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Federal Crop
Insurance
Corporation

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DOWNED RICE CROP INSURANCE STANDARDS HANDBOOK

2016 and Succeeding Crop Years

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

TITLE: Downed Rice Crop Insurance Standards Handbook	NUMBER: 20018U
EFFECTIVE DATE: 2016 and succeeding crop years	ISSUE DATE: October 8, 2015
SUBJECT: Provides the underwriting procedures and instructions for administering the Downed Rice Endorsement insurance program.	OPI: Product Administration and Standards Division
	APPROVED: /s/ Tim B. Witt Deputy Administrator for Product Management

REASONS FOR ISSUANCE:

Major Changes: Refer to changes or additions in text that have been **highlighted**. Three stars (***) identify the location where information has been removed from the handbook.

1. Throughout LASH: Added “100 percent” of the actual harvest cost to clearly convey the meaning that all harvest costs must be incurred by the insured and that the requirement to incur the harvest cost applies for the DRE unit. Added AIP verification instructions.
2. Paragraph 11: Clarified the insured share for DR is not dependent on the insured share for the underlying rice policy.
3. Subparagraph 13B: Added “all insurable types” of rice to clearly indicate that all types of rice contained in the actuarial documents and planted by the insured must be insured under the DRE.
4. Exhibit 2: Redefined the terms downed rice and harvested downed rice by replacing the word “approximate” with specific height measurement language describing the qualifying stubble height for downed rice (“...harvested in such a way that it leaves a stubble height of eight inches or less...”).
5. Exhibit 2: Added the term “planted” to the definition of eligible acreage and related paragraphs to clearly indicate the DRE applies only to insurable planted acreage and not to acreage insured under the base policy for prevented planting purposes.
6. Exhibit 3: Revised the photographic documentation for pre-harvest and post-harvest inspections.
7. Exhibit 3: Added the requirement to provide a 24-hour notice of the completion of harvest of downed rice on the unit or field.

DOWNED RICE CROP INSURANCE STANDARDS HANDBOOK

CONTROL CHART:

Downed Rice Crop Insurance Standards Handbook							
	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Numbers	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook						
Current Index	1-2	1-2	1-9	1-3	10-16	10-2015	FCIC-20018U

FILING INSTRUCTIONS:

This handbook replaces the 2013 Downed Rice Crop Insurance Standards Handbook, FCIC-20018U (12-2012). This handbook is effective for the 2016 and succeeding crop years and is not retroactive to any 2015 or prior crop year determinations.

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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1. General Information

A. Purpose

- (1) To provide instructions for establishing crop insurance coverage in accordance with the Rice CP (11-0018) and Downed Rice Endorsement (DR-16-0018A), and as a supplement to the CIH (FCIC 18010) and any other issuance that may be referenced herein.
- (2) The Rice Crop Insurance Program is an APH based program. The CIH applies and provides instruction for coverage and insurability determinations in conjunction with the BP and Rice CP.
- (3) This DR CISH provides specific information regarding the administration and underwriting of the DRE. All procedures, rules, and requirements for DRE will follow the procedures and provisions in the CIH, BP, and Rice CP except for the differences indicated in this handbook and DRE.
- (4) If a conflict exists between the language of the CISH and the CIH, the language of this handbook will control. If a conflict exists between the language of this handbook and the BP, Rice CP, and/or DRE; the BP, Rice CP, and/or DRE, as applicable, will control.

B. Source of Authority

The DRE is a product approved by the FCIC Board of Directors under Section 508(h) of the Federal Crop Insurance Act. This handbook, in conjunction with other applicable handbooks, provides the FCIC approved procedures for administering the program.

C. Duration

The DRE became available beginning with the 2013 crop year and is authorized until terminated by FCIC.

D. AIP Option to Offer

Because this is a product approved under Section 508(h) of the Federal Crop Insurance Act, AIPs are not required to offer the DRE to insureds. Accordingly, each AIP must determine whether they will offer the DRE in the designated approved areas. AIPs that elect to offer the program must offer it to all eligible producers in the approved areas and must administer the DRE according to the procedures in this handbook.

1. General Information (Continued)

E. Approved Area

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

F. Applying for the DRE

AIPs shall use the standard application for the DRE.

2. Responsibilities

A. AIP

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 FCIC approved procedure. AIPs should report any program issues or concerns to the Product Administration and Standards Division of the RMA.

B Insured

To be eligible for the DRE, insureds must elect the DRE on the application or policy change form and comply with all terms and conditions of the BP, Rice CP and the DRE.

C Agent/AIP

See exhibit 3 for a list of responsibilities at the time of damage or loss.

3-10 (Reserved)

PART 2 DOWNED RICE ENDORSEMENT

11. Background Information

- ***
- (1) The DRE became available beginning with the 2013 crop year for states and counties listed in the actuarial documents. DR is rice which falls over due to wind or rain such that the rice is flatted or leaning and requires harvesting in such a way that it leaves a stubble height of eight inches or less unless a different height is allowed in the Special Provisions. The DRE does not affect CIH and insurance determinations related to coverage and insurability of the underlying rice crop insured under the Rice CP.
 - (2) DRE coverage is based on the additional harvest expense required to harvest DR. The expense amount varies by state and is specified in the actuarial documents. The BP and Rice CP provide the underlying policy structure and are applicable except where the DRE differs, in which cases the DRE applies.
 - (3) The DRE is elected at the time of application or by the SCD for rice using standard application procedures. An option code contained on the actuarial documents is used to indicate the insured's coverage election.
 - (4) The percentage of the projected price elected for the applicable plan of insurance coverage under the Rice CP will apply to DRE premium and indemnity calculations.
 - (5) Standard acreage reporting procedures apply except the insured must submit maps or aerial photos that clearly identify the unit and individual fields within each unit shown on the acreage report.
 - (6) Insureds must have a 100 percent share for the DRE without regard to the share arrangement of the underlying rice policy.
 - (7) Notices of damage or loss, loss adjustment, and DR payments are determined on an individual unit basis following loss adjustment procedures contained in the DR LASH.
 - (8) The unit arrangement elected by insureds under the DRE may be different than the unit arrangement elected under the Rice CP. Insureds may elect only basic or optional units under the DRE unless the SP authorizes enterprise or whole farm units.
 - (9) Coverage under the DRE will attach when the rice crop is planted. Prevented planted acreage is not insurable under the DRE.

12 Availability

The DRE will be offered in the following states and counties in which the rice insurance program is available:

State	County
Arkansas Illinois Louisiana Mississippi Missouri Tennessee Texas	All rice counties listed in the actuarial documents

13. Eligibility

A. Insured's Eligibility

Insured's must:

- (1) be in an eligible county for DRE;
- (2) be insured under the BP and Rice CP (for either yield or revenue protection plans as elected by the insured under the Rice CP);
- (3) elect additional coverage (not available for CAT); and
- (4) incur 100 percent of the actual costs of harvesting the insured downed rice acreage for the DRE unit.

B. Eligible acreage

All insurable planted rice acreage of all insurable types in the county where the DRE is offered as specified in the actuarial documents.

C. Election

Coverage must be elected on the application or policy change form on or before the applicable SCD for rice in the eligible county

D. Continuous Option

The DRE is continuous and will remain in effect unless:

- (1) cancelled in writing by the insured on or before the applicable cancellation date for the effective crop year; or
- (2) the DRE is terminated by the FCIC.

13. Eligibility (Continued)

E. Cancellation

*** Cancellation or termination of the rice policy automatically cancels or terminates the DRE.

F. Transfer

If the rice policy is transferred to a different AIP, the DRE is cancelled and must be elected by the insured with the new AIP on or before the applicable SCD for rice.

G. Other Program Dates

All other program dates (contract change, billing, insurance period, etc.) contained in the Rice CP apply to the DRE.

14. Acreage Reporting Guidelines

A. Acreage Reporting

- (1) DRE insured acreage is reported by the acreage reporting date for rice in the applicable county actuarial documents;
- (2) DRE acreage for the unit is reported to RMA separately on the acreage report and designated by the option code “DC” contained in the actuarial documents;
- (3) The unit arrangement elected by the insured under the DRE may be different from the unit arrangement elected under the Rice CP; and

Example: The insured has elected an EU on their underlying rice policy and OUs on the DRE. The agent must submit the DRE insured **planted** acreage on the acreage report separately with the option code of “DC” on the actuarial documents and with OUs.

Underlying Rice Policy				
Unit #:	Share	Acres	DRE share	Option code
0001-0001 EU	100 percent	150	N/A	N/A
0001-0002 EU	100 percent	60	N/A	N/A
0002-0000 EU	50 percent	80	N/A	N/A
0003-0000 EU	60 percent	220	N/A	N/A

DRE				
Unit #:	Share	Acres	DRE share	Option code
0001-0001 OU	N/A	150	100 percent	DC
0001-0002 OU	N/A	60	100 percent	DC
0002-0000 BU	N/A	80	100 percent	DC
0003-0000 BU	N/A	220	100 percent	DC

14. Acreage Reporting Guidelines (Continued)

- (4) The insured must provide a map(s) or other acceptable media which locates the insured acreage for each insured rice unit (including individual fields in the unit) in the county.

B. DRE Share

- (1) Must be 100 percent;

- ***
- (2) Only one DRE is allowed for the policy and is applied on a unit basis. If the insured is not responsible (or does not assume responsibility) for 100 percent of the harvest cost for the downed rice acreage on the unit, (e.g., harvest costs are shared with another person), the unit is not eligible for DRE coverage and a DR payment and the AIP must revise the acreage report in accordance with procedures in the CIH.

15. Premium Determination

- (1) The additional premium amount for this coverage will be determined by multiplying the number of insured planted acres of rice by the harvest expense amount (per acre) by the premium rate for the DRE contained in the actuarial documents and by the insured's percentage of the projected price; and
- (2) The insured must pay the additional premium by the due date contained in the Basic Provisions or the consequences in section 2 of the Basic Provisions will apply.

Example: The insured has one unit with 100 planted acres of rice. The harvest expense amount (per acre) is \$67.00. The premium rate is 12%. The insured's percentage of the projected price is 100%. The insured's premium is calculated as follows:

Total Premium = 100 acres of rice x 12% premium rate x \$67.00 harvest expense amount x 100% of the projected price = \$804

Producer Paid Premium = \$498 (\$804 x (1 - 0.38 Subsidy Factor))

16. Written Agreements

Written agreements applicable under the BP and Rice CP are applicable to the DRE. Written agreements that alter the provisions of the DRE are not authorized.

17-20 (Reserved)

PART 3 DOWNED RICE ENDORSEMENT PAYMENT RULES

21. General Information

DR payments will not be made on any DR acreage:

- (1) Harvested prior to meeting the notice requirements contained in the DRE;
- (2) That does not meet the eligibility requirements of the DRE; and
- (3) That is not harvested.

Note: DR payments are made in addition to any other indemnities or payments made under the Rice CP.

22. Qualifications for a DR Payment

To qualify for a DR payment, the DR acreage must:

- (1) be eligible acreage;
- (2) be greater than the DRE deductible (see definition) for the unit; and
- (3) qualify as harvested DR.

23-30 (Reserved)

PART 4 DOWNED RICE ENDORSEMENT PAYMENT CALCULATIONS

31. General Information

- (1) The DR payment is the result of multiplying the payable DR acres times the harvest expense amount (per acre) times the insured's percentage of the projected price.
- (2) The applicable harvest expense amount (per acre) is contained in the actuarial documents.

32. Payment Calculations

The amount of the DR payment is determined as follows based on the provisions contained in the DRE:

- (1) Multiply the insured **planted** acreage in the unit by 10 percent **(determines the maximum deductible for the unit)**;
- (2) Multiply the insured **planted** acreage in the unit by 50 percent;
- (3) If the acres of harvested DR in the unit is less than or equal to the result of (1) above, no DR payment will be made;
- (4) If the acres of harvested DR in the unit are greater than the result of (1) above, determine the payable DR acres as follows:
 - (i) If the acres of harvested DR in the unit are more than the result of (1) above but less than the result of (2) above, the payable DR acres are determined by subtracting the result of (1) above from the acres of harvested DR and multiplying the result by 1.25;
or
 - (ii) If the acres of harvested DR in the unit are equal to or greater than the result of (2) above, the payable DR acres is equal to actual acres of harvested DR; and
- (5) Multiply the applicable result of (4)(i) or (ii) above by the harvest expense amount (per acre) and by the insured's percentage of projected price.

Example: The insured has one unit with 100 eligible acres of rice. Damaging winds resulted in a total of 45 acres of harvested DR. The harvest expense amount (per acre) is \$67.00. The insured's percentage of the projected price is 100%.

32. Payment Calculations (Continued)

Steps:

- (1) 100 eligible acres of rice x 10 percent = 10 acres
- (2) 100 eligible of acres x 50 percent = 50 acres
- (3) 45 harvested DR acres is greater than step (1). Go to step (4)
- (4) 45 harvested DR acres is less than step (2); then 45 acres – 10 acres = 35 acres
- (5) 35 acres x 1.25 = 43.8 payable DR acres
- (6) DR payment = \$2,935 (43.8 payable DR acres x \$67.00 harvest expense amount x 100% of the insured's projected price)

33-40 (Reserved)

Acronyms & Abbreviations

The following table contains RMA-approved acronyms used in this handbook.

Approved Acronym/Abbreviation	Term
AIP	Approved Insurance Provider
APH	Actual Production History
BP	Basic Provisions
CAT	Catastrophic Risk Protection
CIH	Crop Insurance Handbook
CISH	Crop Insurance Standards Handbook
CP	Crop Provisions
DR	Downed Rice
DRE	Downed Rice Endorsement
FCIC	Federal Crop Insurance Corporation
LASH	Loss Adjustment Standards Handbook
RMA	Risk Management Agency
SCD	Sales Closing Date
SP	Special Provisions

Definitions

*** Downed Rice is rice that falls over due to wind or rain such that the rice is flattened or leaning and requiring the rice to be harvested **in such a way that it leaves a stubble height of eight inches or less** unless a different height is allowed in the Special Provisions.

Downed Rice Deductible is the amount of downed rice acreage that must be harvested before any payment will be made under this Endorsement. The deductible is initially equal to 10 percent of the insured acreage in the unit. The downed rice deductible will decrease as the percentage of the insured acreage in the unit which qualifies as harvested downed rice increases. If the number of harvested downed rice acres is 50 percent or more of the insured acreage in the unit, the downed rice deductible will equal zero.

Eligible Acreage is all insured **planted** rice acreage that is located in a county where the actuarial documents provide downed rice coverage.

Flattened describes downed rice which is lying flat on the ground.

Harvest Expense Amount (per acre) is the additional expense per acre to harvest downed rice as contained in the actuarial documents.

*** Harvested Downed Rice is downed rice, including adjacent areas of standing rice, that is harvested **in such a way that it leaves a stubble height of eight inches or less** unless a different height is allowed in the Special Provisions. The acreage of harvested downed rice may include all acreage in the field or any part of the field, if the normal harvesting practices would require the rice to be harvested **as downed rice**.

Leaning describes rice that falls over due to wind or rain to the extent that the rice stalks are bent at an angle less than 45 degrees unless otherwise allowed in the Special Provisions.

Payable Downed Rice Acres is the number of acres that qualify for a downed rice payment. Payable downed rice acres are equal to the acres of harvested downed rice minus the downed rice deductible.

Responsibilities – At the Time of Damage or Loss

A. Insured Responsibilities

- (1) Notify the agent within 24 hours of the:
 - (i) discovery of DR acreage in the unit;
 - (ii) cause (wind or rain) of DR damage; and
 - (iii) date of damage.
 - (2) Report the estimated number of acres within the unit:
 - (i) that has been harvested;
 - (ii) of unharvested DR acreage; and
 - (iii) of unharvested rice that is not downed.
 - (3) Include in the notice the:
 - (i) map number of the field containing the DR acreage;
 - (ii) location of the DR acreage in the field (e.g., north side, southeast corner, etc.); and
 - (iii) expected harvest date for all unharvested acreage.
 - (4) Photographic documentation:
 - (i) **If required by the AIP for any pre-harvest inspection**, the insured must provide two different photographs for each separate DR location identified by the insured;
 - *** (ii) The photographs must have been **provided at the time of the pre-harvest inspection** and prior to harvest of the DR acreage;
 - (iii) The insured will include on the reverse side of the photograph, the map number of the unit and field, the location in the field the photograph represents, and the date of the photograph; and
 - (iv) Provide additional photographs if required by the AIP after harvest.
- *** **Note:** Photographic documentation may be waived if **allowed by approved loss adjustment procedures. See the DR LASH for additional instruction regarding photographic documentation.**

Responsibilities – At the Time of Damage or Loss (Continued)

A. Insured Responsibilities (continued)

- (5) Additional notices. The insured must file separate notices if:
 - (i) additional unharvested acreage in the unit qualifies as DR acreage as a result of prior damage; and
 - (ii) a separate insured cause results in DR damage to other unharvested (previously undamaged) acreage in the unit.
- (6) Each separate additional notice will include:
 - (i) the date and cause of damage, if applicable; and
 - (ii) all information specified for the initial notice.

B. Agent Responsibilities

- (1) Notify the insured that:
 - (i) a separate notice will be required if additional rice acreage is downed ; and
 - (ii) consent must be given by an AIP adjuster to harvest the DR acreage, put any rice acreage to other use (acreage put to other use would not be harvested and therefore would not qualify for a DR payment), **or destroy downed rice stubble;**
- (2) Receive the notice and acreage information from the insured. The notice may be taken by phone but must be confirmed in writing; and
- (3) Notify AIP within 24 hours of receipt of the DR notice (s) and provide all required unit and acreage information (including maps or aerial photos locating the unit and the fields containing the DR acreage within the unit).

C. AIP Responsibilities

- (1) Monitor the available weather data during the harvest period for rice.
- (2) Receive the Notice of Loss information (notice, acreage, and maps) from the agent.
- (3) Within 24 hours of receipt of the Notice of Loss, assign the notice to an adjuster for inspection and loss adjustment purposes.

Responsibilities – At the Time of Damage or Loss (Continued)

C. AIP Responsibilities (continued)

- (4) Require inspections/spot-checks on any Notice of Loss:
 - (i) that is inconsistent with other Notices of Loss in the same area or county;
 - (ii) when a large part of rice acreage in the unit (more than 50 percent) is reported as DR; and
 - (iii) for other unusual cases.
- (5) Resolve controversial DR claims.
- (6) Process DR claims and issue DR payments.
- (7) For any rice unit on which the insured has less than 100 percent share for the underlying rice coverage:
 - (i) Verify that the named insured will incur or assume 100 percent DR harvest costs for the shared unit; or
 - (ii) The name and policy information (if applicable) of another person sharing in the unit who will incur or assume 100 percent DR harvest costs for the shared unit.

Note: In the event of a DR payment on a shared unit, verify that the shared unit has no other DRE covering it, document such verification, and retain in the insured's claim file.

D. Loss Adjuster Responsibilities

- (1) Review the Notice of Loss and accompanying documentation. Based on this review, conduct any necessary inspections (i.e. to resolve inconsistencies in the Notice of Loss information provided by the insured) and any spot-checks assigned by the AIP prior to giving consent to harvest the DRE acreage.
- (2) Conduct inspections as soon as reasonably possible after the adjuster receives the Notice of Loss information, generally within 48 hours. If required by the AIP at the time of any preharvest inspection, the insured is to provide two different photographs for each DR location. In lieu of photographs provided by the insured, the adjuster may elect to take photographs documenting the damaged acreage.
- (3) Notify the insured if the inspection will be delayed and provide an estimated inspection date.

Responsibilities – At the Time of Damage or Loss (Continued)

D. Loss Adjuster Responsibilities (continued)

- (4) Advise the insured that any DR payment will be denied if:
 - (i) The DRE acreage is harvested prior to inspection and consent (consent to harvest is required). (Acreage destroyed or put to other use, with or without consent, is not eligible for a DR payment.); or
 - (ii) The DR stubble is destroyed without consent.
- (5) Provide consent to harvest the DRE acreage upon completion of the inspection or following receipt of the Notice of Loss information if no inspection is required.
- (6) Direct the insured to give immediate notice **(within 24 hours)** when harvest of the DRE acreage on the unit or field is complete.
- (7) Conduct an inspection of harvested DRE acreage and estimate/determine (see exhibit 4, Worksheet Standards and Elements, item 19, Determined Acres) the number of acres that qualify as harvested DR:
 - (i) If multiple notices have been filed by the insured for the same unit, the adjuster may be required to conduct multiple inspections.
 - (ii) If possible, delay the inspection and consent to destroy the DR stubble (e.g. plow, burn, flood, etc. for purposes of producing a second crop (e.g., a small grain or ratoon rice crop) or any other purpose) until the entire DRE acreage in the unit is harvested.
 - (iii) If harvest of the unit is not complete and the insured intends to destroy (e.g., plow, burn, flood, etc.) the stubble on any harvested DRE acreage, consent to destroy the stubble on such acreage is required.
 - (iv) No DR claim will be processed until all inspections for the unit are completed.
 - (v) Take photographs (at least two for each separate location with applicable identification) as appropriate to document the DRE harvested acreage (e.g., more than 50 percent of the unit is harvested as down **or any other circumstances the adjuster determines necessary to substantiate loss determinations**). Photographs are required if the DRE harvested acreage is estimated.
- (8) Give consent to destroy (e.g., plow, burn, flood, etc.) the DR stubble (at the unit level or following each individual location inspection, as applicable).
- (9) Complete the Production Worksheet, obtained signatures, and submit to the AIP for processing.

Responsibilities – At the Time of Damage or Loss (Continued)

D. Loss Adjuster Responsibilities (continued)

- (10) If the number of estimated DRE acres exceeds 50 percent of the unit, next level supervisory review is required before the Production Worksheet can be processed for DR payment purposes.