

United States  
Department of  
Agriculture



Federal Crop  
Insurance  
Corporation



Risk Management  
Agency



Product  
Administration  
and Standards  
Division

FCIC-18170  
(11-2019)

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

**2020 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>
<b>EFFECTIVE DATE: 2020 and Succeeding Crop Years</b>	<b>ISSUE DATE: November 25, 2019</b>
<b>SUBJECT:</b>  <b>Stacked Income Protection Plan of Insurance (STAX) Standards Handbook</b>	<b>OPI: Product Administration &amp; Standards Division</b>  <b>APPROVED:</b>  <i>/s/ Richard Flournoy</i>  <b>Deputy Administrator for Product Management</b>

**REASON FOR ISSUANCE**

The Stacked Income Protection Plan of Insurance (STAX) Standards Handbook is being revised for the changes to the 2020 Stacked Income Protection Plan of Insurance and will be effective for the 2020 and succeeding crop years. Changes or additions in text are highlighted.

# STACKED INCOME PROTECTION PLAN OF INSURANCE STANDARDS HANDBOOK

## CONTROL CHART

	TP Page(s)	TC Page(s)	Text Page(s)	Exhibit Page(s)	Date	Directive Number
Insert	Entire Handbook					
Current Index	1-2	1-2	1-21	22-28	(11-2019)	FCIC-18170

### **FILING INSTRUCTIONS**

This handbook replaces FCIC-18170, Stacked Income Protection Plan of Insurance Standards Handbook, dated December 12, 2018. This handbook is effective upon approval until obsoleted.

### **SUMMARY OF CHANGES**

Listed below are the changes with significant content change. Minor changes and corrections are not included in this listing.

Reference	Description of Change
Throughout book	Updated years.
Para. 42 (5)	Added language for when ARC/PLC is enrolled on the same acreage/FN(s) and being reported as insurable for STAX. Acreage is uninsurable and 60 percent of premium is due.

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

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# PART 1 GENERAL INFORMATION

## **1 General Information**

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### **A. Purpose**

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.

### **B. Related Handbooks**

The following table identifies the handbooks that shall be used in conjunction with this handbook.

Handbook	Relation/Purpose
CIH	Provides general underwriting procedures.
GSH	Provides general insurance standards and procedures.

## **2 Responsibilities**

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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 procedures. Procedures herein must be administered on a policy basis.

## **3-20 (Reserved)**

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## PART 2 OVERVIEW AND GENERAL REQUIREMENTS

### 21 STAX Availability

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

### 22 General Requirements

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#### A. Eligibility Requirements

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.

#### B. 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.

#### C. Continuous Policy

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.



**D. Protection Factor**

The insured must choose a PF from the range of 80 to 120 percent in a whole percentage (1 percentage increments) for each irrigation practice or P/T, unless otherwise specified in the actuarial documents and choose a different PF for each irrigation practice or P/T. To obtain different PF by irrigation practice, each irrigation practice must be listed on the application with the elected PF. 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 an irrigation practice or a P/T is not listed on the application, then the PF will default to the lowest PF available for the crop.

**E. Coverage Range and Area Loss Trigger**

The insured may select any coverage range (in 5 percentage increments) and area loss trigger (in 5 percentage increments) 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.

**Note:** Insureds may select a zero-coverage range for P/T(s) insured under STAX.

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.

**F. Written Agreements**

The following table lists the applicable WAs for STAX.

NB	New Breaking
OP	Unrated Insurance Option
SM	Strip-Mined Land
TP	Unrated P/T
UC	Unrated Land
XC	County Without AD

**G. Administrative Fee**

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 beginning farmer/rancher or a limited resource farmer, see GSH Para. 305 and 809.

## **22 General Requirements (continued)**

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### **H. Good Farming Practices**

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.

### **I. Projected Price Cannot be Determined**

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.

### **J. Duplicate Policy Exception**

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

### **K. First Crop/Second Crop Limitations**

See CIH Para. 1223 for the applicable first crop/second crop limitation procedures.

## **23 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. 24). 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 P/T added to the coverage level the insured elected for the companion policy cannot exceed the area loss trigger for the P/T;
- (2) if the companion policy is ARPI, the coverage range the insured elects for a P/T cannot exceed the limit contained in the AD for the PF the insured has elected for the ARPI policy; and
- (3) if the area loss trigger and coverage range that the insured elected for a P/T exceeds the limitations in (1) and (2) above;
  - (a) the coverage range for that P/T will be reduced in five percent increments until the limits in (1) and (2) are satisfied;
  - (b) if the reduction results in a coverage range of less than five percent, no STAX coverage will be provided for that P/T for the crop year; and

## 23 Other Insurance (continued)

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- (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.

## 24 Endorsements

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### A. SCO Endorsement and STAX Policy

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 OU P/T, unless one of the exceptions provided in CIH Para. 1505B 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.
- (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.

## **24 Endorsements (continued)**

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### **B. STAX Cotton Seed Endorsement**

- (1) To be eligible for the STAX Cotton Seed Endorsement, the insured must:
  - (a) have the STAX cotton lint policy;
  - (b) have elected the STAX Cotton Seed Endorsement by the SCD; and
  - (c) cover all planted acreage of the crop in the county insured by the STAX cotton lint policy.
- (2) The STAX Cotton Seed Endorsement is only available where specified in the actuarial documents.

## **25 Units**

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Units are not available under STAX.

- (1) An insured may report acreage and production using the same unit structure and numbers previously established under 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.

### **26-30 (Reserved)**

## **PART 3 APPLICABILITY OF GSH AND CIH PROCEDURES**

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

### **31 GSH Part 8 Administrative and Services Requirements**

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The following paragraphs in Part 8 do not apply to STAX.

- (1) Para. 807 Administrative Fees
- (2) Para. 833D Mutual Consent Cancellation
- (3) Para. 834 Insurance Choices
- (4) Para. 836 Levels of Coverage

### **32 CIH Part 9 Endorsements and Options**

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Part 9, Endorsements and Options, in its entirety, does not apply.

### **33 CIH Part 10 Units**

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Part 10, 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.

### **34 CIH Part 11 Underwriting Rules for Specific Practices**

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Part 11, Underwriting Standards for Specific Practices, except as provided in Part 11 Section 3, does not apply to STAX.

### **35 CIH Part 15 APH Database**

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Part 15, APH Database does not apply to STAX unless STAX has a companion CCIP policy and then the APH database procedures only apply to the companion CCIP policy.

### **36 CIH Part 17 Category B Crop Procedures**

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Part 17, Category B Crop Procedures, in its entirety, does not apply to STAX.

### **37 CIH Part 18 Category C Crops**

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Part 18 Category C Crops procedure, in its entirety, does not apply to STAX.

### **38 CIH Part 19 Additional Provisions by Crop**

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Part 19 Additional Provisions by Crop procedures, with the exception of Para. 1904, does not apply to STAX.

**39 CIH Part 20 Category D Crops**

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Part 20 Category D Crops procedure, in its entirety, does not apply to STAX.

**40 CIH Part 22 RO Underwriting**

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Part 22 RO Underwriting does not apply to STAX.

## PART 4 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:
  - (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.

## 42 Filing Requirements (continued)

- (3) When an insured has elected the STAX plan of insurance in a county for their cotton and has a share in any acreage in the county for which there has been an enrollment of ARC or PLC for cotton, the insured is required to report which acreage/FSA FN(s) are under the STAX plan of insurance and which acreage/FSA FN(s) are under ARC or PLC. The same cotton acreage cannot have both the STAX plan of insurance and ARC or PLC on the same acreage/FSA FN(s).

The insured's acreage report must:

- (a) identify which acreage/FSA FN(s) of cotton is covered by ARC or PLC by reporting all acreage of the crop by FSA farm/tract/field number by the acreage reporting date; and
- (b) identify acreage/FSA FN(s) of cotton covered under ARC or PLC with the acreage type of "J", ineligible STAX acres due to ARC or PLC enrollment.

**Example:** The insured has elected the STAX plan of insurance for cotton in the county and enrollment occurred for ARC on FN 1230 and 4510 for cotton in the county. Because both the STAX plan of insurance was elected and ARC enrollment occurred for cotton in the same county, all cotton acreage must be identified by FSA farm/tract/field on the acreage report. Additionally, cotton acreage on FSA FN 1230 and 4510 must be identified with the acreage type of "J".

CY	Crop	Unit #	FSA FN/Tract/Field(s)	Acres	Acreage Type
2020	Cotton	0001-0001 OU	1230-54321-01	20.0	J
2020	Cotton	0001-0001 OU	1230-54321-02	15.5	J
2020	Cotton	0001-0002 OU	1230-67891-01	44.0	J
2020	Cotton	0002-0001 OU	6789-12345-01	80.0	
2020	Cotton	0002-0002 OU	6789-54321-03	60.0	
2020	Cotton	0003-0001 OU	4510-66779-02	55.0	J
2020	Cotton	0003-0001 OU	4510-54776-01	120.0	J

- (4) If an insured fails to identify acreage/FSA FN(s) of cotton covered under ARC or PLC on their acreage report, they must revise their acreage report to identify this acreage/FSA FN(s). The insured has until the premium billing date to submit a revised acreage report.



## 42 Filing Requirements (continued)

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- (5) In addition to any other penalties for misreporting, if the insured has misreported any information required in (3) above:
- (a) for acreage that is insurable under the STAX plan of insurance that was reported as uninsurable, coverage under the STAX plan of insurance will not be provided; and
  - (b) acreage/FN(s) that is uninsurable under the STAX plan of insurance that was reported as insurable, the uninsurable acreage of cotton on a FN where ARC or PLC was enrolled will be revised, no indemnity will be payable, and the insured is required to pay 60 percent of the premium due; and
  - (c) for acreage/FN(s) that both had the STAX plan of insurance elected and that was also enrolled in ARC or PLC for cotton, the acreage/FN(s) will be ineligible for the STAX plan of insurance in the current crop year.

## 43 Inaccurate Acreage Reports

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Refer to CIH Para. 1204.

## 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. 45-49).

ELEMENT	REQUIRED INFORMATION:
<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 and Identification Number Type</b>	Enter the insured's spouses name and identification number and identification number type, if applicable.
<b>Landlord/Tenant</b>	Enter the Landlord/Tenant whose share is being insured, if applicable see GSH Para. 252.
<b>Insured's Share</b>	Enter the insured's share of the crop at the time insurance coverage attaches.

#### 44 Required Elements (continued)

ELEMENT	REQUIRED INFORMATION:
<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., 2020).
<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 Amount of Insurance or Protection Factor</b>	Enter the protection factor elected by the insured.
<b>Coverage Level</b>	Enter the coverage level elected by the insured.
<b>Options, Elections or Endorsements</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>Unit Structure Code</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>Field Location Identification</b>	FSA Farm/Tract/Field Number required. Enter the FSA Farm/Tract/Field.
<b>Reported Acres</b>	Enter the number of acres being reported.
<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.

#### 44 Required Elements (continued)

ELEMENT	REQUIRED INFORMATION
<b>Acreage Type</b>	Identify whether acreage is: Insured (planted); Insured - Acreage emerging from CRP the initial crop year see Para. 45; 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 45; Insured – New breaking acreage insured , under SP and the insured is unable to substantiate the acreage has previously been in production see Para. 45 Uninsurable see Para. 46; Uninsurable due to 2 <sup>nd</sup> crop provisions see CIH Para. 1217; Uninsurable due to new breaking and the insured cannot substantiate the acreage has previously been in production See Para. 45; Unreported acreage see CIH Para. 1219; or Zero acreage report for county see Para. 47.
<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

In addition to CIH Para. 1216, 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

In addition to CIH Para. 1217, 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.

## **46 Uninsurable Acreage (continued)**

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- (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; and
- (7) acreage enrolled in ARC or PLC for the crop.

## **47 Zero Acreage Report for County**

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Refer to CIH Para. 1220.

## **48 Acceptable Acreage Report Revisions**

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Refer to CIH Para. 1232 and 1233.

## **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. 1234 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

#### **49 Measurement Services Requested for Acreage Reports (continued)**

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- (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 5 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 13, 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 Para. 23.

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 13.

- (2) Be supported by acceptable production records. See CIH Part 14 for production evidence requirements.
- (3) Be signed by the insured.
- (4) Be submitted by the insured to the AIP by the STAX PRD.

#### 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.

- (1) 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.
- (2) 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:

- (1) on or before the PRD; or
- (2) the incorrect information was the result of AIP error or the error of someone from USDA.

**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.

**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
- (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

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

ELEMENT	REQUIRED INFORMATION:
<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, Zero Planted Acreage, and/or Other. See CIH Part 14 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>Total Production</b>	Enter total production as adjusted for production reporting purposes.  For unharvested acres, enter 0, unless there is an appraisal.
<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>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. 15V.  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 New Crop/P/T/TMA</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 for three years after the end of the crop year or three years after the date of final payment of indemnity, whichever is later. This requirement also applies to all such records for acreage that is not insured. See CIH Part 14 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. 1310A. 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 not contained in the GSH.

<b>Approved Acronyms/Abbreviations</b>	<b>Term</b>
ARC	Agriculture Risk Coverage
FSA FN	FSA Farm Number
PLC	Price Loss Coverage

## Definitions

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The following provides definitions used in this handbook not contained in the GSH.

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

Coverage range – is a percentage which represents the amount of the expected area revenue covered by STAX and which is contained 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.

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.



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