

# Contents of Complete 508(h) Submission

**7 C.F.R.  
Part 400  
Paragraph  
Reference**

**Each 508(h) submission must be:**

- 703(b) In Microsoft Office compatible format, unless otherwise approved by RMA.
- 703(b) Sent by email or by mail on removable storage device to DAPM.

**Each 508(h) submission must include:**

- 703(b) A detailed index that, in sequential order, references the location of the required information.
- 705(a) Calculations, procedures and methodologies are consistent throughout the submission and appropriate for the commodity and the risks covered.

**Section 1**

- 705(b)(1) Applicant's name address or primary business location, phone number, and e-mail address.
- 705(b)(2) Type of submission and a notation of whether or not the 508(h) submission was approved by the Board as a concept proposal.
- 705(b)(3) A statement of whether the applicant is requesting:
  - (i) Reinsurance;
  - (ii) Risk Subsidy;
  - (iii) Administrative and operating subsidy (A&O);
  - (iv) R & D costs, as applicable and, if the 508(h) submission was previously submitted as a concept proposal, the amount of the advance payment for expected R & D costs; or
  - (v) Reimbursement for expected maintenance costs, if applicable.
- 705(b)(4) Proposed crops, types, varieties, or practices covered.
- 705(b)(5) Proposed crop or insurance year and reinsurance year.
- 705(b)(6) Sales closing date, if applicable, or the sales window or the earliest date the applicant expects to release the product to the public.
- 705(b)(7) States and counties where the plan of insurance is proposed to be offered.
- 705(b)(8) Any known or anticipated future expansion plans.
- 705(b)(9) Identification, including names, addresses, telephone numbers, and e-mail addresses, of the person(s) responsible for answering questions and annual reviews.

705(b)(10) A statement of whether the submission will be filed with the applicable office responsible for regulating insurance in each state proposed for insurance coverage, and if not, reasons why the submission will not be filed for review.

705(b)(11) A statement of whether the submitter wants the submission to remain confidential.

### **Section 2**

705(c) Benefits of the plan, including, as applicable, a summary that includes the following:

(1) How the submission offers coverage or other benefits not currently available;

(2) How the submission meets public policy goals and objectives consistent with the Act and other laws, as well as policy goals supported by USDA and the Federal Government; and

(3) A detailed description of the coverage and its applicability to all producers.

### **Section 3**

705(d) A clearly written policy.

(1) If the submission involves a new insurance policy or plan of insurance, all applicable policy provisions and a list of any additional coverage that may be elected.

(2) If the submission involves a change to a previously approved policy, plan of insurance, or rates of premium, the proposed revisions, rationale for each change, data and analysis supporting each change, impact of each change, and impact of all changes in aggregate.

### **Section 4**

705(e)(1) Potential impacts the submission may have on producers both where the new plan will and will not be available (including both positive and negative impacts) and if applicable, the reasons why the submission is not being proposed for other areas producing the commodity.

705(e)(2) The amount of commodity, amount of production, and value of each agricultural commodity proposed to be covered in each proposed county and state.

705(e)(3) A reasonable estimate of the expected number of potential buyers.

705(e)(3) Liability and premium for each proposed county and state.

705(e)(3) Total expected liability and premium by crop year based on assessment of producer interest.

705(e)(3) A description of the number of producers involved in the development, their level of participation, their type of participation, and how many producers have provided data.

705(e)(3) A comparison with similar products, including differences that may make participation different.

705(e)(4) If available, any experience for each year and each proposed county and state the policy has been offered for sale including an evaluation of the policy's performance and, if data are available, a comparison with similar policies reinsured under the Act.

- 705(e)(5) Market research studies that include the following:
  - (i) Focus group results (both positive and negative reactions), which must include the number of sessions held, where they were held, when they were held, the number of attendees, the attendees affiliation, and specific feedback from the attendees regarding levels of coverage that should be included to cover anticipated risks or perils, the range of costs the producer is willing to pay, what coverages the producers are specifically looking for and assessment of whether that coverage can be provided at the price the producers are willing to pay, what shortfall or gap in risk protection the product may address, tolerance of risk, perceptions of similar products, policy features producers may desire, and quality issues;
  - (ii) Other evidence the submission will be positively received by producers, agents, lending institutions, and other interested parties, including correspondence from producers, agents, grower organizations, or other stakeholders expressing the need for a certain risk management strategy, desired coverage for perils faced, and willingness to provide critical information for developing a product;
  - (iii) An assessment of factors that could negatively or adversely affect the market and responses from a reasonable representative cross-section of producers or significant market segment to be affected by the policy or plan of insurance; and
  - (iv) For submissions proposing products for specialty crops a consultation report that includes a summary and analysis of discussions with groups representing producers of those agricultural commodities in all major producing areas for commodities to be served or potentially impacted, either directly or indirectly, and the expected impact of the submission on general marketing and production of the crop from a regional and national perspective including evidence that the submission will not create adverse market distortions.
- 705(e)(6) A marketability assessment from the applicant AIP, and from at least one other AIP. If a marketability assessment is not provided by an AIP who is not part of the applicant, the applicant must provide information regarding the names of the persons and AIPs contacted and the basis for their refusal to provide the marketability assessment.

The marketability assessment will include the following:

  - (i) An assessment of whether producers will buy the product;
  - (ii) An assessment of whether AIPs and agents will want to sell and service the product;
  - (iii) An assessment of risks associated with the submission and likely effect under the SRA;
  - (iv) Estimated computer system impacts and costs;
  - (v) Estimated administrative and training requirement and costs;
  - (vi) An analysis of the complexity of the product; and
  - (vii) What, if any, efficiency will be gained or potential effects on the workload of AIPs or others participating in the program.

## **Section 5**

705(f) Underwriting and loss adjustment information, prepared in accordance with RMA-14050 Risk Management Agency External Standards Handbook, including the following, as applicable:

(1) An underwriting guide that includes: a table of contents and introduction; abbreviations, acronyms, and definitions; relevant dates; insurance contract information; detailed rules for determining insurance eligibility and all producer reporting requirements; all form standards needed for inspections and producer certifications, plus detailed instructions for their use and completion; step-by-step examples of the data and calculations needed to establish the insurance guarantee (liability) and premium per acre or other unit of measure, including worksheets that provide calculations in sufficient detail and in the same order as presented in the policy to allow verification that premiums charged for coverage are consistent with policy provisions; any special coverage information; and all applicable reference material.

(2) Any statements to be included in the actuarial documents including any intended Special Provisions statements that may change any underlying policy terms or conditions.

(3) A loss adjustment standards handbook that includes: a table of contents and introduction; abbreviations, acronyms, and definitions; insurance contract information; a detailed description of causes of loss covered by the policy or plan of insurance and any causes of loss excluded; a thorough explanation of appraisal methods, if applicable; all applicable forms needed for insuring and adjusting losses plus detailed instructions for their use and completion; instructions, step-by-step examples of calculations used to determine indemnity payments for all probable situations where a partial or total loss may occur, and loss adjustment procedures necessary to establish the amounts of coverage and loss; any special coverage information; and all applicable reference material.

## **Section 6**

705(g)(1) Premium rating methodology proposed to be used and basis for selection of this methodology.

705(g)(2) A list of all assumptions made in the premium rating and commodity pricing methodologies, and the basis for these assumptions.

705(g)(3) A detailed description of the pricing and rating methodologies, including the following:

(i) Supporting documentation needed for the rate methodology;

(ii) All mathematical formulas and equations;

(iii) Data and data sources used in determining rates and prices and a detailed assessment of the data (including availability, access, long term reliability, and percentage of total commercial production the available data represents) and how it supports the proposed rates and prices;

(iv) A detailed explanation of how the rates account for each risk covered by the policy; and

(v) A detailed explanation of how the prices are applicable to the policy.

705(g)(4) An example of both a rate calculation and a price calculation.

- 705(g)(5) A discussion of the applicant's objective evaluation of the accuracy of the data, short and long term availability of the data, and how the data will be obtained (if the data source is confidential or proprietary the cost of obtaining the data must be explained).
- 705(g)(6) Analysis of results of simulations or modeling showing the performance of proposed rates and commodity prices, as applicable, based on one or more of the methods described in 7 C.F.R. § 400.705(g)(6)(i) through (iii) (Such simulations must use all years of experience available to the applicant and must reflect both partial losses and total losses).

### **Section 7**

- 705(h)(1) A statement certifying that the submitter and any approved insurance provider or its affiliates will not solicit or market the 508(h) submission until after all policy materials are released to the public by RMA, unless otherwise specified by the Board.
- 705(h)(2) An explanation of any provision of the policy not authorized under the Act and identification of the portion of the rate of premium due to these provisions.
- 705(h)(3) Agent and loss adjuster training plans, except for 508(h) submissions proposing only changes to rates of premium to an existing policy.

### **Section 8**

- 705(i) A statement from the submitter that, if the 508(h) submission is approved, the submitter will work with RMA and its computer programmers as needed to assure an effective and efficient implementation process.
- 705(i) A description of any expected implementation or administration issues.
- 705(i) Applicant has consulted with RMA before providing the submission to determine whether or not it can be effectively and efficiently implemented and administered through current IT systems and all reporting requirements/terminology/dates conform to USDA standards and initiatives.

### **Section 9**

- 705(j)(1)(i) For new products, the amount received for an advance payment, and a detailed estimate of the total amount of reimbursement for research and development costs.
- 705(j)(1)(ii) For products that are within the maintenance period, an estimate for maintenance costs for the year that the submission will be effective.
- 705(j)(2) A detailed estimate of maintenance costs for future years of the maintenance period and the basis that such maintenance costs will be incurred.

### **Section 10**

Signed certification statements in accordance with the following:

- 705(k)(1) "{Applicant's Name} hereby claim that the basis and amounts set forth in this section and §400.712 are correct and due and owing to {Applicant's Name} by FCIC under the Federal Crop Insurance Act."

- 705(k)(2) “{Applicant Name} understands that, in addition to criminal fines and imprisonment, the 508(h) submission of false or fraudulent statements or claims may result in civil and administrative sanctions.”

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

- 706(a)(4)(i) The submission is complete.
- 706(a)(4)(ii) The product is likely to be Viable and Marketable as defined in 7 C.F.R. § 400.701.
- 706(a)(4)(iii) The product will provide crop insurance coverage in a significantly improved form.
- 706(a)(4)(iv) The product will adequately protect the interests of producers.