

# Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

## 1 Multi-County Enterprise Unit (MCEU) Endorsement

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### A. General Information

The MCEU Endorsement allows an insured to combine insured crop acreage of an insured crop, by irrigation practice, if applicable, in two contiguous counties into one Enterprise Unit (EU), referred to as a MCEU. The contiguous counties that form a MCEU must be in the same State. To qualify for a MCEU, the acreage on one county policy (the primary county) must individually qualify for the type of EU election the insured has selected to apply to the MCEU. For example, one EU for the crop/county policy or one EU for all irrigated practices for the crop/county policy and/or one EU for all non-irrigated practices for the crop/county policy. The acreage in the contiguous county (the secondary county) to be combined with the primary county must not qualify for the EU election the insured elected for the primary county. Insureds may have multiple MCEUs for a crop and/or by irrigation practice.

Electing the MCEU does not combine crop/county policies. Premium, along with the guarantee and liability, will be calculated separately for each county policy in the MCEU based on the acres physically located in each county using the actuarial documents for that county. However, the total insured planted acres of the MCEU will be used to determine the appropriate EU discount factor contained in the actuarial documents that will apply to each county in the MCEU. The EU discount factor applies to planted and PP acres when determining premium. Replanting, PP and claims for indemnities will be determined and paid, if applicable, at the MCEU level.

### B. MCEU Election

The insured must, on or before the earliest SCD of the counties in a MCEU, on an Application or Policy Change Form, elect:

- (1) the MCEU option (option code "MC"); and

**Note:** For crops/counties with a fall or winter SCD and a spring SCD specified in the actuarial documents, the MCEU election may be changed on or before the spring SCD if there is no insured fall planted acreage of the insured crop.

- (2) the EU structure that will apply for the MCEU, i.e., EU or EP.

### C. MCEU Availability

- (1) The MCEU Endorsement is available when provided in the actuarial documents.

## Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

### 1 Multi-County Enterprise Unit (MCEU) Endorsement (continued)

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#### **C. MCEU Availability (cont.)**

- (2) MCEUs are only available on additional coverage policies insured under the CCIP-BP and the applicable CP for crops:
  - (a) for which revenue protection is available, regardless of whether yield protection or revenue protection is elected; and
  - (b) for which revenue protection is not available, if authorized by the SP.

#### **D. Continuous Endorsement**

The MCEU Endorsement is a continuous endorsement and will remain in effect until cancelled by the insured or the AIP on or before the earliest applicable cancellation date.

#### **E. MCEU Designation**

The insured may have more than one MCEU.

- (1) To be part of a MCEU:
  - (a) Both counties must be contiguous. RMA will determine which counties are contiguous and make this information available in the actuarial documents;
  - (b) There must be planted insurable acreage of the insured crop in each county;
  - (c) The policies for the insured crop in each county must have identical elections for:
    - (i) Multi-county enterprise units;
    - (ii) Insurance plan;
    - (iii) Coverage level, by irrigation practice if applicable;
    - (iv) EU or EU by practice (EP); and
  - (d) Both county crop policies within the MCEU must be written with the same AIP.

## Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

### 1 Multi-County Enterprise Unit (MCEU) Endorsement (continued)

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#### **E. MCEU Designation (cont.)**

- (2) The insured must designate the primary and secondary county for each MCEU on or before the earliest ARD for the crop year. If the primary and secondary counties are not designated by the earliest ARD for a crop year, then the MCEU will not apply for that crop year. If the designated primary and secondary counties do not meet for the MCEU qualifications, Para. 2B applies.
- (3) If the insured has elected EU by irrigation practice, MCEUs will be determined separately for each practice.
  - (a) The insurance plan and coverage level must be identical for the irrigation practice in each county of the MCEU.
  - (b) A county may be part of one MCEU for all irrigated practices and a different MCEU for all non-irrigated practices.

**Example:** Irrigated corn in County B may be in a MCEU with County A and non-irrigated corn in County B may be in a MCEU with County C.

- (c) A county with EU elected for one irrigation practice (EP) and a different unit structure elected for the other irrigation practice may only qualify for a MCEU on the one practice for which EU was elected.
- (4) The insured may have more than one MCEU for the insured crop, by irrigation practice if applicable, provided the counties in each MCEU meet the MCEU qualifications.

**Example:** An insured has corn policies in Counties A, B, C, D, and E. Corn in County B may be in a MCEU with County C and corn in County D may be in a MCEU with County E, provided the counties in each MCEU meet the MCEU qualifications.

- (5) If a county is contiguous to more than one county which is designated as a primary county, it may only be designated as a secondary county for one primary county, or as a secondary county for one primary county for an irrigated practice if the insured has elected EU by irrigation practice.

**Example:** **County A** – Primary County  
**County B** – Primary County  
**County C** – (contiguous to both County A and B) Secondary County to A or B.

## Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

### 1 Multi-County Enterprise Unit (MCEU) Endorsement (continued)

#### **E. MCEU Designation (cont.)**

**Example:** **County A** – primary county for irrigated MCEU (could also be secondary county for County A for non-irrigated MCEU, if contiguous).

**County B** – primary county for non-irrigated MCEU (could also be secondary county for County A for irrigated MCEU, if contiguous).

**County C** -- (contiguous to both County A and B) could be secondary county to A and/or B for the applicable irrigation practice.

### 2 MCEU

#### **A. Qualifications**

- (1) To qualify for a MCEU, the designated primary county must individually qualify for the EU election the insured has chosen. The requirements and procedures for EU(s) provided in the FCIC 18010 Crop Insurance Handbook (CIH) Part 10 Section 3 apply. The insured will have the same EU elections available as provided in CIH Para. 1031 and they must meet the qualifications provided in CIH Para. 1033.
  - (a) The insured can elect a single EU for all the insured crop acreage in the MCEU (not by irrigation practice) and the unit structure code provided in the actuarial documents for this election is EU.
  - (b) When allowed by the actuarial documents, an insured may elect separate EUs by irrigated and/or non-irrigated practices. The insured may elect one EU for all irrigated practices and/or one EU for all non-irrigated practices. The unit structure code provided in the actuarial documents for this election is EP. If the insured does not separately designate on an Application or Policy Change Form which irrigation practice they want EP election to apply to in the MCEU, it will apply to both irrigation practices (one EU for all irrigated practices and one EU for all non-irrigated practices in the MCEU).
- (2) If the insured has more than one MCEU (including separate MCEUs by practice), qualifications will be determined independently for each MCEU.

## Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

### 2 MCEU (continued)

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#### **B. Assigning Unit Structure**

If MCEU qualifications are not met, unit structure will be assigned for both counties in the MCEU as provided in CIH Para. 1037 depending on when this determination is made.

- (1) If the insured does not qualify for a MCEU by crop, a unit structure will be assigned. If this determination is made:
  - (a) on or before the ARD, the insured may elect the unit structure of:
    - (i) an EU on a county basis, provided the requirements in CIH Para. 1033 are met; or
    - (ii) BUs or OUs, whichever is reported on the acreage report and for which the insured qualifies, if the production reporting requirements are met by the PRD; or
  - (b) after the ARD, the unit structure will be an EU on a county basis provided the requirements in CIH Para. 1033 are met. If the requirements for an EU are not met, a BU structure will apply on a county basis.
- (2) If the insured does not qualify for separate MCEUs by irrigated and non-irrigated practices (when elected) and this determination is made (see CIH Exh. 10E):
  - (a) on or before the ARD, the insured may elect the unit structure of:
    - (i) one EU for both irrigation practices on a crop/county basis, provided the requirements in CIH Para. 1033 are met; or
    - (ii) BUs or OUs for both irrigation practices, whichever is reported on the acreage report and for which the insured qualifies, if the production reporting requirements are met by the PRD; or
  - (b) after the ARD, the unit structure will be one EU for both irrigation practices on a crop/county basis provided the requirements in CIH Para. 1033 are met. If the requirements for an EU are not met, a BU structure will apply to both irrigation practices.

## **Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures**

### **2 MCEU (continued)**

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#### **B. Assigning Unit Structure (cont.)**

- (3) If the insured does not qualify for a MCEU on an irrigation practice (irrigated or non-irrigated) when they elect to insure that irrigation practice as an EU and a different unit structure on the other irrigation practice and this determination is made (see CIH Exh. 10F):
  - (a) on or before the ARD, the unit division for both irrigation practices will be based upon BUs or OUs, whichever is reported on the acreage report and for which the insured qualifies, if the production reporting requirements are met by the PRD; or
  - (b) after the ARD, a BU structure will apply to both irrigation practices.

### **3 Assigned Yields Interaction with MCEU**

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Assigned yields and related procedures will apply if production reporting requirements are not met for an EU, or EP when applicable, for both counties within the MCEU.

Example: The insured elects MC option for corn in county A, B and C. The insured elects EP for irrigated corn in Counties A and B and EP for non-irrigated corn in Counties B and C. The insured does not provide acceptable production reports for irrigated corn in Counties A and B, therefore assigned yield provisions will apply to corn in Counties A, B and C.

Since an acceptable production report was not provided for irrigated corn in county B, the non-irrigated corn production report would also not be acceptable (production reporting is on a crop county basis). Since the non-irrigated corn production report is not acceptable in county B, it makes the non-irrigated corn production report for the same EP in County C not acceptable as well. This makes the corn production report in County C not acceptable, and assigned yields applicable in County C.

If the insured certifies production on the production report at a level below the EU for each county, they must have acceptable records at the level reported, otherwise assigned yields will apply (See CIH Para. 1303A for additional details. Also, see CIH Para. 1306 and 1503B for assigned yield and related procedures.) However, assigned yields do not apply if the insured provided an acceptable production report on an EU basis and BUs are subsequently assigned.

## **Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures**

### **4 MCEU Reporting Requirements**

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MCEU unit structure must be reported on the acreage report, and an acreage report must be provided separately for both counties included in the MCEU.

#### **A. Separate Production Record Requirements**

Separate production reports must be provided for APH purposes for the crop by P/T/TMA for each county in the MCEU.

Separate records of acreage and production for BUs/OUTs for both counties within the MCEU must be maintained to change unit structure from MCEUs to BUs or OUTs in any subsequent crop year.

- (1) For BUs, to be eligible to use records to establish the production guarantee for the BU, production reports must be provided for each BU by P/T/TMA. If production reports are not provided for each BU for a county, then, none of the production reports are acceptable for APH purposes for that county.
- (2) For OUTs, to qualify for OUTs and to be eligible to use the records to establish the production guarantee for all OUTs, production reports must be provided for each OUT by P/T/TMA in the county.

#### **B. MCEU Acreage Report Requirement**

When MCEUs are elected, the insured must, on or before the earliest applicable ARD:

- (1) identify each MCEU, when more than one is applicable;
- (2) designate the primary and secondary counties that will be part of each MCEU;
- (3) separately designate, by BU, each section or other basis used to qualify for an EU for the primary county for each MCEU(s); and
- (4) separately designate each BU within the secondary county in each MCEU.

#### **C. Qualification Determination**

Qualification for the EU will be determined at acreage reporting time when the insured reports all insurable acreage of the insured crop in both counties for all BUs and/or OUTs comprising the EU.

## Multi-County Enterprise Unit (MCEU) Endorsement Underwriting Procedures

### **4 MCEU Reporting Requirements (continued)**

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#### **D. Prorating Production**

If an insured has only provided production reports for total acres and total production on an EU basis and APH databases have not been maintained at the BU level, production will be prorated for each BU for planted acres in accordance with Para. 1087C to determine the approved APH yield when BUs are assigned up until payment of a claim.

### **5 Added Land and New Crop/P/T with MCEU**

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For land added to an EU or APH databases established for a new crop/P/T, use a simple average of the approved APH yields, or adjusted yields as applicable, from each of the insured's existing APH databases that have at least one year of actual/assigned yields for the underlying units of the EU within the county as the SA T-Yield. Exclude the approved APH yields from high-risk land APH databases in the county that are excluded from the policy. In those instances, a separate SA-T-Yield would be calculated for the high-risk land APH databases, when applicable. Use the variable T-Yield when the APH databases established for the added land or new crop/P/T do not qualify for use of the SA T-Yield or the existing unit's yield. See CIH Part 17 Section 9.

### **6 Form Changes**

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#### **A. Acreage Report**

The AIP must modify the Acreage Report to indicate the other county in the MCEU and whether the county is the primary or secondary county within the MCEU by adding the elements (substantive only when MCEU applies to the policy):

“MCEU Other County \_\_\_\_\_  
MCEU Primary or Secondary County \_\_\_\_\_”

#### **B. Summary of Coverage (Schedule of Insurance)**

Although the Guarantee or Amount of Coverage, Liability and Insured's Premium, etc., continues to be established separately on a county/crop/policy basis and shown separately on each county's Summary of Coverage (Schedule of Insurance), by irrigation practice if applicable, the AIP must modify the Summary (Schedule) to indicate when MCEU applies to the acreage by adding the element (substantive only when MCEU applies to policy):

“Multi-County Enterprise Unit applies to county. Name of Other County \_\_\_\_\_  
Policy Number for Other County \_\_\_\_\_ Total Guarantee of MCEU \_\_\_\_\_”