

LIVESTOCK GROSS MARGIN FOR 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 insurance company providing insurance. 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 provisions of the Federal Crop Insurance Act (FCIA) (7 U.S.C. 1501-1524). All provisions of the policy and rights and responsibilities of the parties are specifically subject to the FCIA. The provisions of the policy may not be waived or varied in any way by any crop insurance agent of the insurance company providing insurance. Neither we, our employees, contractors, FCIC, nor the Risk Management Agency has the authority to revise, amend, or otherwise alter this policy. We will use FCIC procedures (handbooks, manuals, memoranda and bulletins), published on RMA’s website www.rma.usda.gov or a successor website, in the administration of this policy, including any loss or claim submitted under this policy. In the event the insurance company providing insurance cannot pay your loss, FCIC will become your insurer and your claim will be settled and paid by FCIC in accordance with the provisions of this policy. 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 provide the insurance as stated in this policy. If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) the actuarial documents; (3) Commodity Exchange Endorsement for Cattle and (4) these Basic Provisions, with (1) controlling (2), etc.

BASIC PROVISIONS TERMS AND CONDITIONS

1. Definitions.

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

Actual cattle price - For the months of February, April, June, August, October, and December, the actual cattle price is the simple average of the daily settlement prices in the last three trading days prior to the contract expiration date for the CME Group live cattle futures contracts. For the months of January, March, May, July, September, and November, the actual cattle price is the simple average of the daily settlement prices in the last three trading days prior to the contract that expire in the immediately surrounding months.

Actual corn price - For months in which a CME Group corn futures contract expires, the actual corn price is the simple average of the daily settlement prices in the last three trading days prior to the contract expiration date for the CME Group corn futures contract for that month expressed in dollars per bushel. For months when there is no expiring CME Group corn futures contract, the actual corn price is the weighted average of the prices on the nearest two contract months. The weights depend on the time period between the month in question and the nearby contract months. For example, the actual corn price in April is the simple average of the daily settlement prices in the last three trading days prior to the contract expiration date of the corn futures contracts that expire in March and May. For the month of January, the actual corn price will equal two-thirds times the simple average of the daily settlement prices in the last three trading days prior to expiration of the December CME Group corn futures contract plus one-third times the simple average of the daily settlement

prices in the last three trading days prior to expiration of the March CME Group corn futures contract.

Actual cost of feed - For yearling finishing operations, the actual cost of feed for each month equals 50 bushels times the actual corn price for that month, or as stated in the Special Provisions. For calf finishing operations, the actual feed cost for each month equals 52 bushels times the actual corn price for that month, or as stated in the Special Provisions. **Actual Feeder Cattle Price** - For months in which a CME Group feeder cattle futures contract expires, the actual feeder cattle price is the simple average of the daily settlement prices in the last three trading days prior to the contract expiration date, expressed in dollars per hundredweight. For other months, the actual feeder cattle price is the simple average of the daily settlement prices in the last three trading days prior to the contract expiration date of the feeder cattle futures contracts that expire in the immediately surrounding months. For example, the actual feeder cattle price in February is the simple average of the daily settlement prices in the last three days prior to the contract expiration date of the feeder cattle futures contracts in January and March.

Actual gross margin per head - For yearling finishing operations, the actual gross margin equals the actual cattle price for the month cattle are marketed times the assumed weight of the cattle at marketing of 12.5 hundredweight, minus the actual cost of feed two months prior to that month, minus the actual feeder cattle price five months prior to that month times the assumed weight of feeder cattle of 7.5 hundredweight. For calf finishing operations, the actual gross margin equals the actual cattle price for the month cattle are marketed times the assumed weight of the cattle at marketing of 11.5 hundredweight, minus the actual cost

22-LGM Cattle

of feed four months prior to that month, minus the actual feeder cattle price eight months prior to that month times the assumed weight of feeder cattle of 5.5 hundredweight. For example, the actual gross margin per cattle for April for a yearling finishing operation is the actual cattle price for April times 12.5 hundredweight, minus the actual cost of feed for February, minus the actual feeder cattle price for November times 7.5 hundredweight

Actual gross margin per month - The actual gross margin per head of cattle for a particular month multiplied by the target marketings for that month.

Actual marketings - The total number of slaughter-ready cattle sold by you for slaughter for human or animal consumption in each month of the insurance period and for which you have proof of sale. Actual marketings are used to verify ownership of cattle and determine approved target marketings.

Actual total gross margin - The target marketings for each month of an insurance period multiplied by the actual gross margin per head for each month of that insurance period and totaled.

Actuarial documents - The information for the crop year which is available for public inspection in your agent's office and published on RMA's website which shows available crop insurance policies, coverage levels, information needed to determine amounts of insurance, prices, premium adjustment percentages, practices, particular types of the insurable crop, and other related information regarding crop insurance in the state.

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 farm 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 in writing by us in accordance with section 14.

Beginning farmer or rancher - An individual who has not actively operated and managed a farm or ranch in any state, with an insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years, as determined in accordance with FCIC procedures. Any crop year's insurable interest may, at your election, be excluded if earned while under the age of 18, while in full-time military service of the United States, or while in post-secondary education, in accordance with FCIC procedures. A person other than an individual may be eligible for beginning farmer or rancher benefits if there is at least one individual substantial beneficial interest holder and all individual substantial beneficial interest

holders qualify as a beginning farmer or rancher.

Calf finishing operation - A type of farm operation that purchases 550-pound calves and feeds them until slaughter.

Cancellation date - The calendar date specified in the actuarial documents on which coverage will automatically renew unless canceled in writing by either you or us or terminated in accordance with the policy terms.

Cattle - Any species of domesticated mammal of the family *Bovidae* commonly grown for beef production. Also referred to as steer or heifer or cow.

CME group - The Chicago Mercantile Exchange Group.

Commodity Exchange Endorsement for Cattle - An endorsement that contains the exchange prices that is used to set the expected and actual prices for Livestock Gross Margin (LGM) Cattle

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 contained in the actuarial documents by which changes to the policy, if any, will be made available in accordance with section 21 of these Basic Provisions.

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 gross margin that you elect not to insure. Allowable deductible amounts range from zero to \$150 per head in \$10 per head increments.

Delinquent debt - Has the same meaning as the term defined in 7 CFR part 400, subpart U.

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

Expected cattle price - Expected cattle prices for months in an insurance period are determined using three-day average settlement prices on CME Group live cattle futures contracts. Given the differences in contract structure for CME Group live cattle futures contracts, only the February, April, June, August, October, and December CME Group live cattle futures are used in LGM price calculations. For months with unexpired live cattle futures contracts, the expected cattle price is the simple average of the daily settlement prices for the CME Group cattle futures contract for that month during the expected price measurement period for the sales period expressed in dollars per hundredweight. For example, for a sales period beginning on February 28, the expected cattle price for August equals the simple average of the daily settlement prices on the CME Group August live

22-LGM Cattle

cattle futures contract during the expected price measurement period for the sales period which is the three trading days prior to and including February 28. For months without a live cattle futures contract, the futures prices used to calculate the expected cattle price are the weighted average of the futures prices used to calculate the expected cattle prices for the two surrounding months that have futures contracts. The weights are based on the time difference between the cattle month and the contract months. For example, for a sales period beginning on February 28,, the expected cattle price for November equals one-half times the simple average of the daily settlement prices on the CME Group October live cattle futures contract during the expected price measurement period for the sales period which is the three trading days prior to and including February 28, plus one-half times the simple average of the daily settlement prices on the CME Group December live cattle futures contract during the same expected price measurement period . See the LGM for Cattle Commodity Exchange Endorsement for additional detail on exchange prices.

Expected corn price - Expected corn prices for months in an insurance period are determined using three-day average settlement prices on CME Group corn futures contracts. For months with unexpired corn futures contracts, the expected corn price is the simple average of the daily settlement prices for the CME Group corn futures contract for that month during the expected price measurement period for the sales period expressed in dollars per bushel. For example, for a sales period beginning on April 28, the expected corn price for July equals the simple average of the daily settlement prices on the CME Group July corn futures contract during the expected price measurement period for the sales period which is the three trading days prior to and including April 28. For months with expired corn futures contracts, the expected corn price is the simple average of daily settlement prices for the CME Group corn futures contract for that month expressed in dollars per bushel in the last three trading days prior to contract expiration. For example, for a sales period beginning on April 28, the expected corn price for March is the simple average of the daily settlement prices on the CME Group March corn futures contract over the last three trading days prior to contract expiration. For months without a corn futures contract, the futures prices used to calculate the expected corn price are the weighted average of the futures prices used to calculate the expected corn prices for the two surrounding months which have futures contract. The weights are based on the time difference between the month and the contract months. For example, for a sales period beginning on April 28, the expected corn price for April equals one-half times the simple average of the daily settlement prices on the CME Group March corn futures contract over the last three trading days prior to contract expiration plus one-half times the simple average of the daily settlement prices on the CME Group May corn futures

contract during the expected price measurement period for the sales period which is the three trading days prior to and including April 28. See the LGM for Cattle Commodity Exchange Endorsement for additional detail on exchange prices.

Expected cost of feed - For yearling finishing operations, the expected cost of feed for each month equals 50 bushels times the expected corn price for that month. For calf finishing operations, the expected cost of feed for each month equals 52 bushels times the expected corn price for that month.

Expected feeder cattle price - Expected feeder cattle prices for months in an insurance period are determined using three-day average settlement prices on CME Group feeder cattle futures contracts. For months with unexpired feeder cattle futures contracts, the expected feeder cattle price is the simple average of the daily settlement prices for the CME Group feeder cattle futures contract for that month during the expected price measurement period for the sales period expressed in dollars per hundredweight. For example, for a sales period beginning on April 28, the expected feeder cattle price for May for a yearling finishing operation equals the simple average of the daily settlement prices on the CME Group May feeder cattle futures contract during the expected price measurement period for the sales period which is the three trading days prior to and including April 28. For months with expired feeder cattle futures contracts, the expected feeder cattle price is the simple average of daily settlement prices for the CME Group feeder cattle futures contract for that month expressed in dollars per hundredweight in the last three trading days prior to contract expiration. For example, for a sales period beginning on April 28, the expected feeder cattle price for March for a calf finishing operation is the simple average of the daily settlement prices on the CME Group March feeder cattle futures contract over the last three trading days prior to contract expiration. For months without a feeder cattle futures contract, the futures prices used to calculate the expected feeder cattle price are the weighted average of the futures prices used to calculate the expected feeder cattle prices for the two surrounding months that have futures contract. The weights are based on the time difference between the feeder cattle month and the contract months. For example, for a sales period beginning on April 28, the expected feeder cattle price for July for a calf finishing operation equals two-thirds times the simple average of the daily settlement prices on the CME Group August feeder cattle futures contract during the expected price measurement period for the sales period which is the three trading days prior to and including April 28 plus one-third times the simple average of the daily settlement prices on the CME Group May feeder cattle futures contract during the same expected price measurement period. See the LGM for Cattle Commodity Exchange Endorsement for additional detail on exchange prices.

Expected gross margin per head - For yearling

22-LGM Cattle

finishing operations, expected gross margin per head is equal to the expected cattle price for the month cattle are marketed times the assumed weight of the cattle at marketing of 12.5 hundredweight, or as stated in the Special Provisions, minus the expected cost of feed two months prior to that month, less the expected feeder cattle price five months prior to that month times the assumed weight of feeder cattle of 7.5 hundredweight. For calf finishing operations, expected gross margin per head is equal to the expected cattle price for the month cattle are marketed times the assumed weight of the cattle at marketing of 11.5 hundredweight, or as stated in the Special Provisions, minus the expected cost of feed four months prior to that month, less the expected feeder cattle price eight months prior to that month times the assumed weight of feeder cattle of 5.5 hundredweight. For example, the expected gross margin per head for April for a yearling finishing operation is the expected cattle price for April times 12.5 hundredweight, less the expected cost of feed for February, less the expected feeder cattle price times 7.5 hundredweight. For a calf finishing operation, expected gross margin per head for April is the expected cattle price for April times 11.5 hundredweight, less the expected cost of feed for December of the previous year, less the expected feeder cattle price for August of the previous year times 5.5 hundredweight.

Expected gross margin per month - The expected gross margin per cattle multiplied by the target marketings for each month of an insurance period.

Expected price measurement period - For each week in which sales occur, the three trading days prior to and including Thursday that is the beginning of the weekly sales period.

Expected total gross margin - The target marketings times the expected gross margin per head for each month of an insurance period and totaled.

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 times the total of target marketings.

Insurance period - The 11-month period designated in the summary of insurance to which this policy is applicable. Cattle are not insurable in the first month of any insurance period. See the LGM for Cattle Commodity Exchange Endorsement for additional detail on insurance periods.

Insured - The person 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.

Liability - The maximum amount payable on an Insurance period under this policy.

Limit movement - The maximum price change based on the CME group current daily price limit for commodity

futures.

Limited resource farmer or rancher - Has the same meaning as the term defined by USDA at https://lrftool.sc.egov.usda.gov/LRP_Definition.aspx or successor website.

Livestock acceptance system - A computer system that accepts livestock applications and endorsements.

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

Notice of probable loss - Our notice to you of a probable loss on your insured cattle.

Offset - The act of deducting one amount from another amount.

Person - An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or a political subdivision or agency of a State. "Person" does not include the United States Government or any agency thereof.

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.

Premium billing date - The earliest date upon which you will be billed for insurance coverage based on your target marketing report. The premium billing date is the first business day of the month following the last month of the insurance period in which you have target marketings.

Producer premium - The total premium minus the premium subsidy paid by FCIC.

RMA - Risk Management Agency, an agency within USDA.

RMA's website - A website hosted by RMA and located at <https://www.rma.usda.gov/> or a successor website.

Sales closing date - The last day of the sales period by which your completed application must be received by us. Also, the last date by which you may change your insurance coverage for an insurance period.

Sales period - The period that begins on Thursday of each week when the coverage prices and rates are posted on RMA's website and ends on the following calendar day at 9:00 AM Central Time. Sales will not be available for purchase if the Thursday of the sales period is a federal holiday. The calendar date for Thursday of the sales period will be shown as the effective date in the actuarial documents.

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

22-LGM Cattle

Special provisions - The part of the policy that contains specific provisions of insurance for each insured crop that may vary by geographic area.

Substantial beneficial interest - An interest held by any person of at least ten percent in you (e.g., there are two partnerships that each have a 50 percent interest in you and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in you, and both the partnerships and the individuals would have a substantial beneficial interest in you. The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was one of the individuals that made up the partnership. However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in you and although the partnership would still have a substantial beneficial interest in you, the individuals would not for the purposes of reporting in section 2). The spouse of any individual applicant or individual insured will be presumed to have a substantial beneficial interest in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under the applicable State dissolution of marriage laws. Any child of an individual applicant or individual insured will not be considered to have a substantial beneficial interest in the applicant or insured unless the child has a separate legal interest in such person.

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

Target marketings - Your determination as to the number of cattle you elect to insure in each month during the insurance period. You can only report the number of cattle in which you have a share.

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.

USDA - The United States Department of Agriculture.

Veteran farmer or rancher An individual who has served active duty in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, including the reserve components; was discharged or released under conditions other than dishonorable; and:

- (1) Has not operated a farm or ranch;
- (2) Has operated a farm or ranch for not more than 5 years; or
- (3) First obtained status as a veteran during the most recent 5-year period.

A person, other than an individual, may be eligible for veteran farmer or rancher benefits if all substantial beneficial interest holders qualify as a veteran farmer or rancher. A spouse's veteran status does not impact

whether an individual is considered a veteran farmer or rancher.

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

Yearling finishing operation - A type of farm operation that purchases yearling steers and heifers and feeds them until slaughter.

2. Life of Policy, Cancellation and Termination

- (a) The application must be completed by you and received by us not later than the sales closing date. If cancellation or termination of insurance coverage occurs for any reason, including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by you or us or violation of the controlled substance provisions of the Food Security Act of 1985, a new application must be filed for the crop.
- (b) Coverage will not be provided if you are ineligible under the policy or under any Federal statute or regulation.
- (c) Your agent does not have authority to bind coverage under this policy. Coverage for the cattle 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 issue a written summary of insurance to you.
 - (2) This policy will be available for sale only on business days when RMA livestock acceptance system is operational.
- (d) This is a continuous policy and will remain in effect for each crop year following the acceptance of the original application until canceled by you in accordance with the terms of the policy or terminated by operation of the terms of the policy or by us. In accordance with section 20, FCIC may change the coverage provided from year to year.
- (e) With respect to your application for insurance:
 - (1) You must include your social security number (SSN) if you are an individual (if you are an individual applicant operating as a business, you may provide an employer identification number (EIN) but you must also provide your SSN); or
 - (2) You must include your EIN if you are a person other than an individual;
 - (3) In addition to the requirements of section 2(e)(1) or (2), you must include the following for all persons who have a substantial beneficial interest in you:
 - (i) The SSN for individuals; or
 - (ii) The EIN for persons other than individuals and the SSNs for all individuals that comprise the person with

22-LGM Cattle

- the EIN if such individuals have a substantial beneficial interest in you;
- (4) You must include:
 - (i) Your election of plan of insurance and any other material information required on the application to insure your cattle; and
 - (ii) All information required in section 2(e)(4)(i) or your application will not be accepted and no coverage will be provided;
 - (5) Your application will not be accepted and no insurance will be provided for the year of application if the application does not contain your SSN or EIN. If your application contains an incorrect SSN or EIN for you, your application will be considered not to have been accepted, no insurance will be provided for the year of application and for any subsequent crop years, as applicable, and such policies will be void if:
 - (i) Such number is not corrected by you; or
 - (ii) You correct the SSN or EIN but:
 - (A) You cannot prove that any error was inadvertent (Simply stating the error was inadvertent is not sufficient to prove the error was inadvertent); or
 - (B) It is determined that the incorrect number would have allowed you to obtain disproportionate benefits under the crop insurance program, you are determined to be ineligible for insurance or you could avoid an obligation or requirement under any State or Federal law;
 - (6) With respect to persons with a substantial beneficial interest in you:
 - (i) The coverage for all livestock or livestock products included on your application will be reduced proportionately by the percentage interest in you of persons with a substantial beneficial interest in you (presumed to be 50 percent for spouses of individuals) if the SSNs or EINs of such persons are included on your application, the SSNs or EINs are correct, and the persons with a substantial beneficial interest in you are ineligible for insurance;
 - (ii) Your policies for all livestock or livestock products included on your application, and for all applicable crop years, will be void if the SSN or EIN of any person with a substantial beneficial interest in you is incorrect or is not included on your application and:
 - (A) Such number is not corrected or provided by you, as applicable;
 - (B) You cannot prove that any error or omission was inadvertent (Simply stating the error or omission was inadvertent is not sufficient to prove the error or omission was inadvertent); or
 - (C) Even after the correct SSN or EIN is provided by you, it is determined that the incorrect or omitted SSN or EIN would have allowed you to obtain disproportionate benefits under the crop insurance program, the person with a substantial beneficial interest in you is determined to be ineligible for insurance, or you or the person with a substantial beneficial interest in you could avoid an obligation or requirement under any State or Federal law; or
 - (iii) Except as provided in sections 2(e)(6)(ii)(B) and (C), your policies will not be voided if you subsequently provide the correct SSN or EIN for persons with a substantial beneficial interest in you and the persons are eligible for insurance;
 - (7) When any of your policies are void under sections 2(e)(5) or (6):
 - (i) You must repay any indemnity that may have been paid for all applicable commodities and any crop years determined by us;
 - (ii) Even though the policies are void, you will still be required to pay an amount equal to 20 percent of the premium that you would otherwise be required to pay; and
 - (iii) If you previously paid premium or administrative fees, any amount in excess of the amount required in section 2(e)(7)(ii) will be returned to you;
 - (8) Notwithstanding any of the provisions in this section, if you certify to an incorrect SSN or EIN, or receive an indemnity and the SSN or EIN was not correct, you may be subject to civil, criminal or administrative sanctions;
 - (9) If any of the information regarding persons with a substantial beneficial interest in you changes after the cancellation date for the previous crop year, you must revise your application by the cancellation date for the current crop year to reflect the correct information. However, if such information changed less than 30 days before the cancellation date for the current crop year, you must revise your application by the cancellation date for the next crop year. If you fail to provide the required revisions, the provisions in section 2(e)(6) will apply; and

22-LGM Cattle

- (10) If you are, or a person with a substantial beneficial interest in you is, not eligible to obtain a SSN or EIN, whichever is required, you must request an assigned number for the purposes of this policy from us:
 - (i) A number will be provided only if you can demonstrate you are, or a person with a substantial beneficial interest in you is, eligible to receive Federal benefits;
 - (ii) If a number cannot be provided for you in accordance with section 2(e)(10)(i), your application will not be accepted; or
 - (iii) If a number cannot be provided for any person with a substantial beneficial interest in you in accordance with section 2(e)(10)(i), the amount of coverage for all crops on the application will be reduced proportionately by the percentage interest of such person in you.
- (f) After acceptance of the application, you may not cancel this policy for the initial crop year. Thereafter, the policy will continue in force for each succeeding crop year unless canceled or terminated as provided below.
- (g) Either you or we may cancel this policy after the initial crop year by providing written notice to the other on or before the cancellation date in accordance with section 2(j).
- (h) Any amount owed to us for any policy authorized under the Act will be offset from any indemnity or prevented planting payment due you for this or any other crop insured with us under the authority of the Act.
 - (1) Even if your claim has not yet been paid, you must still pay the premium and administrative fee on or before the termination date for you to remain eligible for insurance.
 - (2) If we offset any amount due us from an indemnity or prevented planting payment owed to you, the date of payment for the purpose of determining whether you have a delinquent debt will be the date that you submit the claim for indemnity in accordance with section 7(a) (Determining Indemnities).
 - (3) For this agricultural commodity policy, your premium and administrative fees will be offset from any indemnity or prevented planting payment due you even if it is prior to the premium billing.
 - (4) For any other agricultural commodity policy insured with us and it is:
 - (i) Prior to the premium billing date, and you agree, your premium and administrative fees will be offset from any indemnity or prevented planting payment due you; or
 - (ii) On or after the premium billing date, your premium and administrative fees will be offset from any indemnity or prevented planting payment due you.
- (i) A delinquent debt for any policy will make you ineligible to obtain crop insurance authorized under the Act for any subsequent crop year and result in termination of all policies in accordance with section 2(i)(2).
 - (1) With respect to ineligibility:
 - (i) Ineligibility for crop insurance will be effective on:
 - (A) The date that a policy was terminated in accordance with section 2(i)(2) for the crop for which you failed to pay premium, an administrative fee, or any related interest owed, as applicable;
 - (B) The payment due date contained in any notification of indebtedness for any overpaid indemnity if you fail to pay the amount owed, including any related interest owed, as applicable, by such due date; or
 - (C) The termination date for the crop year prior to the crop year in which a scheduled payment is due under a written payment agreement if you fail to pay the amount owed by any payment date in any agreement to pay the debt;
 - (ii) If you are ineligible and a policy has been terminated in accordance with section 2(i)(2), you will not receive any indemnity and such ineligibility and termination of the policy may affect your eligibility for benefits under other USDA programs. Any indemnity payment that may be owed for the policy before it has been terminated will remain owed to you, but may be offset in accordance with section 2(h), unless your policy was terminated in accordance with sections 2(i)(2)(i)(A), (B), or (D).
 - (2) With respect to termination:
 - (i) Termination will be effective on:
 - (A) For a policy with unpaid administrative fees or premiums, the termination date immediately subsequent to the billing date for the crop year (For policies which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity will be owed);
 - (B) For a policy with other amounts due, the termination date immediately following the date you have a

22-LGM Cattle

- delinquent debt (For policies for which the sales closing date is prior to the termination date, such policies will terminate for the current crop year even if insurance attached prior to the termination date. Such termination will be considered effective as of the sales closing date and no insurance will be considered to have attached for the crop year and no indemnity will be owed);
- (C) For all other policies that are issued by us under the authority of the Act, the termination date that coincides with the termination date for the policy with the delinquent debt or, if there is no coincidental termination date, the termination date immediately following the date you become ineligible;
 - (D) For execution of a written payment agreement and failure to make any scheduled payment, the termination date for the crop year prior to the crop year in which you failed to make the scheduled payment (for this purpose only, the crop year will start the day after the termination date and end on the next termination date, e.g., if the termination date is November 30 and you fail to make a payment on November 15, 2019, your policy will terminate on November 30, 2018, for the 2019 crop year); or
- (ii) For all policies terminated under sections 2(i)(2)(i)(A), (B), or (D), any indemnities paid subsequent to the termination date must be repaid.
 - (iii) Once the policy is terminated, it cannot be reinstated for the current crop year unless:
 - (A) The termination was in error;
 - (B) The Administrator of the Risk Management Agency, at his or her sole discretion, determines that the following are met:
 - (1) In accordance with 7 CFR part 400, subpart U, and FCIC procedures, you provide documentation that your inadvertent failure to pay your debt is due to an unforeseen or unavoidable event or other extenuating circumstances that created the inadvertent failure for you to make timely payment;
 - (2) You remit full payment of the delinquent debt owed to us or FCIC with your request submitted in accordance with section 2(i)(2)(iii)(B)(3); and
- (3) You submit a written request for reinstatement of your policy to us no later than 60 days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that became due after the termination date, the due date specified in the notice to you of the amount due, if applicable.
 - (i) If authorization for reinstatement, as defined in 7 CFR part 400, subpart U, is granted, your policies will be reinstated effective at the beginning of the crop year for which you were determined ineligible, and you will be entitled to all applicable benefits under such policies, provided you meet all eligibility requirements and comply with the terms of the policy; and
 - (ii) There is no evidence of fraud or misrepresentation; or
- (C) We determine that, in accordance with 7 CFR part 400, subpart U, and FCIC issued procedures, the following are met:
 - (1) You can demonstrate:
 - (i) You made timely payment for the amount of premium owed but you inadvertently omitted some small amount, such as the most recent month's interest or a small administrative fee;
 - (ii) The amount of the payment was clearly transposed from the amount that was otherwise due (For example, you owed \$892 but you paid \$829);
 - (iii) You timely made the full payment of the amount owed but the delivery of that payment was delayed, and was postmarked no more than seven calendar days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that

22-LGM Cattle

- became due after the termination date, the due date specified in a notice to you of an amount due, as applicable.
- (iv) For previously executed written payment agreements, you made the full payment of the scheduled payment amount owed within 15 calendar days after the missed payment date.
- (2) You remit full payment of the delinquent debt owed to us; and
 - (3) You submit a written request for reinstatement of your policy to us in accordance with 7 CFR part 400, subpart U, and applicable procedures no later than 30 days after the termination date or the missed payment date of a previously executed written payment agreement, or in the case of overpaid indemnity or any amount that became due after the termination date, the due date specified in the notice to you of the amount due, if applicable; and
 - (4) If authorization for reinstatement, as defined in 7 CFR part 400, subpart U, is granted, your policies will be reinstated effective at the beginning of the crop year for which you were determined ineligible, and you will be entitled to all applicable benefits under such policies, provided you meet all eligibility requirements and comply with the terms of the policy; and
 - (5) There is no evidence of fraud or misrepresentation.
- (iv) A determination made under:
- (A) Section 2(i)(2)(iii)(B) may only be appealed to the National Appeals Division in accordance with 7 CFR part 11; and
 - (B) Section 2(i)(2)(iii)(C) may only be appealed in accordance with section 19.
- (3) To regain eligibility, you must:
 - (i) Repay the delinquent debt in full;
 - (ii) Execute a written payment agreement, in accordance with 7 CFR part 400, subpart U, and make payments in accordance with the agreement; or
 - (iii) Have your debts discharged in bankruptcy.
 - (4) After you become eligible for crop or livestock insurance, if you want to obtain coverage for your crops or livestock, you must submit a new application on or before the sales closing date for the crop (Since applications for crop insurance cannot be accepted after the sales closing date, if you make any payment after the sales closing date, you cannot apply for insurance until the next available sales closing date).
 - (5) For example, for the 2020 crop year, if you purchase Livestock Gross Margin (LGM), with a termination date of June 30, 2020 and you do not pay the premium or other amounts due for LGM by the termination date, your livestock policies will terminate retroactive to the sales closing date that is immediately subsequent to the sales period for which the premium is delinquent, even if insurance has already attached to a subsequent sales period. The ineligibility date would be June 30, 2020. In accordance with section 2(i)(2)(i)(C), for any other policy issued under the authority of the Federal Crop Insurance Act that does not have the same termination date of June 30, the termination for such other policy will be effective on the termination date following when you become ineligible. For example, a producer purchased an LGM policy on July 31, 2020 and did not pay the premium by the premium due date and subsequently purchased a Federal reinsured corn policy on March 15, 2021. The LGM policy is terminated June 30, 2021, and the producer is ineligible for any livestock plan of insurance as of the next sales closing date after June 30, 2021. However, the Federal reinsured corn policy would remain in effect for 2021 and would be terminated as of March 15, 2022 if the LGM premium remained delinquent. No indemnity will be due for that crop year for either crop. You will not be eligible to apply for crop insurance for any crop until after the amounts owed are paid in full or you file a petition to discharge the debt in bankruptcy.
 - (6) If you are determined to be ineligible under section 2(i), persons with a substantial beneficial interest in you may also be ineligible until you become eligible again.
 - (j) In cases where there has been a death, disappearance, judicially declared incompetence, or dissolution of any insured person:
 - (1) If any married individual insured dies, disappears, or is judicially declared incompetent, the named insured on the policy will automatically convert to the name of the spouse if:

22-LGM Cattle

- (i) The spouse was included on the policy as having a substantial beneficial interest in the named insured; and
- (ii) The spouse has a share of the crop.
- (2) The provisions in section 2(j)(3) will be applicable if:
 - (i) Any partner, member, shareholder, etc., of an insured entity dies, disappears, or is judicially declared incompetent, and such event automatically dissolves the entity; or
 - (ii) An individual, whose estate is left to a beneficiary other than a spouse or left to the spouse and the criteria in section 2(j)(1) are not met, dies, disappears, or is judicially declared incompetent.
- (3) If section 2(j)(2) applies and the death, disappearance, or judicially declared incompetence occurred:
 - (i) More than 30 days before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
 - (ii) Thirty days or less before the cancellation date, or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:
 - (A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and
 - (B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
- (4) If any insured entity is dissolved for reasons other than death, disappearance, or judicially declared incompetence:
 - (i) Before the cancellation date, the policy is automatically canceled as of the cancellation date and a new application must be submitted; or
 - (ii) On or after the cancellation date, the policy will continue in effect through the crop year immediately following the cancellation date and be automatically canceled as of the cancellation date immediately following the end of the insurance period for the crop year, unless canceled by the cancellation date prior to the start of the insurance period:
 - (A) A new application for insurance must be submitted prior to the sales closing date for coverage for the subsequent crop year; and
 - (B) Any indemnity will be paid to the person or persons determined to be beneficially entitled to the payment and such person or persons must comply with all policy provisions and pay the premium.
- (5) If section 2(j)(2) or (4) applies, a remaining member of the insured person or the beneficiary is required to report to us the death, disappearance, judicial incompetence, or other event that causes dissolution not later than the next cancellation date, except if section 2(j)(3)(ii) applies, notice must be provided by the cancellation date for the next crop year. If notice is not provided timely, the provisions of section 2(j)(2) or (4) will apply retroactive to the date such notice should have been provided and any payments made after the date the policy should have been canceled must be returned.
- (k) We may cancel your policy if no premium is earned for three consecutive years.
- (l) The cancellation date is June 30 for the policy.
- (m) Any person may sign any document relative to crop insurance coverage on behalf of any other person covered by such a policy, provided that the person has a properly executed power of attorney or such other legally sufficient document authorizing such person to sign. You are still responsible for the accuracy of all information provided on your behalf and may be subject to any applicable consequences, if any information has been misreported.
- (n) LGM for 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 Cattle will not be offered if CME Group live cattle 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 Cattle will not be offered if CME Group feeder cattle or CME Group corn futures prices increase by the maximum allowed by the exchanges two consecutive days during the time period for establishing the expected gross margins.

3. Insurance Coverage

22-LGM Cattle

- (a) Your gross margin guarantee, deductible amount, and maximum premium for the insurance period are as shown on your summary of insurance.
- (b) You must select a deductible amount by the sales closing date.
- (c) You may only select one deductible amount 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) Coverage can be purchased from the time during the sales period or as otherwise specified in the Special Provisions. Coverage is not available for purchase if expected margins are not available on the RMA website.
- (h) Sales of LGM for Cattle may be suspended for the next sales period if extraordinary events occur that interfere with the effective functioning of the corn, feeder cattle, or live cattle commodity markets as determined by FCIC. Evidence of such events may include, but is not limited to, consecutive limit down moves in the live cattle futures markets or consecutive limit up moves in the feeder cattle and/or corn futures markets.

4. Causes of Loss Covered

This policy provides insurance only for the difference between the actual gross margin and the gross margin guarantee resulting from unavoidable natural occurrences, as required by the Act. This policy does not insure against the death or other loss or destruction of your cattle, or against any other loss or damage of any kind whatsoever.

5. Premium

- (a) The premium (gross premium less premium subsidy paid on your behalf by FCIC) is earned and payable at the time coverage begins.
- (b) You are only eligible for premium subsidy if you target market in two (2) or more months of an insurance period.
- (c) The premium amount is shown on your summary of insurance.
- (d) The premium will be based on the information you

provide on your application.

- (e) Premium or administrative fees owed by you will be offset from an indemnity or prevented planting payment due you in accordance with section 2(h).
- (f) If you qualify as a beginning farmer or rancher, your premium subsidy will be 10 percentage points greater than the premium subsidy that you would otherwise receive, unless otherwise specified in the Special Provisions.
- (g) You will be ineligible for any premium subsidy paid on your behalf by FCIC for any policy issued by us if:
 - (1) USDA determines you have committed a violation of the highly erodible land conservation or wetland conservation provisions of 7 CFR part 12 as amended by the Agricultural Act of 2014; or
 - (2) You have not filed form AD-1026 with FSA for the reinsurance year by the premium billing date.
 - (i) Notwithstanding section 5(g)(2), you may be eligible for premium subsidy without having a timely filed form AD-1026:
 - (A) For the initial reinsurance year if you certify by the premium billing date for your policy that you meet the qualifications as outlined in FCIC approved procedures for producers who are new to farming, new to crop insurance, a new entity, or have not previously been required to file form AD-1026; or
 - (B) If FSA approves relief for failure to timely file due to circumstances beyond your control or failure to timely provide adequate information to complete form AD-1026 in accordance with the provisions contained in 7 CFR part 12.
 - (ii) To be eligible for premium subsidy paid on your behalf by FCIC, it is your responsibility to assure you meet all the requirements for:
 - (A) Compliance with the conservation provisions specified in section 5(g)(1) of this section; and
 - (B) Filing form AD-1026, or successor form, to be properly identified as in compliance with the conservation provisions specified in section 5(g)(1) of this section.

6. Insurance Period

- (a) Coverage begins on your cattle on the first day of the second calendar month following the month of the sales closing date. For example, for contracts with a sales closing date in January, 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;

22-LGM Cattle

- (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 cattle, 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. Under no circumstances will the indemnity be greater than your total target marketings multiplied by the three-day average CME Group live cattle futures price established at the beginning of the insurance period multiplied by the assumed weight of the cattle.
- (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 targeted 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. 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 20 percent of the total premium.

9. Amounts Due Us

- (a) Interest will accrue at the rate of 1.25 percent simple interest per calendar month on any unpaid amount owed to us or on any unpaid administrative fees owed to FCIC.
 - (1) For the purpose of premium amounts owed to us or administrative fees owed to FCIC, interest will start to accrue on the first day of the month following the issuance of the notice by us, provided that a minimum of 30 days have passed from the premium billing date

specified in the actuarial documents.

- (2) We will collect any unpaid amounts owed to us and any interest owed thereon, and, prior to the termination date, we will collect any administrative fees and interest owed thereon to FCIC.
 - (3) After the termination date, FCIC will collect any unpaid administrative fees and any interest owed thereon for any catastrophic risk protection policy and we will collect any unpaid administrative fees and any interest owed thereon for additional coverage policies.
- (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.
 - (1) 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.
 - (2) 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) The portion of the amounts owed by you for a policy authorized under the Act that are owed to FCIC 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. Such amounts include all administrative fees, and the share of the overpaid indemnities and premiums retained by FCIC plus any interest owed thereon.

10. Legal Action Against Us

- (a) You may not bring legal action against us unless you have complied with all 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

22-LGM Cattle

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 the administrative and operating expenses contained on your premium statement to offset costs incurred by us in the service of this policy.
- (e) If you willfully and intentionally provide false or inaccurate information to us or FCIC or you fail to comply with a requirement of FCIC, in accordance with 7 CFR part 400, subpart R, FCIC may impose on you:
- (1) A civil fine for each violation in an amount not to exceed the greater of:
 - (i) The amount of the pecuniary gain obtained as a result of the false or inaccurate information provided or the noncompliance with a requirement of FCIC; or
 - (ii) \$10,000; and
 - (2) A disqualification for a period of up to 5 years from receiving any monetary or non-monetary benefit provided under each of the following:
 - (i) Any crop insurance policy offered under the Act;
 - (ii) The Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7333 et seq.);
 - (iii) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.);
 - (iv) The Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.);

- (v) The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.);
- (vi) Title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);
- (vii) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.); and
- (viii) Any federal law that provides assistance to a producer of an agricultural commodity affected by a crop or livestock loss or a decline in the prices of agricultural commodities.

13. Transfer of Coverage and Right to Indemnity

If you transfer any of the ownership interest in your cattle during the insurance period, you may transfer your coverage rights, if the transferee is eligible for crop or livestock insurance.

- (a) We will not be liable for any more than the liability determined in accordance with your policy that existed before the transfer occurred.
- (b) The transfer of coverage rights must be on our form and will not be effective until approved by us in writing.
- (c) Both you and the transferee are jointly and severally liable for the payment of the premium.
- (d) The transferee has all rights and responsibilities under this policy consistent with the transferee's interest.
- (e) If the transferee is not eligible for insurance under this policy for any reason, and the transfer occurs before the final 30 days of the quarterly 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

- (a) You may assign your right to an indemnity for the crop year only to creditors or other persons to whom you have a financial debt or other pecuniary obligation. You may be required to provide proof of the debt or other pecuniary obligation before we will accept the assignment of indemnity.
- (b) All assignments must be on our form and must be provided to us. Each assignment form may contain more than one creditor or other person to whom you have a financial debt or other pecuniary obligation.
- (c) Unless you have provided us with a properly executed assignment of indemnity, we will not make any payment to a lienholder or other person to whom you have a financial debt or other pecuniary obligation even if you may have a lien or other assignment recorded elsewhere. Under no circumstances will we be liable:
 - (1) To any lienholder or other person to whom you have a financial debt or other pecuniary obligation where you have failed to include such lienholder or person on a properly executed assignment of indemnity provided to us; or
 - (2) To pay to all lienholders or other persons to whom you have a financial debt or other pecuniary obligation any amount greater than the

22-LGM Cattle

total amount of indemnity owed under the policy.

- (d) If we have received the properly executed assignment of indemnity form:
 - (1) Only one payment will be issued jointly in the names of all assignees and you; and
 - (2) Any assignee will have the right to submit all loss notices and forms as required by the policy.
- (e) If you have suffered a loss from an insurable cause and fail to file a claim for indemnity within the period specified in section 7(b), the assignee may submit the claim for indemnity not later than 15 days after the period for filing a claim 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. 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.

16. 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.
 - (1) Notices required to be given immediately may be by telephone or in person and confirmed in writing.
 - (2) 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 policy provisions, notices and communications required to be sent by us to you will be provided by electronic means, unless we do not have the ability to transmit such information to you by electronic means; or you elect to receive a paper copy of such information.

17. 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.

18. Other Insurance

Nothing in this section prevents you from obtaining other insurance not authorized under the Act. However, unless specifically required by policy provisions, you must not obtain any other livestock insurance issued under the authority of the Act on the insured cattle. If you cannot demonstrate that you did not intend to have more than one policy or endorsement in effect, you may be subject to the

consequences authorized under this policy, the Act, or any other applicable statute. If you can demonstrate that you did not intend to have more than one policy in effect (For example, an application to transfer your policy or written notification to an insurance provider that states you want to purchase, or transfer, insurance and you want any other policies for the livestock canceled would demonstrate you did not intend to have duplicate policies), and:

- (1) Both are for LGM policies, the policy with the earliest date of application will be in force and the other policy will be void, unless both policies are with:
 - (i) The same insurance provider and the insurance provider agrees otherwise; or
 - (ii) Different insurance providers and both insurance providers agree otherwise.
- (2) One policy is LGM and the other is a livestock policy insuring the same cattle for the insurance period, the policy with the earliest date of endorsement for the insurance period will be in force and the other endorsement will be void.

19. Access to Insured Cattle and Records, and Record Retention

- (a) We, and any employee of USDA, reserve the right to examine the insured cattle, and all records relating to the feeding, finishing, and sale of the cattle 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 cattle. 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 cattle 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 cattle from any person who may have

22-LGM Cattle

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 which we request from third parties.

20. Mediation, Arbitration, Appeal, Reconsideration, and Administrative and Judicial Review

(a) If you do not agree with any determination made by us, the disagreement may be resolved through mediation in accordance with section 20(f). If the disagreement cannot be resolved through mediation, or you and we do not agree to mediation, you must timely seek resolution through arbitration in accordance with the rules of the American Arbitration Association (AAA), except as provided in sections 20(c) and (e), and unless rules are established by FCIC for this purpose. Any mediator or arbitrator with a familial, financial or other business relationship to you or us, or our agent or loss adjuster, is disqualified from hearing the dispute.

(1) All disputes involving determinations made by us are subject to mediation or arbitration. However, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, either you or we must obtain an interpretation from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC.

(i) Any interpretation by FCIC will be binding in any mediation or arbitration.

(ii) Failure to obtain any required interpretation from FCIC will result in the nullification of any agreement or award.

(iii) An interpretation by FCIC of a procedure may be appealed to the National Appeals Division in accordance with 7 CFR part 11.

(2) Unless the dispute is resolved through mediation, the arbitrator must provide to you and us a written statement describing the issues in dispute, the factual findings, the determinations and the amount and basis for any award and breakdown by claim for any award. The statement must also include any amounts awarded for interest. Failure of the arbitrator to provide such written statement will result in the nullification of all determinations of the arbitrator. All agreements reached through settlement, including those resulting from mediation, must be in writing and contain at a minimum a statement of the issues in dispute and the amount of the settlement.

(b) Regardless of whether mediation is elected:

(1) The initiation of arbitration proceedings must occur within one year of the date we denied your claim or rendered the determination with which you disagree, whichever is later;

(2) If you fail to initiate arbitration in accordance with section 20(b)(1) and complete the process, you will not be able to resolve the dispute through judicial review;

(3) If arbitration has been initiated in accordance with section 20(b)(1) and completed, and judicial review is sought, suit must be filed not later than one year after the date the arbitration decision was rendered; and

(4) In any suit, if the dispute in any way involves a policy or procedure interpretation, regarding whether a specific policy provision or procedure is applicable to the situation, how it is applicable, or the meaning of any policy provision or procedure, an interpretation must be obtained from FCIC in accordance with 7 CFR part 400, subpart X or such other procedures as established by FCIC. Such interpretation will be binding.

(c) Any decision rendered in arbitration is binding on you and us unless judicial review is sought in accordance with section 20(b)(3). Notwithstanding any provision in the rules of the AAA, you and we have the right to judicial review of any decision rendered in arbitration.

(d) If you disagree with any determination made by FCIC or any claim where FCIC is directly involved in the claims process or directs us in the resolution of the claim, you may obtain an administrative review in accordance with 7 CFR part 400, subpart J (administrative review) or appeal in accordance with 7 CFR part 11 (appeal).

(1) If you elect to bring suit after completion of any appeal, such suit must be filed against FCIC not later than one year after the date of the decision rendered in such appeal.

(2) Such suit must be brought in the United States district court for the district in which the insured acreage is located.

(3) Under no circumstances can you recover any attorney fees or other expenses, or any punitive, compensatory or any other damages from FCIC.

(e) In any mediation, arbitration, appeal, administrative review, reconsideration or judicial process, the terms of this policy, the Act, and the regulations published at 7 CFR chapter IV, including the provisions of 7 CFR part 400, subpart P, are binding. Conflicts between this policy and any state or local laws will be resolved in accordance with section 31. If there are

22-LGM Cattle

conflicts between any rules of the AAA and the provisions of your policy, the provisions of your policy will control.

- (f) To resolve any dispute through mediation, you and we must both:
 - (1) Agree to mediate the dispute;
 - (2) Agree on a mediator; and
 - (3) Be present or have a designated representative who has authority to settle the case present, at the mediation.
- (g) Except as provided in section 20(h), no award or settlement in mediation, arbitration, appeal, administrative review or reconsideration process or judicial review can exceed the amount of liability established or which should have been established under the policy, except for interest awarded in accordance with section 11.
- (h) In a judicial review only, you may recover attorney's fees or other expenses, or any punitive, compensatory or any other damages from us only if you obtain a determination from FCIC that we, our agent or loss adjuster failed to comply with the terms of this policy or procedures issued by FCIC and such failure resulted in you receiving a payment in an amount that is less than the amount to which you were entitled. Requests for such a determination should be addressed to the following: USDA/RMA/Deputy Administrator of Compliance/ Stop 0806, 1400 Independence Avenue, SW., Washington, D.C. 20250-0806.

21. Contract Changes

- (a) We may change the terms of your coverage under this policy from year to year.
- (b) Any changes in policy provisions, 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 provided 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 preceding the cancellation date.

22. Multiple Government Benefits

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 policy or by law.

23. Correction of Errors

- (a) In addition to any other corrections allowed in your policy subject to section 23(b), we may correct:
 - (1) Within 60 days after the sales closing date, any incorrect information on your application or provided by the sales closing date, including identification numbers for you and any person with an substantial beneficial interest in you, to ensure that the eligibility information is correct and consistent with information reported by you to any USDA agency;
 - (2) Within 30 days after the acreage reporting date, information reported to reconcile errors in the information with correct information that has been determined by any USDA agency;
 - (3) Within 30 days of any subsequent correction of data by FSA, erroneous information corrected as a result of verification of information; and
 - (4) At any time, any incorrect information if the incorrect information was caused by electronic transmission errors by us or errors made by any agency within USDA in transmitting the information provided by you for purposes of other USDA programs.
- (b) Corrections may be made but will not take effect for the current crop year if the correction would allow you to:
 - (1) Avoid ineligibility requirements for insurance or obtain a disproportionate benefit under the crop insurance program or any related program administered by the Secretary;
 - (2) Obtain, enhance, or increase an insurance guarantee or indemnity if a cause of loss exists or has occurred before any correction has been made, or avoid premium owed if no loss is likely to occur; or
 - (3) Avoid an obligation or requirement under any Federal or State law.