

## **Enterprise Units**

### **What is an enterprise unit (EU)?**

An EU consists of all insurable acreage of the same insured crop in the county in which you have a share on the date coverage begins for the crop year when you elect a single EU for all the crop acreage in the county. When available for your crop in the actuarial documents, if you elect separate enterprise units by irrigation practice, cropping practice, or type, then an EU consists of all insurable acreage of the same insured crop for the specific irrigation practice, cropping practice, or type in the county in which you have a share on the date coverage begins for the crop year.

### **When must my EU election be made?**

You must elect EUs on or before the SCD as specified in the Crop Provisions.

### **Do I elect my EU structure each year?**

The EU election is continuous and remains in effect from year to year unless cancelled in writing by you by the earliest cancellation date for the next crop year. If you have an EU in effect and do not qualify for the current crop year, the election will continue to apply in following crop years.

### **What are the EU requirements?**

You must have at least two sections, section equivalents, FSA farm numbers, or units established by written unit agreement or unit division option, whichever are the basis for optional units (OU) where the insured acreage is located or are applicable to the insured acreage. You may combine two or more sections, section equivalents, or FSA farm numbers, if more than one of these are the basis for OUs where the insured acreage is located or are applicable to the insured acreage (for example, a portion of the acreage is located in an area where sections are the basis for OUs and another portion of the acreage is located in an area where FSA farm numbers are the basis for optional units).

In addition, at least two of the sections, section equivalents, FSA farm numbers, or units established by written unit agreement or unit division option, whichever are the basis for OUs where the insured acreage is located or are applicable to the insured acreage, must each have planted acreage that constitutes at least the lesser of 20 acres or 20 percent of the insured crop acreage in the EU. These parcels can be aggregated to form at least two parcels to meet this requirement. These requirements for EUs must be met for each EU you elect.

- Exception: You may also qualify for an EU if you have one section, section equivalent, or FSA farm number qualify for an EU, whichever type of parcel is the basis for OUs where the insured acreage is located, provided there are at least 660 planted acres of the insured crop in the one section, section equivalent, or FSA farm number. FCIC 18010 Crop Insurance Handbook Para. 1033(4).

## **If I elect a single EU for the crop in the county and do not meet EU requirements, what will my unit structure be?**

There are two determinations based on the timing of the discovery that you do not qualify for EU:

1. If the discovery is made on or before the acreage reporting date (ARD), you may elect basic units (BUs) or OUs, whichever you report on your acreage report and qualify for if the production reporting requirements are met by the production reporting date (PRD).
2. If the discovery is made after the ARD, your unit division will be a BU.

## **What acres are used to determine the EU discount? Are my prevented planting acres included and receive the discount?**

Acres used to determine the EU discount include only insured planted acres in the unit and do not include any prevented planting acres. Once the EU discount is determined, it will apply to both your insured planted and prevented planting acres to determine your premium.

## **Are prevented planting acres included when determining if an EU meets the 20/20 rule (if the EU has planted acreage that constitutes at least the lesser of 20 acres or 20 percent of the in the insured crop acreage in the EU)?**

Yes, prevented planting acres are included in the total of insured acres for the EU.

For example:

You elect an EU for all soybean acreage you insure in the county. Sections are the basis for OUs and you have planted acreage of the crop as follows: 65 acres in section 15 and 35 acres in section 34. You also have 40 prevented planting acres.

### **Calculation for qualifying for EU:**

Total insured acres = 140 (65+35+40)

20 percent of total acres = 28 (140 x .20)

Section 15 with 65 acres is greater than 20 acres and greater than 20 percent.

Section 34 with 35 acres is greater than 20 acres and greater than 20 percent.

The requirement of two or more sections with 20 acres or 20 percent is met.

## **What premium subsidy is available for EUs?**

EU (including EU by practice or type) subsidy rates are shown in the table below:

<b>Coverage Level</b>	50%	55%	60%	65%	70%	75%	80%	85%
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<b>Subsidy</b>	80%	80%	80%	80%	80%	77%	68%	53%
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**Are there EUs that don't consist of all insurable acreage of the same insured crop in the county?**

Yes. When allowed by the actuarial documents, you may elect separate EUs for your crop in the county by one of the following methods:

1. Irrigation practice: irrigated and non-irrigated practices;
2. Cropping practice: Following Another Crop (FAC) and Not Following Another Crop (NFAC) practices; or
3. Type: when allowed by the Crop Provisions

For EUs by irrigation or cropping practices, you may elect one EU for one practice and/or one EU for the other practice. For example: (1) one EU for all irrigated practices and/or one EU for all non- irrigated practices; or (2) one EU for all FAC practices and/or one EU for all NFAC practices.

For EUs by type, you may elect separate EUs by type and any acreage which is not reported and insured as an EU will be insured as BUs or OUs if requirements are met. For example, if you insure winter and spring types, you may elect one EU for the spring type or one EU for the winter type, or separate EUs for both types. In this example, if you only elect an EU for the winter type, the spring acreage not reported and insured as an EU will be insured as BUs or OUs if requirements are met.

NOTE: If you elect separate EUs by irrigation practice, cropping practice, or type, you cannot further divide EUs by another method.

**Are EUs by FAC and NFAC only available when both irrigation practices have the FAC and NFAC cropping practices specified?**

Yes, EUs by FAC and NFAC cropping practices are only allowed when provided in the actuarial documents and available for each irrigation practice you use. For example, if the non-irrigated practice for the county has both FAC and NFAC cropping

practices in the actuarial documents, but the irrigated practice does not specify either FAC or NFAC, EUs are available as follows:

1. If you use the irrigated practice, separate EUs for FAC and NFAC cropping practices are not available because they are not specified as separate cropping practices in the actuarial documents for the irrigated practice; or
2. If you use only the non-irrigated practice, with FAC and NFAC cropping practices, separate EUs for non-irrigated FAC and NFAC cropping practices are available, because they are specified as separate cropping practices in the actuarial documents for the non-irrigated practice.

### **What premium discount is available if I elect to have separate EUs by irrigation practice, cropping practice, or type?**

Premium discounts are offered for EUs to recognize the lower risk associated given the geographic diversification. In general, the larger the EU, the lesser the risk, and the greater the EU discount. To the extent separate EUs by irrigation practice, cropping practice, or type result in smaller tracts of acreage, the average size of the discount decreases. The impact (reduction in premium discount) will vary depending upon the amount of acreage associated with each EU.

### **Does there need to be a break in planting pattern to have separate EUs by irrigation practice, cropping practice, or type?**

Yes. You must plant the crop in a manner that results in a clear and discernible break in the planting pattern at the boundaries of acreage between irrigated practice, cropping practice, or type respectively to qualify for the unit structure. The additional center pivot instructions in the FCIC 18010 Crop Insurance Handbook Para. 1021F(2) for determining irrigated and non-irrigated acreage also applies.

### **If I elect an EU for both practices (EUs for both irrigated and non-irrigated practices OR EUs for both FAC and NFAC cropping practices) and do not meet EU requirements for each practice, what will my unit structure be?**

There are two determinations based on the timing of the discovery that you do not qualify:

1. If the discovery is made on or before the ARD, you may elect:
  1. One EU for one practice (either all irrigated or all non-irrigated practices, or all FAC or all NFAC cropping practices) provided EU requirements are met, and BUs or OUs for the other practice, whichever you report on your acreage report and qualify for if the production reporting requirements are met by the PRD;
  2. One EU for both practices on a crop and county basis, provided EU requirements are met; or
  3. BUs or OUs for both practices, whichever you report on your acreage report and qualify for if the production reporting requirements are met by the PRD.
2. If the discovery is made after the ARD, your unit division will be one EU for both practices on a crop and county basis provided EU requirements are met. If the requirements for an EU are not met, a BU will apply to both practices.

**If I elect an EU on one practice (EU for irrigated or non-irrigated practices or EU for FAC or NFAC cropping practices) and do not meet EU requirements on that practice, what will my unit structure be?**

There are two determinations based on the timing of the discovery for not qualifying:

1. If the discovery is made on or before the ARD, you may elect BUs or OUs for both practices, whichever you report on your acreage report and qualify for if the production reporting requirements are met by the PRD.
2. If the discovery is made after the ARD, a BU will apply to both practices.

**If I elect an EU for multiple types and do not meet EU requirements for each type, what will my unit structure be?**

There are two determinations based on the timing of the discovery that you do not qualify:

1. On or before the ARD, you may elect to insure:
  1. All types for which you elected an EU and meet the EU requirements, and BUs or OUs for any acreage that is not reported and insured as an EU whichever you report on your acreage report and for which you qualify;
  2. One EU for all acreage of the crop in the county, provided EU requirements are met; or
  3. BUs or OUs for all acreage of the crop in the county, whichever you report on your acreage report and for which you qualify; or
2. At any time after the ARD, your unit structure will be one EU for all acreage of the crop in the county provided EU requirements are met. Otherwise, a BU will apply to all acreage of the crop in the county.

### **If I elect an EU for one type and do not meet EU requirements for that type, what will my unit structure be?**

There are two determinations based on the timing of the discovery for not qualifying:

1. On or before the ARD, BUs or OUs for all acreage of the crop in the county, whichever you report on your acreage report and for which you qualify;
2. At any time after the ARD, a BU will apply to all acreage of the crop in the county.