a number of federal statutes, including the Act, may cause cancellation or termination of the policy or may cause the policy to become void, you should be specifically aware that your policy will be canceled if you are determined to be ineligible to receive benefits under the Act due to violation of the controlled substance provisions (title XVII) of the Food Security Act of 1985 (Pub. L. 99-198) and the regulations published at 7 CFR part 400, subpart F. Your policy will be canceled if you are determined, by the appropriate agency, to be in violation of these provisions. We will recover any and all monies paid to you or received by you during your period of ineligibility, and your premium will be refunded, less a reasonable amount for expenses and handling not to exceed 24.5 percent of the total premium.

9. Amounts Due Us

- (a) Interest will start to accrue on the sales closing date if the check for premium is returned for insufficient funds at the rate of 1.25 percent simple interest per calendar month, or any portion thereof, on any unpaid amount due us.
- (b) For the purpose of any other amounts due us, such as repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice is issued to you for the collection of the unearned amount. Amounts found due under this paragraph will not be charged interest if payment is made within 30 days of issuance of the notice by us. The amount will be considered delinquent if not paid within 30 days of the date the notice is issued by us.
- (c) All amounts paid will be applied first to expenses of collection, if any, second, to the reduction of

accrued interest, and then to the reduction of the principal balance.

- (d) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all the expenses of collection.
- (e) Amounts owed to us by you may be collected in part through administrative offset from payments you receive from United States government agencies in accordance with 31 U.S.C. chapter 37.

10. Legal Action Against Us

- (a) You may not bring legal action against us unless you have complied with all of the policy provisions.
- (b) If you do take legal action against us, you must do so within 12 months after denial of your claim. Suit must be brought in accordance with the provisions of 7 U.S.C. 1508(j).
- (c) Under no circumstances will we be liable for the payment of damages (compensatory, punitive, or other), attorneys' fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such claim.

11. Payment and Interest Limitations

We will pay simple interest computed on the net indemnity ultimately found to be due by us or by a final judgment of a court of competent jurisdiction, from and including the 61st day after the date you sign, date, and submit to us the properly completed marketing report. Interest will be paid only if the reason for our failure to timely pay is **NOT** due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) and published in the Federal Register semiannually on or about January 1 and July 1 of each year, and may vary with each publication.

12. Concealment, Misrepresentation or Fraud

- (a) If you have falsely or fraudulently concealed the fact that you are ineligible to receive benefits under the Act or if you or anyone assisting you has concealed or misrepresented any material fact relating to this Policy:
 - (1) This policy will be void for each insurance period in which the concealment, fraud, or misrepresentation occurred; and
 - (2) You may be subject to remedial sanctions in accordance with 7 U.S.C. 1515(h) and 7 CFR part 400, subpart R.
- (b) Voidance of this policy will result in you having to reimburse all indemnities paid for the insurance period.
- (c) Voidance will be effective on the first day of the insurance period for the crop year in which the act occurred and will not affect the policy for subsequent insurance periods unless a violation of this section also occurred in such insurance periods.

(d) Even though this policy is void, you will still be required to pay 24.5 percent of the total premium due under the policy to offset costs incurred by us in the service of this policy.

13. Transfer of Coverage and Right to Indemnity

If you transfer any of your milk during the insurance period, you may transfer your coverage rights, if the transferee is eligible for crop or livestock insurance. We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred. The transfer of coverage rights must be on our form and will not be effective until approved by us in writing. Both you and the transferee are jointly and severally liable for the payment of the premium. The transferee has all rights and responsibilities under this policy consistent with the transferee's interest. If the transferee is not eligible for livestock insurance for any reason, and the transfer occurs before the final 30 days of the insurance period, then the transferred portion of the coverage will be terminated and no premium for that portion will be refunded.

14. Assignment of Indemnity

You may assign to another party your right to an indemnity for the insurance period. The assignment must be on our form and will not be effective until approved in writing by us. The assignee will have the right to submit all loss notices and forms as required by the policy. If you have suffered a loss from an insurable cause and fail to file a marketing report within 15 days after you receive a notice of probable loss, the assignee may submit the marketing report not later than 15 days after the 15-day period has expired. We will honor the terms of the assignment only if we can accurately determine the amount of the claim. However, no action will lie against us for failure to do so.

15. Subrogation (Recovery of Loss from a Third Party)

Since you may be able to recover all or a part of your loss from someone other than us, you must do all you can to preserve this right. If you recover any funds from someone else, you must repay to us the amount you receive from us, not to exceed the amount of indemnity we paid to you. If we pay you for your loss, your right to recovery will, at our option, belong to us. If we recover more than we paid you plus our expenses, the excess will be paid to you.

16. Descriptive Headings

The descriptive headings of the various policy provisions are formulated for convenience only and are not intended to affect the construction or meaning of any of the policy provisions.

17. Notices

(a) All notices required to be given by you must be in writing and received by the insurance agent identified in your application within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by telephone or in person and

confirmed in writing. Time of the notice will be determined by the time of our receipt of the written notice. If the date by which you are required to submit a report or notice falls on Saturday, Sunday, or a federal holiday, or if your agent's office is, for any reason, not open for business on the date you are required to submit such notice or report, such notice or report must be submitted on the next business day.

(b) All notices and communications required to be sent by us to you will be mailed to the address contained in the summary of insurance. Notice sent to such address will be conclusively presumed to have been received by you. You should advise us immediately of any change of address.

18. Applicability of State and Local Statutes

If the provisions of this policy conflict with statutes of the state or locality in which this policy is issued, the policy provisions will prevail. State and local laws and regulations in conflict with federal statutes or regulations do not apply to this policy.

19. Other Insurance

You must not obtain any other livestock insurance issued under the authority of the Act on the insured milk. If we determine that more than one policy on the milk is intentional, you may be subject to the sanctions authorized under this policy, the Act, or any other applicable statute. If we determine that the violation was not intentional, the policy with the earliest date of application will be in force and all other policies will be void. Nothing in this paragraph prevents you from obtaining other insurance not issued under the Act.

20. Access to Insured Milk and Records, and Record Retention

(a) We, and any employee of USDA, reserve the right to examine the dairy herd of the insured producer, and all records relating to sale of the milk as often as we reasonably require during the record retention period.

(b) For three years after the end of the insurance period, you must retain, and provide upon our request, or the request of any USDA employee, complete records of the purchase, feeding, shipment, sale, or other disposition of all the insured milk. This requirement also applies to the records to establish the basis for the marketing report for each insurance period. You must also provide upon our request, or the request of any USDA employee, separate records showing the same information from any milk not insured. We may extend the record retention period beyond three years by notifying you of such extension in writing. Your failure to keep and maintain such records will result in no indemnity being due and since the denial of indemnity is based on a breach of the policy for the insurance period, you will still be required to pay all premiums owed.

(c) Any person designated by us, and any employee of USDA, will, at any time during the record retention period, have access:

- (1) To any records relating to this insurance at any location where such records may be found or maintained; and
- (2) To the farm.

(d) By applying for insurance under the authority of the Act or by continuing insurance for which you previously applied, you authorize us, or any person acting for us, to obtain records relating to the insured milk from any person who may have custody of those records including, but not limited to, packers, banks, shippers, sale barns, terminals, cooperatives, associations, and accountants. You must assist us in obtaining all records that we request from third parties.

21. Arbitration

(a) Any dispute regarding a determination arising out of or relating to this policy will be resolved in accordance with the rules of the American Arbitration Association (AAA). Notwithstanding any provisions in the rules of the AAA to the contrary, the arbitrator's decision is not binding on you or us and is subject to judicial review under the same standards as a decision rendered by the National Appeals Division.

(b) The initiation of arbitration proceedings must occur within 12 months of the date of the denial of the claim, including disputes regarding the amount of the claim.

(c) Failure to agree with any factual determination made by FCIC must be resolved through the FCIC appeal provisions published at 7 CFR part 11.

(d) No award determined by arbitration or appeal can exceed the amount of liability established or which should have been established under the policy.

22. Contract Changes

(a) We may change the terms of your coverage under this policy from year to year.

(b) Any changes in policy provisions, basis amounts, amounts of insurance, premium rates, and program dates will be provided by us to your crop insurance agent not later than the contract change date. You may view the documents or request copies from your crop insurance agent.

(c) You will be notified, in writing, of changes to the Basic Provisions and Special Provisions not later than 30 days prior to the cancellation date. Acceptance of changes will be conclusively presumed in the absence of notice from you to change or cancel your insurance coverage.

(d) The contract change date is April 30.

23. Multiple Government Benefits

(a) If you are eligible to receive an indemnity under this policy and are also eligible to receive benefits for the same loss under any other USDA program, you may receive benefits under both programs,

unless specifically limited by the insurance contract or by law.

(b) The total amount received from all such sources may not exceed the amount of your actual loss. The total amount of the actual loss is the difference between the fair market value of the insured commodity before and after the loss, based on your records and the highest amount of insurance available for the commodity.

(c) FSA will determine and pay the additional amount due you for any applicable USDA program after first considering the amount of any insurance indemnity.