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Federal Crop
Insurance
Corporation

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GRASS SEED (Pilot) UNDERWRITING STANDARDS HANDBOOK

2015 and Succeeding Crop Years

**RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133**

TITLE: GRASS SEED (PILOT) UNDERWRITING STANDARDS HANDBOOK	NUMBER: 24270
EFFECTIVE DATE: 2015 and Succeeding Crop Years	ISSUE DATE: July 29, 2014
SUBJECT: Provides procedures and instructions for administering the Grass Seed (Pilot) crop insurance program.	OPI: Actuarial and Product Design Division
	APPROVED: /s/ Tim B. Witt Deputy Administrator for Product Management

REASON FOR ISSUANCE

The Grass Seed (Pilot) Underwriting Standards Handbook is being issued and effective for the Grass Seed (Pilot) program available beginning with the 2015 crop year. It was formatted to the new standard for handbooks and now includes a better example on how the insured should fill out the underwriting report which is now mandatory.

GRASS SEED (PILOT) UNDERWRITING STANDARDS HANDBOOK

CONTROL CHART

Grass Seed (Pilot) Underwriting Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Number	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
Current Index	1-2	1-2	1-7	1	8	06-2015	FCIC-24270
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				5	13-14	06-2015	FCIC-24270

FILING INSTRUCTIONS

This handbook replaces the 2011 APH Grass Seed (Pilot) Program Insurance Underwriting Guide, FCIC-24270 (07-2010). This handbook is effective for the 2015 and succeeding crop years and is not retroactive.

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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose

This handbook provides procedure for administering the Grass Seed (Pilot) program in accordance with the Basic Provisions and the Grass Seed (Pilot) Crop Provisions, and supplements the Crop Insurance Handbook (CIH) and the Loss Adjustment Manual (LAM) and any other procedural issuance via exceptions, changes, and additions. If there is a conflict between this handbook and the CIH or LAM or other issuance, this handbook controls.

B. Source of Authority

The Grass Seed (Pilot) Program is a Risk Management Agency (RMA) developed actual production history (APH) product approved by the Federal Crop Insurance Corporation (FCIC) Board of Directors on May 13, 2010 under section 523 of the Federal crop Insurance Act, and approved for continuation as a pilot by the FCIC Board of Directors on May 8, 2014. This handbook provides the FCIC-approved procedures for administering the pilot.

C. Duration

The Grass Seed (Pilot) Program was available beginning with the 2011 crop year and is authorized until terminated or converted to a permanent program by the FCIC Board of Directors.

D. Pilot Area

See actuarial documents for the pilot area.

E. Applying for the Grass Seed (Pilot) Program

Approved Insurance Providers (AIP's) shall use the standard application for the Grass Seed (Pilot) Program. The application must indicate the insured has selected the Grass Seed (Pilot) Crop Provisions along with all other required information.

F. Related Handbooks

The following table lists handbooks related to the Grass Seed (Pilot) Program.

Important: Not all sections of related handbooks or all procedures in a section apply to the Grass Seed (Pilot) Program. See Part 3 for more information.

Handbook	Purpose
CIH	General underwriting procedures.
LAM	General loss procedures.
Grass Seed (Pilot) Loss Adjustment Standards Handbook	Loss procedures for grass seed.

2 Responsibilities

A. AIP Responsibilities

AIPs must use standards, procedures, methods and instructions as authorized by FCIC in the sale and service of crop insurance contracts. Each AIP is responsible for using RMA approved procedure. AIPs should report any pilot program issues or concerns to the Actuarial and Product Design Division (APDD) of RMA.

B. Insured's Responsibilities

To be eligible for the Grass Seed (Pilot) Program, insured's must comply with all terms and conditions of the Basic Provisions and the Grass Seed (Pilot) Crop Provisions.

3-20 (Reserved)

PART 2 INSURABILITY

21 Unique Grass Seed Insurability Requirements

A. Grass Seed Production Contract Required

The grass seed must be grown under a grass seed production contract.

- (1) The insured must certify that he/she has possession of a grass seed production contract for the acreage insured.
- (2) The insured must provide a copy of the grass seed production contract in the event of damage or loss.

B. Grass Seed Underwriting Report

The grass seed underwriting report is used to ensure that the acreage of grass seed has an adequate stand. The grass seed underwriting report is mandatory and must be provided on or before the acreage reporting date

- (1) The grass seed underwriting report must be completed on or before May 22 for acreage of the perennial ryegrass type and newly established acreage of the Kentucky bluegrass type.
- (2) The grass seed underwriting report must be completed on or before October 16 for existing acreage of the Kentucky bluegrass type. If a Claim for Indemnity was filed in the preceding crop year and an adequate stand was determined, the Claim for Indemnity will be used to determine insurability.

22 Insurable Types and Practices

A. Types Insurable

Types insured are: Kentucky Bluegrass 221
Perennial Ryegrass 222

B. Insurable Practices

Insurable practices for Grass Seed are:

Non-Irrigated	003
Irrigated	002
Organic (Certified) Non-Irrigated	713
Organic (Certified) Irrigated	702
Organic (Transitional) Non-Irrigated	714
Organic (Transitional) Irrigated	712

23 Units and Coverage Levels

A. Units

- (1) Separate basic units by grass seed type are allowed by the Grass Seed (Pilot) Crop

Provisions.

- (2) Enterprise Units are allowed.
- (3) Optional units are allowed.

B. Coverage Levels

Coverage is available in 5 percent (5%) increments. See the actuarial documents.

24-30 (Reserved)

PART 3 APPLICABILITY OF HANDBOOKS

31 General Overview

This part identifies information specific to the applicability of the CIH, LAM and any other procedural issuance that may require supplemental information with regard to grass seed. Unless specifically amended, supplemented, or deleted by information in this handbook, all procedural issuances apply to the Grass Seed (Pilot) Program.

32 Specific Information – CIH

The general rules of crop insurance as provided in the CIH apply to the Grass Seed (Pilot) Program.

The following table provides general information, changes, additions, deletions and/or modifications termed as supplemental instructions regarding the applicability of the CIH to the Grass Seed (Pilot) Program.

Throughout the CIH the following exception applies:

References to written agreements are to be ignored. Written agreements are not applicable to this pilot program.

32 Specific Information – CIH	
CIH Reference	Supplemental Instructions
PART 7	In addition to the definition of basic unit contained in the Basic Provisions, a basic unit may be established for each insurable grass seed grown by the insured.
PART 6	Replanting, Late Planting and Prevented Planting provisions do not apply to the Grass Seed (Pilot) Program
PART 5	The Catastrophic Risk Protection Endorsement and the Hail and Fire Exclusion Option apply to Grass Seed.
PART 12 Section 3	Yield Adjustment applies to Grass Seed
PART 14	Grass Seed is a category B crop
PART 10 PART 11 PART 16 Section 1	<p>The following provides additional information for calculating APH yields for grass seed.</p> <p style="padding-left: 40px;">(1) Grass Seed</p> <p style="padding-left: 80px;">(a) Acceptable Supporting Records. A statement from the buyer that shows the total pounds of clean seed produced including all required label information.</p>

32	Specific Information – CIH																
CIH Reference	Supplemental Instructions																
PART 10 PART 11 PART 16 Section 1	<p>(b) Required Label Information. The variety (including “Variety not stated”) and the percentages of pure seed, germination, weed seeds, other crop, inert matter, and the number and name of each noxious weed seed present. Also included must be the lot number and the test date. The origin must be included. All label information must conform in all respects to the regulations of the state where the label was attached. If the production from a unit is included in more than one lot, label information from all lots comprising the unit must be included in the acceptable documentation.</p> <p>(c) Noxious Weed Seeds. As identified on the label.</p> <p>(2) Quality adjustment. For quality adjustment, the buyer’s records must indicate that the production was rejected or received less value because it did not meet the requirements stated in the grass seed production contract.</p> <p>(a) Production that meets the minimum quality requirements contained in the grass seed production contract and production that does not meet such requirements due to uninsured causes are not eligible for quality adjustment.</p> <p>(b) Production that does not meet the minimum quality requirements contained in the grass seed production contract due to insurable causes will be reduced as follows on the earlier of the date such damaged production is sold or the date of final inspection for the unit:</p> <p>(i) Divide the value of the damaged production by the lower of the established price or the fixed price component of the grass seed production contract for the insured type; and</p> <p>(ii) Multiply the result (not to exceed 1.0) by the number of pounds of such production.</p>																
Exhibit 2 B	<p>Add Grass Seed in this section as follows:</p> <table border="0"> <tr> <td>FCIC Policy:</td> <td>11-BR</td> </tr> <tr> <td>FCIC Crop Provisions:</td> <td>2011-0102</td> </tr> <tr> <td>Crop Category; APH Yield Tolerance:</td> <td>B 5%</td> </tr> <tr> <td>Late Planting/Prevented Planting:</td> <td>No</td> </tr> <tr> <td>Replant:</td> <td>No</td> </tr> <tr> <td>Unit of measure:</td> <td>Pounds</td> </tr> <tr> <td>Unit by:</td> <td>B⁵⁴/O/E</td> </tr> <tr> <td>High Risk Land Exclusion Option:</td> <td>Yes</td> </tr> </table> <p>54 Basic unit by type; optional units by grass seed production contract in addition to</p>	FCIC Policy:	11-BR	FCIC Crop Provisions:	2011-0102	Crop Category; APH Yield Tolerance:	B 5%	Late Planting/Prevented Planting:	No	Replant:	No	Unit of measure:	Pounds	Unit by:	B ⁵⁴ /O/E	High Risk Land Exclusion Option:	Yes
FCIC Policy:	11-BR																
FCIC Crop Provisions:	2011-0102																
Crop Category; APH Yield Tolerance:	B 5%																
Late Planting/Prevented Planting:	No																
Replant:	No																
Unit of measure:	Pounds																
Unit by:	B ⁵⁴ /O/E																
High Risk Land Exclusion Option:	Yes																

32	Specific Information – CIH
CIH Reference	Supplemental Instructions
	Section 34 of the Basic Provisions.

33 Loss Adjustment Manual

The duties and responsibilities identified in the LAM are adopted for the Grass Seed (Pilot) Program with the following addition.

33	Loss Adjustment Manual
LAM Reference	Supplemental Instructions
PART 3 Section 4	For Grass Seed: The production to count is based on the quantity of clean seed. The harvested production must be conditioned before the quantity of clean seed can be determined. There may be circumstances in which the harvested production from all units cannot be conditioned before 60 days after the end of the insurance period. Agents and AIPs should advise insureds of the need to request an extension of the time for filing a claim. AIPs should grant such requests whenever it can be determined the delay is due to extensive losses that make it impossible to properly condition the harvested production within the 60 day time frame. An extension should be denied if it is evident that only one or a few producers were affected by losses and the conditioners are placing such production at a lower level of priority for conditioning, unless circumstances beyond their control have prevented the timely cleaning of production where a loss is expected.

34 Grass Seed (Pilot) Loss Adjustment Standards Handbook

The Grass Seed (Pilot) Loss Adjustment Standards Handbook applies to this pilot.

35-40 (Reserved)

Acronyms and Abbreviations

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

Approved Acronym/Abbreviation	Term
AIP	Approved Insurance Provider
APDD	Actuarial and Product Design Division
APH	Actual Production History
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
FCIC	Federal Crop Insurance Corporation
LAM	Loss Adjustment Manual
RMA	Risk Management Agency

Definitions

The following are definitions of terms used within this handbook.

Agent – the same meaning as the term “agent” in the Standard Reinsurance Agreement.

Approved Insurance Provider (AIP) – the same meaning as the term “approved insurance provider” in the Federal Crop Insurance Act. For the purposes of this handbook, Approved Insurance Provider includes managing general agents as defined in the Standard Reinsurance Agreement.

Crop Year – Calendar year in which the harvest occurs.

Underwriting Report Completion Instructions

Policy provisions state that insurance will not attach on any acreage that does not have an adequate stand at the beginning of the insurance period. An adequate stand is ground coverage (as determined by percent total leaf area) of the insured type that equals or exceeds 75 percent of the land area planted to the type.

The Crop Provisions require the Grass Seed Underwriting Report. Insured producers must complete the Grass Seed Underwriting Report for each field of grass seed and submit a copy of the report to the AIP before insurance attaches.

If the insured does not complete the Grass Seed Underwriting Report, or does not complete in an acceptable manner, AIPs must obtain the required information or deny coverage for the crop year. If the crop is damaged prior to application or the date insurance should have attached, the insurance does not attach.

UNDERWRITING REPORT COMPLETION INSTRUCTIONS	
ITEM NO.	INFORMATION REQUIRED
1. Insured's Name	The name of the insured producer applying for the coverage.
2. State	State name where insured grass seed acreage is located.
3. County	County name where insured grass seed acreage is located.
4. Crop Year	4-digit crop year, as defined in the policy.
5. Policy Number	Insured's policy number.
5a. Grass Seed Type	Grass Seed Type from actuarial documents
6. Unit Number	The unit number for the grass seed acreage
7. FSN/Field ID	The FSA farm serial number (FSN)/Field ID/subfield ID
8. Legal Description Sec/Twp/Range	The legal description; Section, Township, and Range where the grass seed acreage is located.
9. Acres	Total acres in field/subfield.
10. Share	Insured's share in the unit.
11. Shareholder	The name of the shareholder, if the insured's interest is less than 1.000 (100 percent.)
12. Date Seeded Mo/Yr	The month and year the acreage was seeded to grass seed.
13. Area without cover	Step 1: Select representative samples from each field or subfield. If the

UNDERWRITING REPORT COMPLETION INSTRUCTIONS

ITEM NO.	INFORMATION REQUIRED
or in other species.	<p>field/subfield consists of: 0.1-10.0 acres, select a minimum of three samples; 10.1-40.0 acres, select a minimum of 4 samples; add one additional sample for each additional 40.0 acres (or fraction thereof) in the field/subfield.</p> <p>Step 2: Select a sample size (area in square feet, e.g., 1 square foot or 2 square feet, etc.) for all samples in the field/subfield. Identify samples in representative areas throughout the field (examples of measuring devices are contained in the Grass Seed (Pilot) Loss Adjustment Standards Handbook).</p> <p>Step 3: Measure the dimensions of areas within the sampling device that are without ground cover, and that contain plants other than the insured type, in square inches. Determine the total area within the sampling device that is without ground cover by adding all the non-grass seed areas measured (both open areas and areas covered by other species).</p> <p>Step 4: Enter the total for each area sampled in a box within item 13. Use multiple lines if more than three areas are sampled in the field/subfield.</p>
14. % Area without cover or in other species	<p>Divide each entry in item 13 by the number of square inches within the sampling device.</p> <p style="text-align: center;"> 1 sq. ft. = 144 sq. in. 2 sq. ft. = 288 sq. in. 3 sq. ft. = 432 sq. in. 4 sq. ft. = 576 sq. in. 5 sq. ft. = 720 sq. in. </p>
15. Crop Practice	Enter irrigated or non-irrigated.
16. Plants other than Grass Seed Type	List other significantly occurring plants, i.e., grasses, such as brome grass or orchard grass; or weeds, such as cheat grass or kochia.
17. Uninsurable acres	MAKE NO ENTRY.
18. Acres seeded with another crop	List the acreage that has been seeded with a crop other than the proposed insured crop.
19. Remarks	Sum the entries in item 14 and divide by the number of entries. Enter the result (percent without ground coverage) in Remarks. Enter any special information that clarifies items on this form.
20. Insured's Signature	The insured must sign this form

UNDERWRITING REPORT COMPLETION INSTRUCTIONS

ITEM NO.	INFORMATION REQUIRED
21. Date	Date the insured signs this form.
22. Agent's Signature	Signature of agent after the insured has signed.
23. Agent's Code	Code number of Agent.
24. Date	Date the agent signs this form.

Underwriting Report – Example

1 INSURED'S NAME I. M. Insured	2 STATE Minnesota	3 COUNTY Roseau	4 CROP YEAR 2015	5 POLICY NUMBER AN00000002333
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5a. Grass Seed Type Perennial Ryegrass

Line No.	6 Unit Number	7 FSN/Field ID	8 Legal Description Sec/Twp/Range			9 Acres	10 Share	11 Shareholder Name	12 Date Seeded Mo/Yr	13 Area without Cover or in Other Species			14 % Area without Cover or in Other Species			15 Crop Practice	16 Plants Other Than Grass Seed TYPES
1.	10000001	1234/ 3 a	5	160N	38W	47.3	1.000		8/2014	14 in ²	16 in ²	12 in ²	3.2	3.7	2.7	Non-Irr	
2.										43 in ²	28 in ²		9.9	6.5			
3.	10000003	2501/ 2	4	160N	38W	25.2	.750	I. M. Shareholder	8/2014	20 in ²	3 in ²	40 in ²	4.6	0.6	9.3	Non-Irr	
4.										33 in ²			7.6				
5.																	
6.																	
7.																	
8.																	
9.																	
10.																	
11.																	

17 Uninsurable Acres	18 Acres Seeded With Another Crop
19 Remarks Used 3 square foot round hoop for samples. Unit 10000001 FSN/FIELD ID 1234/ 3 a 3.2 + 3.7+2.7+ 9.9 + 6.5 = 26.0 26.0/5 = 5.2 percent without cover Unit 10000003 FSN/FIELD ID 2501/ 2 4.6+0.6+9.3+7.6 =22.1 22.1/4 = 5.5 percent without cover	

I certify that to the best of my knowledge and belief all of the information on this form is correct. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).

20 Insured Signature <i>I. M. Insured</i>	21 Date 5/15/2015	22 Agent's Signature <i>I. M. Agent</i>	23 Agent's Code 57A13	24 Date 5/19/2015
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Underwriting Report – Example (back of form)

COLLECTION OF INFORMATION AND DATA (PRIVACY ACT) – To the extent that the information requested herein relates to your individual capacity as opposed to your business capacity, the following statements are made according to the Privacy Act of 1974, as amended (5 U.S.C. 552a). The authority for requesting information to be furnished on this form is the Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.) and the Federal crop insurance regulations contained in 7 C.F.R. chapter IV.

Collection of the social security account number (SSN) or the employer identification number (EIN) is authorized by section 506 of the Federal Crop Insurance Act (7 U.S.C 1506), and is required as a condition of eligibility for participation in the Federal crop insurance program. The primary use of the SSN or EIN is to correctly identify you, and any other person with an interest in you or your entity of 10 percent or more, as a policyholder within the systems maintained by the Risk Management Agency (RMA). Furnishing the SSN or EIN is voluntary; however, failure to furnish that number will result in denial of program participation and benefits.

The balance of the information requested is necessary for the insurance company and RMA to process this form to: provide insurance; provide reinsurance; determine eligibility; determine the correct parties to the agreement; determine and collect premiums or other monetary amounts (including administrative fees and over payments); and pay benefits. The information furnished on this form will be used by Federal agencies, RMA employees, insurance companies, and contractors who require such information in the performance of their duties. The information may be furnished to: RMA contract agencies, employees and loss adjusters; reinsured companies; other agencies within the United States Department of Agriculture; The Department of Treasury including the Internal Revenue Service; the Department of Justice, or other Federal or State law enforcement agencies; credit reporting agencies and collection agencies; other Federal agencies as requested in computer matching programs; and in response to judicial orders in the course of litigation. The information may also be furnished to congressional representatives and senators making inquiries on your behalf. Furnishing the information required by this form is voluntary; however, failure to report the correct and complete information requested may result in rejection of this form; rejection of any claim for indemnity, replanting payment, or other benefit; ineligibility for insurance; and a unilateral determination of any monetary amounts due.

FALSE CLAIM STATEMENT – “The information I have furnished on this form is complete and accurate. I understand that any false or inaccurate information may result in the sanctions outlined in my policy and administrative, civil, and criminal sanctions under 18 U.S.C. §§ 1006 and 1014, 7 U.S.C. § 1506, 31 U.S.C. §§ 3729 and 3730 and other federal statutes.”

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