

United States
Department of
Agriculture



Federal Crop
Insurance
Corporation



Risk Management
Agency



Product
Administration
and Standards
Division

FCIC-20190

HIGH-RISK ALTERNATE COVERAGE ENDORSEMENT STANDARDS HANDBOOK

2013 and Succeeding Crop Years

**HIGH-RISK ALTERNATE COVERAGE ENDORSEMENT STANDARDS
HANDBOOK
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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose

This handbook provides procedure for administering the HR-ACE. The HR-ACE provides insureds that meet all eligibility requirements an opportunity to insure high-risk land on a separate additional coverage policy with coverage greater than CAT but less than the coverage on the base policy.

B. Source of Authority

The HR-ACE is a privately developed product based on the FCIC Board of Directors approval under Section 508(h) of the Federal Crop Insurance Act. This handbook provides the FCIC approved procedures for administering the HR-ACE.

C. Related Handbooks

The following table provides handbooks related to this handbook.

CIH	All instructions in the CIH apply to HR-ACE with the exception of those items identified in HR-ACE Standards.
LAM	There are no additions or modifications to the LAM. All instructions in the LAM apply to HR-ACE without change
PP LASH	There are no additions or modifications to the PP LASH. All instructions in the PP LASH apply to HR-ACE.
Crop LASH	There are no additions or modifications to the Crop LASH. All instructions in the Crop LASH apply to HR-ACE.

D. Duration

The HR-ACE will be effective until terminated by FCIC.

E. AIP Option to Offer

Because this is a 508(h) submission, AIPs are not required to offer the HR-ACE to insureds. Accordingly, each AIP must determine whether they will offer the HR-ACE in the pilot area. AIPs that elect to offer the HR-ACE must offer it to all eligible insureds in the approved area, and must administer the program according to the procedures in this handbook.

1 General Information (Continued)

F. Approved Area

The HR-ACE is available where premium rates and other actuarial materials for HR-ACE are included in the actuarial documents for the county.

G. Applying for HR-ACE

Use the HR-ACE application developed according to HR-ACE application standards contained in Ex. 3. The application must indicate the insured has selected the HR-ACE along with the other required information.

H. AIPs and Agents

For the purposes of the HR-ACE, AIPs may authorize contracted agents to perform all functions and actions authorized by the CIH as supplemented by the instructions in this handbook.

2 Responsibilities

A. AIP Responsibilities

AIPs electing to offer the HR-ACE must:

- (1) offer it to all eligible insureds in the approved area; and
- (2) provide each insured a copy of the insurance documents.

B. Insured's Responsibilities

To be eligible for the HR-ACE, the insured must:

- (1) elect the Endorsement on the application; and
- (2) comply with all terms and conditions of the HR-ACE and the base policy.

3-20 (Reserved)

PART 2 ELIGIBILITY

21 HR-ACE

A. Applicability

The HR-ACE applies to all acreage that meets the requirements for insurability under the terms of the Common Crop Insurance Policy-Basic Provisions (BP) and is designated as high-risk land.

B. Eligibility Requirements

To be eligible for the HR-ACE, the insured must comply with all of the terms of the HR-ACE.

- (1) High-risk land is not eligible for HR-ACE if the insured chooses the CAT level of coverage.
- (2) The insured must execute a HR-ACE application prior to the SCD for the crop.

C. Eligible States and Counties

Eligible states and counties are specified on the actuarial documents.

D. Eligible Crops

Eligible crops are limited to corn, soybeans, wheat and grain sorghum, unless the actuarial documents provide HR-ACE for additional crops.

E. Units

EUs and WUs are not allowed on high-risk land covered by the HR-ACE.

- (1) OUs and BUs are allowed on high-risk land covered by the HR-ACE.
- (2) Election of the HR-ACE does not impact the unit structure of the base policy in effect.

F. Coverage levels

High-risk land excluded from the base policy under the terms of the HR-ACE must be insured under an additional coverage policy at any level, not to exceed the coverage level of the base policy.

- (1) If the base policy is under the YP Plan of Insurance, the coverage on the high-risk land covered by the HR-ACE is limited to a lower level coverage of YP.

Example: The insured's corn policy is YP at 85 percent coverage level. The coverage level for the high-risk land covered by the HR-ACE must be YP with 80 percent coverage level or less.

(2) If the base policy is under a revenue plan of insurance, the policy for the high-risk land can have YP or the same revenue plan of insurance.

(a) If RP is elected on the base policy, the following are available for the high-risk land covered by HR-ACE:

1 RP at a lower coverage level than the coverage level on the non-high-risk land; or.

2 YP coverage at the same or lower coverage level than the RP coverage level on the non-high-risk land.

Example: The insured's corn policy is RP at 85 percent coverage level. The corn planted on high-risk land covered by the HR-ACE can have RP at 80 percent coverage level or less; or YP with coverage level of 85 percent or less.

(b) If RP-HPE is elected on the base policy, the following are available for the high-risk land covered by HR-ACE:

1 RP-HPE at a lower coverage level than the coverage level on the non-high-risk land; or.

2 YP at the same or lower coverage level than the RP-HPE coverage level on the non-high-risk land.

Example: The insured's wheat policy is RP-HPE at 85 percent coverage level. The wheat planted on high-risk land covered by HR-ACE can have RP-HPE at 80 percent coverage level or less, or YP with coverage level of 85 percent or less.

G. Other Endorsements and Options

The additional coverage policy for the land under the HR-ACE must have the same endorsement and option elections, with the exception of WU and EU elections, as the base policy.

H. Election

The HR-ACE must be elected on a HR-ACE application on or before the SCD for the first crop year it is to be effective. Thereafter, it remains in effect until canceled by the insured or the AIP on or before the cancellation date or the HR-ACE is terminated by FCIC.

22-30 (Reserved)

PART 3 MODIFICATION OF EXISTING PROCEDURES FOR HR-ACE

This Part identifies information specific to the applicability of changes and/or supplemental information to any existing procedures contained in the CIH, LAM, PP LASH, and specific Crop LASH for HR-ACE.

Section 1 CIH

All instructions in the CIH apply to HR-ACE with the exception of the following items.

31 CIH Section 2

For county/crops where HR-ACE is available, replace paragraph 2C(3)(a) with the following:

2C(3) Duplicate Policy Exceptions: RMA does not consider the following as a duplicate policy if [see Sec. 2H for administrative fee requirements]:

- (a) High-Risk Alternate Coverage Endorsement (HR-ACE) is elected. The insured must exclude high-risk land from the base policy and obtain an additional coverage policy under the HR-ACE for the high-risk land with the same AIP.

If both policies are not insured with the same AIP, it is acceptable the first effective crop year for the policies to remain with the respective AIPs unless the AIPs involved agree otherwise. For example, a base policy written with AIP A, and an additional coverage policy for high-risk land covered by the HR-ACE is written with AIP B, the policy for high-risk land covered by HR-ACE written with AIP B may remain in effect or may be canceled and rewritten with AIP A. However, the following crop year both policies must be insured with the same AIP.

32 CIH Section 4

For county/crops where HR-ACE is available, add the following paragraph as Section 4O:

O High-Risk Alternate Coverage Endorsement (HR-ACE)

The BP provides insurance coverage on all insurable acres planted to a crop in the county. When coverage and rates are provided in the actuarial documents for high-risk land, insureds are required to insure the high-risk land at an increased cost reflective of the associated increase in risk. Insureds who wish to insure high-risk land at a lower coverage level on an additional coverage policy may amend their policy by signing and submitting the HR-ACE, by crop(s) and policy, to the AIP.

- (1) **The HR-ACE** is designed to exclude all high-risk land by crop and county from the base policy and insure it on a separate additional coverage policy with coverage greater than CAT and lower than the coverage on the base policy:
 - (a) For HR-ACE purposes, high-risk land is land for which a high-risk classification is provided in the actuarial documents.
 - (b) The additional coverage policy covered by the HR-ACE must be obtained from the same AIP as the underlying base policy. If both policies are not insured with the same AIP, it is acceptable the first effective crop year for the policies to remain with the respective AIPs unless the AIPs involved agree otherwise.
 - (c) If RP and HR-ACE are elected on the base policy, the following are available for the high-risk land covered by HR-ACE:
 - 1 RP at a lower coverage level than the coverage level on the non-high-risk land; or
 - 2 YP coverage at the same or lower coverage level than the RP coverage level on the non-high-risk land.
 - (d) If RP-HPE and HR-ACE are elected on the base policy, the following are available for the high-risk land covered by HR-ACE:
 - 1 RP-HPE at a lower coverage level than the coverage level on the non-high-risk land; or.
 - 2 YP at the same or lower coverage level than the RP-HPE coverage level on the non-high-risk land.
 - (e) If YP and HR-ACE are elected on the base policy, only YP at a level of coverage lower than the coverage on the non-high-risk land is available.
- (2) **When high-risk land is insured under the HR-ACE**, the additional coverage policy covered by the HR-ACE is considered a separate crop for administrative fee, unit division, added land and all other insurance purposes.

Exceptions: The number of years of actual/assigned yields for yield floor and percent of variable T-Yields will be determined by crop/county for both policies. Acreage limitations for added land will be determined on a county basis.

- (a) Election of HR-ACE does not restrict or change unit structure on the base policy covering the non-high-risk land. Unit structure is separate for each policy. However, only OUs and BUs are available for the high-risk land insured on an additional coverage policy covered by the HR-ACE.

- (b) The additional coverage policy for the high-risk land under the HR-ACE must have the same endorsement and option elections, with the exception of WU or EU election, as the base policy.
 - (c) All other provisions of the policy not in conflict with the HR-ACE are applicable.
- (3) **Deadlines.**
- (a) Application. HR-ACE must be elected on or before the applicable SCD (by crop and policy). HR-ACE is continuous until canceled;
 - (b) Cancellation. Cancellation of HR-ACE must occur on or before the cancellation date of the applicable CP. Once the cancellation date has passed, HR-ACE cannot be canceled or otherwise rendered ineffective by either the AIP or the insured for that crop year;
 - (c) Transfer. If the policy is transferred to a different AIP or a different plan, a new Endorsement must be signed by the insured and submitted to the AIP on or before the applicable SCD.
- (4) **Locations Available.** HR-ACE is available for land located in high-risk areas and for corn, soybeans, wheat, and grain sorghum in states and counties specified on the actuarial documents.
- (5) **Reporting Requirements for Acreage Covered by HR-ACE.** Acreage, along with production, planted on high-risk land insured on an additional coverage policy under the HR-ACE must be reported.
- (a) Acreage Reporting: The acreage of the crop planted on high-risk land covered by HR-ACE must be reported on the acreage report for the additional coverage policy under HR-ACE for each crop year.
 - (b) Separate Production Reports and Supporting Records: Separate production reports and supporting records indicating planted acreage and harvested production for any high-risk land insured on the additional coverage policy under the HR-ACE are required.
- (6) **WAs Do Not Apply Except for High-Risk WA Requests (HR).**

If the insured executed the HR-ACE and requests a reduction in premium rate of high-risk land through a WA, the following procedures apply:

- (a) If the RO issues a WA that goes into effect and does not provide standard county rating, the HR-ACE prevails and the insured must report the acreage on the additional coverage policy covered by the HR-ACE. WA rates apply.

- (b) If the RO issues a WA that goes into effect and provides standard county rating for the high-risk land, the insured must report the acreage as insurable under the base policy. A separate policy for the high-risk land is not applicable.

33-40 (Reserved)

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronyms/Abbreviations	Term
AIP	Approved Insurance Provider
BP	Common Crop Insurance Policy-Basic Provisions
BU	Basic Unit
CAT	Catastrophic Risk Protection Endorsement
CIH	Crop Insurance Handbook
EU	Enterprise Unit
FCIC	Federal Crop Insurance Corporation
HR-ACE	High-Risk Alternate Coverage Endorsement
LAM	Loss Adjustment Manual
LASH	Loss Adjustment Standards Handbook
OU	Optional Unit
PP	Prevented Planting
RMA	Risk Management Agency
RP	Revenue Protection Plan of Insurance
RP-HPE	Revenue Protection with Harvest Price Exclusion Plan of Insurance
RO	RMA Regional Office
SCD	Sales Closing Date
WA	Written Agreement
WU	Whole Farm Unit
YP	Yield Protection Plan of Insurance

Definitions

Base Policy means the additional coverage policy from which the insured has excluded high-risk land and insured such high-risk land on a separate additional coverage policy under the terms of the HR-ACE.

High-Risk Land means land for which a high-risk classification is provided in the actuarial documents.

Form Standards

High-Risk Alternate Coverage Endorsement

Insureds who wish to insure high-risk land on an additional coverage policy may amend their policy by signing and submitting the High-Risk Alternate Coverage Endorsement (HR-ACE) Application, developed according to these standards on or before the SCD for the first crop year the insured wishes to elect the Endorsement.

1 Insured Information

- A “Insured’s Name” (Substantive)
- B “Policy Number” (Substantive)
- C “Street or Mailing Address” (Substantive)
- D “City, State and Zip Code” (Substantive)
- E “County Name” (Substantive)
- F “Identification Number” (Substantive)
- G “Identification Number Type” (Substantive)

2 Crop Information

- A “Crop(s)” (Substantive)
- B “Crop Year” (Substantive)
- C “Plan of Insurance or Percentage of Price” (Substantive)

3 Terms And Conditions

The following information must be on the form. (Substantive)

- A “In addition to Section 3B(2) of the Basic Provisions, I hereby elect this High-Risk Alternate Coverage Endorsement (HR-ACE), by this election I understand:
 - (1) I must have purchased an additional coverage policy under the Common Crop Insurance Policy Basic Provisions and applicable Crop Provisions.
 - (2) As used in this option, high-risk land is any land to which a high-risk classification applies as contained in the actuarial document(s). This Endorsement only applies in those counties where high-risk land is specified.

- (3) That by signing this Endorsement it will continue from year to year unless I or [Insert AIP Name] cancel or change my election by written notice on or before the cancellation date or my coverage is otherwise canceled or terminated under the terms of my policy.
- (4) That by signing this Endorsement, I elect to insure my high-risk land on a separate additional coverage policy.” (Substantive)

B “By Electing this Endorsement, I elect to insure my high-risk land at any coverage level not to exceed the coverage level of my base policy. I understand:

- (1) If I have a Yield Protection (YP) policy, insurance for my high-risk land is limited to a YP policy with a lower coverage level.
- (2) If I have a Revenue Protection (RP) policy, insurance for my high-risk land is limited to a RP policy with lower level of coverage or a YP policy with the same or lower coverage level.
- (3) If I have a Revenue Protection with Harvest Price Exclusion (RP-HPE) policy, insurance for my high risk land is limited to limited to a RP-HPE policy with lower level of coverage or a YP policy with the same or lower coverage level.
- (4) I must select a coverage level greater than Catastrophic Risk Protection.
- (5) That any other options or endorsements elected on my base policy will continue under this Endorsement.
- (6) Enterprise and whole farm units are not available on acreage which is provided crop insurance coverage under this Endorsement.
- (7) Written Agreements are not available on acreage which is provided crop insurance coverage under this Endorsement, except for those Written Agreements offering lower rates on the high-risk land.” (Substantive)

C Other Information

- (1) “The acreage of the crop planted on high-risk land must be reported on the Acreage Report.
- (2) In the event of a loss on any insured unit, you must provide separate production records demonstrating the planted acreage and harvested production for any acreage which was provided crop insurance coverage under this Endorsement.
- (3) All other provisions of the policy not in conflict with this Endorsement are applicable.

- (4) Separate Administrative Fees will be assessed for each crop insured under this Endorsement. ” (Substantive)

4 Required Signatures

- A “Insured’s Printed Name, Signature and Date” (Substantive)
- B “Agent’s Printed Name, Signature, Date, and Code Number” (Substantive)

5 Required Statements

- A Certification Statement (Substantive)
- B Privacy Act Statement (Substantive)
- C Nondiscrimination Statement (Substantive)