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# **STACKED INCOME PROTECTION PLAN OF INSURANCE (STAX) STANDARDS HANDBOOK**

## **2015 and Succeeding Crop Years**



**UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250**

<b>TITLE: STACKED INCOME PROTECTION PLAN OF INSURANCE (STAX) STANDARDS HANDBOOK</b>	<b>NUMBER: 18170</b>
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<b>SUBJECT:</b>  <b>Provides procedures and instructions for administering the Stacked Income Protection Plan of Insurance (STAX)</b>	<b>OPI: Product Administration &amp; Standards Division</b>  <b>APPROVED:</b>  <b>/S:/ Tim B. Witt</b>  <b>Deputy Administrator for Product Management</b>

**REASON FOR ISSUANCE**

This handbook provides the official FCIC-approved standards for administering the Stacked Income Protection Plan of Insurance (STAX) for the 2015 and succeeding crop years.

# STACKED INCOME PROTECTION PLAN OF INSURANCE STANDARDS HANDBOOK

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# **PART 1 OVERVIEW AND GENERAL REQUIREMENTS**

## **1 General Information**

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This handbook provides the FCIC-approved procedures for administering STAX. STAX provides protection against natural causes of loss that cause area revenue to fall below the county loss trigger. STAX does not use approved APH yields or revenues in determining STAX coverage, premium or indemnity.

STAX can be a standalone policy or purchased in conjunction with a CCIP or ARPI policy, hereinafter called a companion policy.

## **2 STAX Availability**

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The actuarial documents identify when STAX is available in a county for upland cotton.

## **3 Eligibility Requirements**

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To be eligible for STAX, the insured must:

- (1) elect the STAX plan of insurance on the application on or before SCD as specified in the actuarial documents;
- (2) have a share of upland cotton in a county where STAX is contained in the actuarial documents; and
- (3) comply with all terms and conditions of STAX plan of insurance.
- (4) The insured crop for the STAX policy must be upland cotton that is not (unless allowed by the Special Provisions):
  - (a) colored lint cotton;
  - (b) planted into an established grass or legume; or
  - (c) inter-planted with another spring planted crop.

## **4 STAX Plans of Insurance**

---

A separate policy is established for STAX coverage, identified by the applicable STAX plan of insurance codes:

STAX Plan of Insurance Codes	
STAX RP	35
STAX RP-HPE	36

If a producer has a CCIP or ARPI companion policy at the CAT level, the insured is eligible to purchase a STAX policy.

STAX as a stand-alone policy is not available at the CAT coverage level.

## **5 Continuous Policy**

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STAX is a continuous policy. If the insured does not select a new area loss trigger, protection factor and coverage range on or before the SCD, the same area loss trigger, protection factor and coverage range will apply as the previous year.

## **6 Protection Factor (PF)**

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The insured must choose a PF from the range of 80 to 120 percent in a whole percentage (1 percentage increments), unless otherwise specified in the actuarial documents. The insured may choose a different PF for each P/T. To obtain different PF by P/T, each P/T must be listed on the application with the elected PF:

The insured may change the PF in subsequent crop years by submitting a policy change or new application no later than the SCD.

If a P/T is not listed on the application, then the protection factor will default to the lowest protection factor available for the crop.

## **7 Coverage Range and Area Loss Trigger**

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Subject to the limitations specified in paragraph 13 of this part, the insured may select any coverage range (in 5 percentage increments) and area loss trigger (in 5 percentage increments) between 5 and 20 percent shown on the actuarial documents for each P/T, to obtain different coverage range by P/T, each P/T must be listed on the application with the elected coverage range.

The insured may change their coverage range and area loss trigger in subsequent crop years by submitting a policy change or new application no later than the SCD.

If a P/T is not listed on the application, then the coverage range and area loss trigger will default to the lowest coverage level range and area loss trigger available for the crop.



## **8 Written Agreements (WA)**

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Written Agreements are not applicable to STAX.

However, this limitation is not applicable to any companion policy.

## **9 Administrative Fee**

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A separate administrative fee will be charged for the STAX Policy, and waivers of the STAX administrative fee is applicable for insureds who qualify as a limited resource farmer [see CIH Para. 210] or a beginning farmer/rancher.

## **10 Good Farming Practices**

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Insureds who fail to follow good farming practices, including planting or producing upland cotton using a practice that is not widely recognized to establish the expected county yield, will not be considered to have an insurable cause of loss.

## **11 Projected Price Cannot be Determined**

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If the projected price cannot be calculated for the current crop year under the provisions contained in the CEPP, STAX coverage will not be provided. RMA will provide notice that the projected price could not be determined on the RMA website by the date specified in the CEPP. STAX coverage will resume the next year STAX is available, unless the insured has cancelled their coverage by the cancellation date.

## **12 Duplicate Policy Exceptions**

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STAX is not considered a duplicate policy when available on the actuarial documents.

## **13 Other Insurance**

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An insured with a CCIP or ARPI policy may purchase a STAX policy. An insured may also elect SCO when the insured has a CCIP policy and STAX (see Para. 14). The STAX policy must be purchased from the same AIP as the CCIP or ARPI policy:

- (1) the coverage range the insured elects for a type and practice added to the coverage level the insured elected for the companion policy cannot exceed the area loss trigger for the type and practice; and
- (2) if the companion policy is ARPI, the coverage range the insured elects for a type and practice cannot exceed the limit contained in the actuarial documents for the protection factor the insured has elected for the ARPI policy.
- (3) If the area loss trigger and coverage range that the insured elected for a type and practice exceeds the limitations in (1) and (2) above;

### **13 Other Insurance (continued)**

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- (a) the coverage range for that type and practice will be reduced in five percent increments until the limits in (1) and (2) are satisfied; and
  - (b) if the reduction results in a coverage range of less than five percent, no STAX coverage will be provided for that type or practice for the crop year.
- (4) obtaining other insurance issued under the authority of the Act in any manner not specifically authorized by the STAX policy will result in the STAX policy being voided and the insured may be subject to the consequences authorized under the STAX policy, the Act or any other applicable statute.

### **14 SCO Endorsement and STAX Policy**

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An insured with a CCIP policy may elect the SCO endorsement and a STAX policy for upland cotton. However, both must be insured with the same AIP and the same acreage cannot be insured under both the SCO endorsement and the STAX policy.

**Note:** If the insured has elected both the SCO Endorsement and STAX, then the upland cotton must be insured under the CCIP-BP. If the underlying policy is ARPI or a standalone STAX policy, the SCO Endorsement is not available for the insured's upland cotton.

On or before the STAX SCD, the insured must designate which acres of upland cotton in the county will be covered by STAX and which acres will be covered by SCO:

- (1) The insured must provide a production report for the companion CCIP policy for the preceding year by the STAX SCD. The production report will be used by the AIP to establish the insured's CCIP APH Database(s).
  - (a) The insured must designate the acreage for SCO and STAX coverage by identifying whether SCO or STAX applies to each CCIP APH database. AIPs will capture the insured's designation by plan codes 31, 32, or 33 for SCO and plan codes 35 or 36 for STAX in the "Other" field of the APH database. Although an insured's signature is not normally required on an APH database, the insured must sign and date the APH database(s) certification and the AIP must include the DSSH required statements.

**Note:** An APH database cannot be established lower than the optional unit/P/T, unless one of the exceptions provided in CIH Paragraph 1205B applies.

- (b) An insured is allowed to recertify their production history and the AIP may update the CCIP APH database(s) through the CCIP PRD. However, the designation for each APH database as SCO or STAX coverage must not be changed after the SCD.

#### **14 SCO Endorsement and STAX Policy (continued)**

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- (2) The insured may identify on STAX Application whether SCO or STAX coverage applies to any acreage added to the operation that requires a new CCIP APH database, after SCD and before the ARD. If no designation is made, the acreage is covered under SCO.

#### **15 Units**

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Separate units are not available under STAX.

- (1) An insured may report acreage and production using the same unit structure and numbers previously established under an APH-based plans of insurance to maintain continuity of production reports.
- (2) When an insured has elected SCO on a companion CCIP policy and elected a STAX policy, any report required by STAX must include both the applicable unit number and acreage identifier required by the CCIP policy.

#### **16 First Crop/Second Crop Limitations**

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See CIH Paragraph 202 for the applicable first crop/second crop limitation procedures.

#### **17-20 (Reserved)**

## **PART 2 APPLICABILITY OF CIH PROCEDURES**

All procedures and instructions contained in the CIH apply to STAX with the exception of the items identified in the following parts and paragraphs.

### **21 Part 2 Application for Insurance**

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The following paragraphs in Part 2 do not apply to STAX.

- (1) Para. 208 Administrative Fees
- (2) Para. 233D Mutual Consent Cancellation
- (3) Para. 234 Insurance Choices
- (4) Para. 235 Plans of Insurance
- (5) Para. 236 Levels of Coverage
- (6) Para. 237 Price

### **22 Part 5 Endorsements and Options**

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Part 5, Endorsements and Options, in its entirety, does not apply.

### **23 Part 6 Planting Provisions**

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Part 6, Planting Provisions, in its entirety, does not apply to STAX policies.

### **24 Part 7 Units**

---

Part 7, Units, in its entirety, does not apply to STAX.

**Exception:** The insured may choose to maintain unit structure based on an APH-based plan when reporting acreage and production.

### **25 Part 8 Underwriting Standards for Specific Practices**

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Part 8, Underwriting Standards for Specific Practices, except as provided in [Para. 1810], does not apply to STAX.

### **26 Part 12 APH Database**

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Part 12, APH Database does not apply to STAX unless STAX has a companion CCIP policy with SCO and then the APH database procedures only apply to the companion CCIP policy

### **27 Part 14 Category B Crop Procedures**

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Part 14, Category B Crop Procedures, in its entirety, do not apply to STAX.

**28 Part 15 Category C Crops**

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Part 15 Category C Crops procedure, in its entirety, does not apply to STAX.

**29 Part 16 Additional Provisions by Crop**

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Part 16 Additional Provisions by Crop procedures, with the exception of Paragraph 1604, does not apply to STAX.

**30 Part 17 Category D Crops**

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Part 17 Category D Crops procedure, in its entirety, does not apply to STAX.

**31 Part 20 RO Underwriting**

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Part 20 RO Underwriting does not apply to STAX.

**32-40 (Reserved)**

## PART 3 ACREAGE REPORTING

### 41 General Information

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The acreage report is required annually and determines the amount of insurance, premium, and insurable share at the time insurance attaches.

When an insured has a companion CCIP or ARPI policy, the insured is not required to submit an additional acreage report for the STAX policy. The STAX policy uses the companion policy's acreage report, which must include the SCO or STAX acreage designation, as applicable. The AIP must provide the coverage, premium and administrative fee for the STAX policy on the Summary of Coverage/Schedule of Insurance.

The following Paragraphs apply when there is no companion policy.

### 42 Filing Requirements

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- (1) The insured must sign and submit an annual acreage report, for the insured crop in the county, on or before the ARD in the actuarial documents.

The acreage report must contain the following ([see Para.44] for a complete list of the required acreage report elements):

- (a) the amount of acreage of the crop (insurable and uninsurable) in which the insured has a share;
- (b) the last date any acreage of the insured crop was planted;
- (c) the number of acres planted (acreage initially planted after the final planting date is not insurable and must be reported as uninsurable on the Acreage Report);
- (d) share at the time coverage begins;
- (e) practice;
- (f) type; and
- (g) land identifier for the crop acreage (e.g., legal description, FSA FN or CLU). Insured must report FSA FN/tract and field number, when available from FSA.

**Note:** An insured may report acreage using the unit structure and unit number previously established under APH-based plans of insurance to maintain continuity of production reports.

- (2) If the insured fails to submit an acreage report or to report all acreage, the AIP may:

## **42 Filing Requirements (continued)**

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- (a) deny liability for the unreported acreage. No premium will be due on the unreported acreage and no indemnity will be paid; or
- (b) determine the insurable acreage, by crop, P/T and share.

## **43 Inaccurate Acreage Reports**

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Refer to CIH Paragraph 904.

## **44 Required Elements**

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The following elements must be included in the annual Acreage Report (additional information for certain elements is contained in [Para. 46-53]).

<b>ELEMENT</b>	<b>REQUIRED INFORMATION:</b>
<b>Insured's Name, Address, and Telephone Number</b>	Enter the insured's name, address (Street, City, State, and Zip code), and telephone number.
<b>Insured's Identification Number</b>	Enter the insured's identification number and type (SSN, EIN or RAN).
<b>Insured's Authorized Representative</b>	Enter the insured's authorized representative, if any.
<b>Policy Number</b>	Enter the insured's Policy Number.
<b>Person Type</b>	Enter the specific person type (e.g., partnership, trust, individual, corporation, etc.).
<b>Spouse's Name and Identification Number</b>	Enter the insured's spouses name and identification number, if applicable.
<b>Landlord/Tenant</b>	Enter the Landlord/Tenant whose share is being insured, if applicable [see CIH Para. 452].
<b>Insured's Share</b>	Enter the insured's share of the crop at the time insurance coverage attaches.
<b>Name of Other Person(s) Sharing in Crop</b>	If applicable, enter name of other person(s) that have a share in the insured crop.
<b>Crop Year</b>	Enter the crop year (e.g., 2014).
<b>Crop</b>	Enter the name of the insured crop.
<b>State and County Name</b>	Enter the State and County where the crop is insured.
<b>Plan of Insurance</b>	Enter the plan of insurance elected by the insured.
<b>Price Election, Projected Price, or Amount of Insurance</b>	Enter the protection factor elected by the insured.
<b>Coverage Level</b>	Enter the coverage level elected by the insured.

**44 Required Elements (continued)**

<b>ELEMENT</b>	<b>REQUIRED INFORMATION</b>
<b>Options or Optional Coverage</b>	N/A, unless the insured elects both SCO and STAX coverage in the county. Enter the applicable plan code of 35 or 36 to indicate acreage insured under STAX. Enter the applicable plan code of 31, 32, or 33 to indicate acreage insured under SCO, when applicable.
<b>Practice</b>	Enter the insured crop practice.
<b>Type</b>	Enter the insured crop type.
<b>Unit Number</b>	N/A, unless the insured chooses to report by unit structure available under an APH-based plan.
<b>Legal Description</b>	Enter the section, township and range, or other descriptions for land if rectangular survey is not applicable. This may include GPS coordinates or other land identification.
<b>FSA Farm/Tract/Field Number</b>	Required. Enter the FSA Farm/Tract/Field, if available from FSA.
<b>Approved APH Yield</b>	N/A.
<b>Date Planting Completed</b>	Required for all planted acreage. For acreage planted on or before the STAX final planting date, enter the last date of planting and the total acres planted by that date. For acreage after the STAX final planting date, enter the date that the insured crop was planted. Acreage planted after the STAX final planting date is uninsurable.
<b>Area Classification</b>	N/A.
<b>Acreage Type</b>	Identify whether acreage is: Insured (planted); Insured - Acreage emerging from CRP the initial crop year [See Para. 25A]; Insured - New breaking acreage insured in accordance with the policy the initial crop year, or insured under SP, and the insured is able to substantiate the acreage has previously been in production [See Para 25B]; Insured – New breaking acreage insured , under SP and the insured is unable to substantiate the acreage has previously been in production [See Para. 25B)] Uninsurable [See Para. 26)]; Uninsurable due to 2 <sup>nd</sup> crop provisions [see CIH Para. 915)]; Uninsurable due to new breaking and the insured cannot substantiate the acreage has previously been in production [See Para. 25]; Unreported acreage [see CIH Para. 917]; or Zero acreage report for county [see Para. 28].
<b>Remarks</b>	Document pertinent information.
<b>Insured's Signature and Date</b>	Insured must sign and date.
<b>Agent Information</b>	Enter Agent's name, address, telephone number, and agent code number.
<b>Agent's Signature and Date</b>	Agent must sign and date.



## **45 Insurable Acreage**

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In addition to CIH Paragraph 914, the insurable acreage is all of the acreage of the insured crop which is planted on or before the STAX final planting date in the county listed on the application and is reported to the AIP on or before the acreage reporting date.

## **46 Uninsurable Acreage**

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In addition to CIH Paragraph 915, the following acreage is not insurable:

- (1) acreage where the crop was destroyed or put to another use during the crop year for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA;
- (2) acreage where the AIP has determined the insured failed to follow good farming practices for the insured crop;
- (3) acreage where the conditions under which the crop is planted are not generally recognized for the area;

**Example:** Acreage where agricultural experts determine that planting a non-irrigated cotton crop after a failed small grain crop on the same acreage in the same crop year is not appropriate for the area.

- (4) acreage planted after the STAX final planting date. There is no late planting period for STAX.
- (5) the type and practice is determined to be ineligible for STAX.
- (6) acreage is insured under the SCO Endorsement.

## **47 Zero Acreage Report For County**

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Refer to CIH Paragraph 918.

## **48 Acceptable Acreage Report Revisions**

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Refer to CIH Paragraph 931.

## **49 Measurement Services Requested for Acreage Reports**

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An insured may request an acreage measurement service on or before the ARD. When an acreage measurement service is requested, follow the procedure located in [CIH Para. 933] with the following exceptions:

**A. Identify Acreage**

The insured must identify the acreage (e.g., field number) for which the measurement has been requested. If an acreage measurement is requested for only a portion of the insured P/T, that acreage must be separately designated on the acreage report.

**B. Failure to Provide Acreage Measurement**

If the insured fails to provide the acreage measurement to the AIP by:

- (1) the time the final area revenue or final area yield, as applicable, is calculated, the AIP may:
  - (a) defer finalization of the claim until the measurement is completed, make all necessary loss determinations, except the acreage measurement and finalize the claim in accordance with applicable policy provisions after the insured provides the acreage measurement with the understanding that if the insured fails to provide the measurement prior to the termination date, any claim will not be paid; or
  - (b) elect to measure the acreage and finalize the claim in accordance with applicable policy provisions and an estimated acreage will not be accepted from the insured for any subsequent acreage report
- (2) at least 15 days prior to the premium billing date and the acreage has not been measured, the premium will be based on the estimated acreage and will be revised, if necessary, when the acreage measurement is provided. Premium will still be due; or
- (3) the termination date, the insured will be precluded from providing any estimated acreage for all subsequent crop years.

**50 (Reserved)**

## PART 4 PRODUCTION REPORTING

### 51 Acceptable Production Report

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An annual production report must be submitted, for the crop in the county by the STAX PRD specified in the actuarial documents. A separate STAX production report is not required if the insured has submitted an acceptable production report to the AIP for the insured crop under a companion policy prior to the STAX PRD. The AIP should not obtain duplicate production reports and should use the companion policy's production report (ARPI or CCIP) when acceptable. If an insured is using the production report from a companion policy, the production reporting requirements for CCIP or ARPI, CIH Part 10 or Part 18, respectively, must be met.

If an insured elects both SCO and STAX coverage for the same crop/county, then the production report is due by the STAX SCD, see Part 1, Section 13.

If there is no companion policy, the following applies:

#### A. Acceptability

Production reports must meet all of the following to be acceptable.

- (1) Include all acreage and production, insured and uninsurable, by P/T in the actuarial documents for the county.

**Exception:** If the acreage is unharvested, the insured must certify either unharvested and destroyed, unharvested and put to another use or unharvested appraised.

The insured may report production at an APH-based plan of insurance unit or lower level, in accordance with the procedures located in [CIH Part 10].

- (2) Be supported by acceptable production records. [See CIH Part 11] for production evidence requirements.
- (3) Be signed by the insured.
- (4) Be submitted by the insured to the AIP by the STAX PRD.

## **51 Acceptable Production Report (continued)**

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### **B. Zero Planted Acreage Report**

A zero planted acreage report submitted for the current crop year will be considered an acceptable production report for the current crop year, provided the acreage report was acceptable.

### **C. Acceptable Production Reports Not Provided**

If an insured does not submit an acceptable production report to the AIP by the PRD, the protection factor for the insured's policy in the following crop year will be limited to the lowest protection factor available. For transferred policies, the assuming AIP may obtain production report information for the prior year from RMA systems.

If the insured subsequently switches to an ARPI policy in the following year, the protection factor for the insured's policy in the following crop year will be limited to the lowest protection factor available. For transferred policies, the assuming AIP may obtain production report information for the prior year from RMA systems.

If the insured subsequently switches to an APH-based plan of insurance in the following year, the insured will be subject to assigned yields and related procedures. Since the prior year's approved APH yield will not be available, the assigned yield will be 65 percent of the applicable T-Yield. AIPs must transmit a production report to RMA indicating the insured did not provide a production report using a record type of "L".

### **D. Accuracy**

Insureds must certify to the accuracy of the information on the production report. If the insured fails to accurately report the production, the insured will be subject to the provisions in [C above] unless the information is corrected in accordance with the Basic Provisions.

### **E. Supporting Production Evidence Requirement**

If the insured does not have acceptable supporting production records to verify the information on the production report, the insured will be subject to the provisions in [C above].

### **F. Misreporting**

At any time it is discovered the insured has misreported any material information on the production report, the insured will be subject to the provisions in [C above].

## **52 Production Reporting Requirements**

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### **A. Certification**

Insureds must certify the harvested and unharvested crop acreage and production by P/T for the current crop year. Insureds may report production by any of the following:

- (1) the county;
- (2) the basic unit or lowest level unit structure available for the crop under an APH-based plan of insurance (e.g., maintain OU for subsequent policy transfer to APH-based plan of insurance); or
- (3) any level, such as field.

#### **B. Insurable Production**

Report as insurable production, all production from:

- (1) insurable acreage planted to the insured crop for harvest; and
- (2) uninsurable acreage when commingled with insurable production.

#### **C. Uninsurable Production**

Report all production from uninsurable acreage as uninsurable production, unless it is commingled with insurable production.

The production for uninsurable acreage must be identified as “uninsurable”.

#### **D. Unharvested Production**

When acreage is unharvested, the insured must report zero production using the yield descriptor of UG, the number of unharvested acres and whether acreage was:

- (1) unharvested and destroyed; or
- (2) unharvested and put to another use.

**Exception:** Even though appraisals for production are not required, if an appraisal is made on representative samples, the insurable production reported is the amount determined by the appraisal. If an appraisal is for only a portion of the acreage in a field that remains unharvested after the remainder of the crop within the field has been destroyed or put to another use, the production must be reported on the production report as uninsured production, unless the appraisals were taken from representative samples.

**53 Required Elements of Production Report**

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- (1) Production must be reported by crop year for each share arrangement and P/T.
- (2) Required elements and information for a production report.

<b>ELEMENT</b>	<b>REQUIRED INFORMATION:</b>
<b>State County Policy Number</b>	State, county and policy number to which the report pertains.
<b>Insured's Name Address Phone No. Agent Code</b>	Name, address, phone number and code of the agent.
<b>AIP</b>	AIP's name and address.
<b>Crop/Practice/Type/TMA/Other Characteristics/ Unit Number</b>	Crop name, P/T. Unit number is required if the insured chooses to report on a unit basis; if not, unit number is N/A.
<b>Legal Description</b>	Enter the section, township and range, or other descriptions for land if rectangular survey is not applicable. This may include GPS coordinates or other land identification.  If additional space is needed, attach a supplemental sheet.
<b>FSA Farm/Tract/Field Number</b>	FSA Farm/Tract/Field number is optional unless insured is reporting production at the FSA Farm/Tract/Field level.
<b>Other Persons</b>	Enter the names of other persons with an insurable share in the crop acreage (not SBIs). If none, enter "NONE".
<b>Record Type</b>	Indicate the type of acceptable records maintained for the last year in the base period: Production Sold/Commercial Storage; Farm Stored Measured by Insured, Pick/Daily Sales Records, Automated Yield Monitoring System, Farm-Stored Measured by Authorized Representative, Livestock Feeding Records, Field Harvest Records, and/or Other. [See CIH Part 11 for description of types of records].  For unharvested acreage specify: unharvested and destroyed; unharvested and put to another use; or unharvested appraised.  If an insured does not report production, indicate unreported.
<b>Processor Number/Name</b>	N/A.
<b>Number of Trees/Vines</b>	N/A.
<b>Other</b>	N/A.
<b>Insurability</b>	Indicate whether production being reported is from insurable or uninsurable acreage.
<b>Area Classification</b>	N/A.

### **53 Required Elements of Production Report (continued)**

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<b>ELEMENT</b>	<b>REQUIRED INFORMATION:</b>
<b>Crop Year</b>	Enter the current crop year.
<b>Multi Crop Year Reporting Reason</b>	N/A.
<b>Total Production</b>	Enter total production as adjusted for production reporting purposes.  For unharvested acres, enter 0, unless there is an appraisal.
<b>Acres</b>	Enter planted acreage in acres for each year production is available in the total production column. Enter "0.0" if the crop was not planted for any year.
<b>Yield Descriptor</b>	Enter the appropriate yield type descriptor, [see CIH Exh. 13F].  For unharvested acres, enter "UG".  If the insured does not provide a production report, enter "UR"
<b>Yield</b>	Enter the appropriate yield (total production/acres).
<b>New Producer</b>	N/A.
<b>Added Land</b>	N/A.
<b>Insured Signature and Date</b>	Insured must sign and date production report.

- (3) AIPs must obtain the insured's signature and the date of the signature; explain certification statements to ensure the insured understands what is being certified and the consequences of an inaccurate production report and certification.

### **54 Acceptable Production Evidence and Record Maintenance**

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The insured must maintain and provide upon request acceptable production records for each crop year to support the production report. Production records must be maintained in accordance with section 21(b)(2) of the Basic Provisions. This requirement also applies to all such records for acreage that is not insured. [See CIH Part 11] for production evidence and record retention requirements.

### **55 Verification, Review and Correction**

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The production report is subject to verification and AIP review. When the crop is selected for review, supporting evidence of acreage and production will be required by P/T for all crop years' acreage and production during the record retention period.

The production report will not be subject to the AIP field review process for that crop year if:

- (1) the insured submits production evidence for all yields are being certified; and
- (2) the AIP verifier reviews the information and determines it is acceptable. If the AIP verifier determines the production records are not acceptable or the yield does not appear reasonable, the AIP must verify the production information.

### **56 Adjustments to Production**

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The adjusted production is entered in the total production column when actual yields are reported. Adjustments to production will be made on the same basis as a claim for indemnity for APH-based plans when such information is available on the acceptable supporting production records. [See CIH Para. 1011] for more information on adjusting production.

**57-60 (Reserved)**



## Acronyms and Abbreviations

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

Approved Acronyms/Abbreviations	Term
AIP	Approved Insurance Provider
ARPI	Area Risk Protection Insurance
BU	Basic Unit
CAT	Catastrophic Risk Protection Endorsement
CCIP	Common Crop Insurance Policy
CIH	Crop Insurance Handbook
FCIC	Federal Crop Insurance Corporation
LAM	Loss Adjustment Manual
OU	Optional Unit
PF	Protection Factor
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
SCO	Supplemental Coverage Option
STAX	Stacked Income Protection Policy
WA	Written Agreement

## Definitions

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Companion policy – is a cotton policy issued under the CCIP-BP and ARPI-BP purchased from us in addition to the STAX policy.

Area loss trigger – is the percentage of expected area revenue you choose, ranging from 90 percent to 75 percent, below which an indemnity is paid and which is contained in the actuarial documents.

Coverage range – is a percentage of not less than 5 percent and not more than 20 percent, which represents the amount of the expected area revenue covered by STAX and which is contained in the actuarial documents.

Expected area revenue – is the expected area yield multiplied by the projected price.

Expected area yield – is the yield contained in the actuarial documents for each P/T.

Final area revenue – is the revenue determined by multiplying the final area yield by the harvest price. The final area revenue is used to determine whether an indemnity will be due.

Final area yield – is the yield for each insured P/T, released by FCIC at a time specified in the actuarial documents.

Liability – is in lieu of the definition contained in the CCIP-BP, the liability of this policy will be the amount used to calculate your premium.

Payment factor – is a factor that represents the production area wide loss as compared to the insured's coverage range.

Planted acreage – is in addition to the definition contained in the CCIP-BP, cotton seed broadcast and subsequently mechanically incorporated will not be considered planted.

Policy protection – is the liability dollar amount of insurance provided by the STAX policy, calculated in accordance with section 5(e) for each type and practice.

Production area – is the geographical area that the expected and final area yields are based on, designated generally as a county, but may be a smaller or larger geographical area as specified in the actuarial documents.

Protection factor – is the percentage chosen for each P/T. The protection factor is used to calculate STAX policy protection.



**Definitions (continued)**

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STAX production report – is a written record showing the insured's annual production. The report contains yield information for the current year, including all planted acreage and crop production. The report must be supported by written verifiable records from a warehouseman or buyer of the insured crop by measurement of farm-stored production or by other records of production approved by the AIP in accordance with FCIC approved procedures.

STAX production reporting date – is the date contained in the actuarial documents by which the insured is required to submit the production report.

**Form Standards**

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**STAX Application**

Insureds who wish to insure under the STAX insurance plan must sign and submit the STAX Application, developed according to these standards on or before the SCD for the first crop year the insured wishes to elect STAX.

**1 Insured Information**

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

**2 Crop Information**

- A “County Name” (Substantive)
- B “Crop(s)” (Substantive)
- C “Crop Year” (Substantive)
- D “Companion Policy Plan of Insurance, if applicable” (Substantive)
- E “Coverage Range” (Substantive)
- F “STAX Plan of Insurance” (Substantive)
- G “STAX Protection Factor” (Substantive)
- H “SCO Coverage ☐ Yes ☐ No” (Substantive)

“If yes, identify by APH Database whether SCO or STAX applies.  
If land is added to this operation after the Sales Closing Date and reported by the Acreage Reporting Date, such acreage will be covered by ☐ SCO ☐ STAX.”  
(Substantive)

**Form Standards (continued)**

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**STAX Application (continued)****3 Terms and Conditions**

“I may not elect coverage under this plan of insurance on the same acres I elect coverage for the Supplemental Coverage Option Endorsement (SCO) if I participate in the SCO.

I understand that by signing this application, the coverage under this plan of insurance it will continue from year to year unless I or you 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.” (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)

## STAX Calculations Examples

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In this exhibit is the calculations for the policy protection, area loss trigger, payment factor, and indemnity calculations for STAX.

Indemnities are calculated following release of the final area yield and harvest price as specified in the actuarial documents. If an indemnity is due, payment to the insured will be made no later than 30 days after release of the final area revenue.

Producer A farms 100 acres in county X. The actuarial documents in county X show that the expected area yield is 525 pounds per acre, the projected price is \$0.72, and the expected area revenue is \$378.00. From the actuarial documents in county X, Producer A elects a 90 percent area loss trigger and a 20 percent coverage range. Producer A selects a protection factor of 110 percent. Producer A has a 100 percent share.

At the end of the insurance period, for county X, FCIC releases a harvest price of \$0.77, a final area yield for county X of 399 pounds, and a final area revenue for county X of \$307.23.

### A. STAX RP

- (1) If revenue protection is elected the insured's policy protection for each type and practice is calculated in the following steps:

**Step 1:** multiply the expected area yield by the higher of the projected price or harvest price;

**Example:**  $(525 \text{ lbs.} * \$0.77) = \$404.25$

**Step 2:** multiply the result of step 1 by the insured's coverage range; and

**Example:**  $(\$404.25 * 0.20) = \$80.85$

**Step 3:** multiply the result of step 2 by the protection factor.

**Example:**  $(\$80.85 * 1.10) = \$88.94$

**Step 4:** multiply the result of step 3 by the number of acres;

**Example:**  $(\$88.94 * 100) = \$8,894$

**Step 5:** multiply the result of step 4 by insured's share in such acres;

**Example:**  $(\$8,894 * 1.0) = \$8,894$

$(525 \text{ lbs.} * \$0.77 * 0.20 * 1.10 * 100 * 1.0) = \$8,894$

**STAX Calculations Examples (continued)**

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**A. STAX RP (continued)**

- (2) An indemnity is due if, for revenue protection, the final area revenue is less than the expected area yield multiplied by the higher of the projected price or harvest price and by the area loss trigger.

- (a) The payment factor for revenue protection is calculated by:

**Step 1:** multiplying the expected area yield by higher of projected price or harvest price;

**Example:**  $(525 \text{ pounds} * \$0.77) = 404.25$

**Step 2:** dividing the final area revenue by the result of step 1;

**Example:**  $(\$307.23 / \$404.25) = 0.76$

**Step 3:** subtracting step 2 from the area loss trigger; and

**Example:**  $(0.90 - 0.76) = 0.14$

**Step 4:** dividing step 3 by the coverage range to determine the payment factor, limited to a maximum of 1.000.

**Example:**  $(0.14 / 0.20) = .700$

$$(0.90 - (\$307.23 / (525 \text{ pounds} * \$0.77)) \div 0.20 = 0.700$$

- (b) Indemnities are calculated by multiplying the policy protection by the payment factor.

**Example:**  $(\$8,894 * 0.700) = \$6,226$



**STAX Calculations Examples (continued)**

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**B. STAX RP HPE**

- (1) If revenue protection with the Harvest Price Exclusion is elected the insured's policy protection for each type and practice is calculated in the following steps:

**Step 1:** multiply the expected area yield by the projected price;

**Example:**  $(525 \text{ lbs.} * \$0.72) = \$378.00$

**Step 2:** multiply the result of step 1 by insured's coverage range; and

**Example:**  $(\$378.00 * 0.20) = \$75.60$

**Step 3:** multiply the result of step 2 by the protection factor.

**Example:**  $(\$75.60 * 1.10) = \$83.16$

**Step 4:** multiply the result of step 3 by the number of acres;

**Example:**  $(\$83.16 * 100) = \$8,316$

**Step 5:** multiply the result of step 4 by insured's share in such acres;

**Example:**  $(\$8,316 * 1.0) = \$8,316$

$(525 \text{ lbs.} * \$0.72 * 0.20 * 1.10 * 100 * 1.0) = \$8,316$

- (2) An indemnity is due if, for revenue protection with the harvest price exclusion, the final area revenue is less than the expected area revenue multiplied by the area loss trigger.

- (a) The payment factor for revenue protection with the harvest price exclusion is calculated by:

**Step 1:** Dividing the final area revenue by the expected county revenue;

**Example:**  $(\$307.23 / \$378.00) = 0.8128$

**Step 2:** Subtracting step 1 from the area loss trigger; and

**Example:**  $(0.90 - 0.8128) = 0.0872$

**STAX Calculations Examples (continued)**

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**B. STAX RP HPE (continued)**

**Step 3:** Dividing step 2 by the coverage range to determine the payment factor.

**Example:**  $(0.0872 / 0.20) = 0.436$

$(0.90 - (\$307.23 / \$378.00)) / 0.20 = 0.436$

- (b) Indemnities are calculated by multiplying the policy protection by the payment factor.

**Example:**  $(\$8,316 * 0.436) = \$3,626$