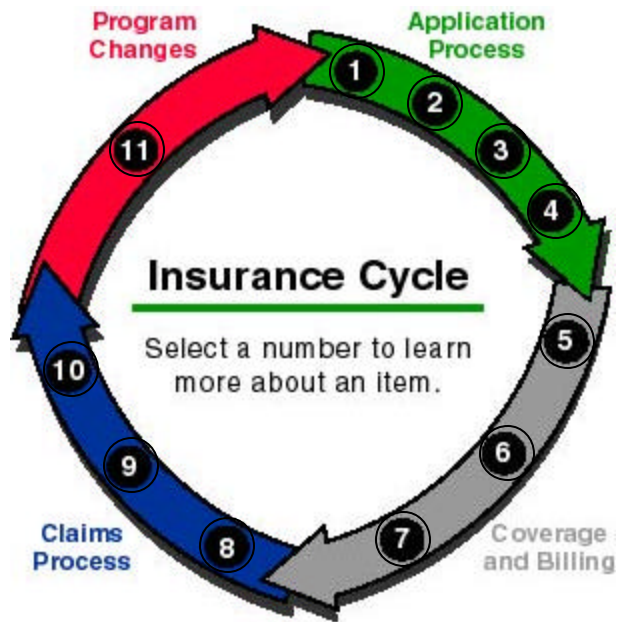


The Insurance Cycle



Risk Management Agency Insurance Cycle

1. Policy Renewal/Change Options/Application

The Insurance Cycle begins each year with the insurance offer. Actuarial documents are published annually by the Risk Management Agency (RMA). The actuarial documents list the plan of insurance, crop, type, variety, and practice that may be insured in a state and county, and show the amounts of insurance, available insurance options, levels of coverage, price elections, applicable premium rates, and subsidy amounts. The Special Provisions of Insurance list program calendar dates, and general and special statements which may further define, limit, or modify coverage.

2. Sales Closing/Cancellation/Termination Dates

Insurance applications must be completed and signed no later than the sales closing date specified in the crop actuarial documents. Applications signed after the crop sales closing date may be rejected by the insurance provider.

Insurance coverage is continuous and can be cancelled by either the insurance provider or the policyholder for the following crop year by providing a written notice to the other party no later than the cancellation date specified in the crop policy. For a policyholder insured the previous crop year, any changes he or she wishes to make to the policy coverage must be made on or before the crop sales closing date. The policy will automatically renew for the subsequent crop year unless the policyholder cancels the policy in writing on or before the crop cancellation date.

Insurance coverage may be terminated by the insurance provider for the following crop year for nonpayment of outstanding debt by providing a written notice to the policyholder no later than the termination date specified in the crop policy. The insurance provider may terminate coverage on a crop if no premium is earned for three consecutive years.

3. Acceptance

Upon receipt of a properly completed and timely submitted insurance application, the insurance provider will accept and process the application, unless the applicant is determined to be ineligible under the contract or Federal statute or regulation. The insurance provider will issue a summary of coverage and the appropriate policy documents to the applicant. After the application is accepted, the policyholder may not cancel the policy for the initial crop year.

4. Insurance Attaches

For annual crops, insurance attaches annually when planting begins on the insurance unit. The crop must be planted on or before the crop's published final planting date unless late or prevented planting provisions apply. If prevented planting provisions apply, and the crop cannot be timely planted due to the causes specified in the crop provisions, such acreage may be eligible for a prevented planting payment.

For perennial crops, insurance attaches each crop year on the calendar date specified in the crop provisions.

5. Acreage Reports

The policyholder must annually report for each insured crop in the county the number of insurable and uninsurable acres planted or prevented from being planted if prevented planting is available for the crop, the date the acreage was planted, share in the crop, the acreage location, farming practices used, and types or varieties planted to the insurance provider on or before the applicable acreage reporting date specified in the crop actuarial documents. This report is used by the insurance provider to establish the amount of coverage and premium for the crop. Insurance providers may deny coverage if the acreage report is filed after the applicable crop acreage reporting date.

6. Summary of Coverage

The insurance provider will process a properly completed and timely filed acreage report, and issue to the policyholder a summary of coverage that specifies the insured crop, the insured acres and amount of insurance or guarantee for each insurance unit. The policyholder may make changes to the filed acreage report, if permitted by the insurance provider.

7. Premium Billing

The annual premium is earned and payable at the time insurance coverage begins. The insurance provider shall issue a premium billing based upon the information contained in the acreage report no earlier than the premium billing date specified in the crop actuarial documents. The premium billing will specify the amount of premium and any administrative fees that may be due. If the premium or administrative fees are not paid by the date specified in the actuarial documents or policy, the insurance provider may assess interest on the outstanding premium balance.

8. Notice of Damage or Loss

A written notice of damage or loss for each unit is to be filed by the policyholder within 72 hours of the policyholder's initial discovery of damage or loss but not later than 15 days after the calendar date for the end of the insurance period unless otherwise stated in the individual crop policy. The policyholder should refer to the individual crop provisions for additional requirements in the event of damage or loss. These notifications provide the opportunity for the insurance provider to inspect the crop and determine the extent of damage or potential production before the crop is harvested or otherwise disposed of.

9. Inspection

After the insurance provider receives the written notice of damage or loss, it will be processed and, if necessary, a loss adjuster will be sent to inspect the damaged crop and gather pertinent information concerning the damage. If the policyholder wishes to destroy or not harvest the crop, the loss adjuster will gather the appropriate information, conduct an appraisal to establish the crop's remaining value and complete any forms needed. If the crop has been harvested or will not be harvested by the end of the insurance period, and the policyholder wishes to file a claim for indemnity, the loss adjuster will gather the appropriate information and assist the policyholder in filing the claim for indemnity. It is the policyholder's responsibility to establish the time, location, cause, and amount of any loss.

10. Indemnity Claim

After the claim for indemnity is processed by the insurance provider, an indemnity check and a summary of indemnity payment will be issued showing any deductions to the amount of indemnity for outstanding premium, interest, or administrative fees.

11. Contract Change Date

Changes to the insurance program may be made by RMA from one year to the next. The insurance provider will notify the policyholder in writing of any changes to the policy, actuarial documents, or the Special Provisions of Insurance prior to the calendar date for contract changes specified in the crop policy. The policyholder will have the opportunity to review the changes and, if he/she desires, continue the insurance coverage for the following crop year, change the policy coverage, or cancel the insurance coverage. Any changes to the policy coverage that the policyholder makes must be made no later than the crop sales closing date. If the policyholder wishes to cancel the policy, a written notice must be submitted to the insurance provider on or before the crop cancellation date.