

SUMMARY OF CHANGES FOR THE ACTUAL REVENUE HISTORY PILOT ENDORSEMENT (14-ARH)

The following is a brief description of the changes to the ARH Endorsement that will be effective for the 2014 crop year for all crops with a 2014 crop year contract change date on or after August 31, 2013, and for the 2015 crop year for all crops. Please refer to the ARH Endorsement for complete information.

Section 1 – Definitions

Normal crop – A quality and quantity of production per acre or other measure as defined in the Crop Provisions that would be achieved with a specific farming practice with typical climatic conditions such as maximum and minimum temperatures, precipitation, growing degree-days, and other factors.

Revenue Report – Written records showing an insured unit's annual acreage, production, appraised production, and revenue used to determine the insurable revenue. Information contained in a claim for indemnity is considered a revenue report for the crop year for which the claim was filed. In addition, appraisals conducted on acreage intended for direct marketing, accompanied by sales records for such acreage, will be accepted.

**UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
ACTUAL REVENUE HISTORY PILOT ENDORSEMENT**

1. Applicability

- (a) You must elect this Endorsement in writing on or before the sales closing date for the crop year that you wish to insure an eligible crop under the Actual Revenue History plan. Once you elect this Endorsement, it will remain in effect for that crop for each subsequent crop year until such time as you or we cancel it in writing in accordance with the Basic Provisions or your policy is terminated in accordance with the policy provisions.
- (b) This Endorsement is attached to and made part of your policy subject to the terms and conditions described herein.
- (c) You must have completed an application for insurance before you may elect this Endorsement.
- (d) This Endorsement operates only on those crops and in those areas where coverage is offered as specified in the actuarial documents.

2. Definitions

Adjusted transitional revenue – A percentage of the transitional revenue determined by the number of annual revenues certified by you. If no acceptable annual revenues are certified, the adjusted transitional revenue is 65 percent of the transitional revenue. If one acceptable annual revenue is certified, the adjusted transitional revenue is 80 percent of the transitional revenue. If two acceptable annual revenues are certified, the adjusted transitional revenue is 90 percent of the transitional revenue. If three acceptable annual revenues are certified, the adjusted transitional revenue is 100 percent of the transitional revenue. For new producers, the adjusted transitional revenue is 100 percent of the transitional revenue.

ARH – Actual Revenue History, a plan of insurance described in this Endorsement and in an applicable Crop Provisions.

Alternative protection – The protection that may be provided under this Endorsement whenever a type of the crop does not qualify for revenue protection. The alternative protection, if offered for a crop, will be described in the applicable Crop Provisions.

Amount of insurance per acre – The approved revenue multiplied by the expected revenue factor, the coverage level percent, the payment factor, and your share.

Annual revenue – The average revenue per insured acre expressed on a 100 percent share equivalent basis for a crop year calculated from the records submitted by you and claims for indemnities that you have signed (if applicable). The annual revenue is determined by the method described in section 5 of this Endorsement. The annual revenue may not include any costs incurred by you for cooling, sorting, culling, packing, or any other activities that occur after the production has been harvested and delivered.

Annual price – The average value per unit of the commodity (lbs., bu., tons, etc.) of any production sold by you or, in the event you did not sell any production, a

price per unit of the commodity as defined in a Crop Provisions.

Appraised production – Production determined by us that was unharvested but which reflected the production potential at the time of the appraisal. For the purposes of ARH, the term specifically excludes any production lost due to uninsured causes.

Approved revenue – The amount of revenue per acre, calculated and approved by us used to establish the amount of insurance per acre, determined by summing the annual, assigned, master, and adjusted or unadjusted transitional revenues and dividing that sum by the number of such revenues contained in the database. The database will contain at least four but not more than ten revenues.

Assigned revenue – An annual revenue assigned to you in accordance with this Endorsement if you do not file revenue reports as required by the crop insurance contract. Assigned revenues are considered to be the same as annual revenues when calculating the approved revenue.

Base period – The number of crop years included by the acreage, production, and revenue reports you have certified, not to exceed the ten consecutive crop years immediately preceding the crop year defined in the insurance contract for which the approved revenue per acre is being established.

Basic Provisions – The Common Crop Insurance Policy Basic Provisions (11-BR or successor document) published at 7 CFR 457.8 and that is available on RMA's website.

Continuous revenue reports – For annual crops, reports certified by you for each crop year that the unit was planted to the crop and for the most recent crop year in the base period. For perennial crops, reports certified by you for each calendar year in the base period.

Coverage level percent – A factor, expressed in decimals (0.XX) in increments of 0.05 only, that is used to establish the amount of liability

Crop year – As defined in the Basic Provision, however, for the purposes of ARH, the term does not include any year when the crop was not planted or when the crop was prevented from being planted by an insurable cause. For example, if you plant acreage in a county to wheat one year, that year is a crop year in accordance with the policy definition. If you do not plant the crop in the county the next calendar year, that calendar year is not a crop year for the purpose of ARH.

Database – A set of data containing a minimum of four crop years up to a maximum of ten crop years of annual, assigned, or transitional revenues (see section 5).

Expected revenue factor – A value determined by RMA that reflects RMA's assessment of the likely revenue per acre for a crop year with a normal yield and anticipated price. This variable is used to adjust your approved revenue when we determine the amount of insurance

per acre. The factor will be contained in the Special Provisions.

Inadequate market price – A price that, when multiplied by the number of units per acre (lbs., bu., cwt., etc.) in a normal crop, the coverage level, and your share, would result in annual revenue that is less than your amount of insurance per acre.

Marketable – As defined in the Crop Provisions.

Master revenues – If authorized by the applicable Crop Provisions, ARH revenues based on a minimum of four crop years of revenue records for a crop within a county.

New producer – A person who has not actively engaged in farming for a share of the revenue of the insured crop for more than two crop years.

Normal crop – A quality and quantity of production per acre or other measure as defined in the Crop Provisions that would be achieved with a specific farming practice with typical climatic conditions such as maximum and minimum temperatures, precipitation, growing degree-days, and other factors.

Payment factor – A percentage, expressed in decimals, that you may elect to reduce the premium and the amount of an indemnity that otherwise would be calculated. The default value is 1.00. The value you elect must be greater than or equal to the minimum factor specified below but not greater than 1.00:

Coverage level	Minimum factor
50	1.00
55	0.91
60	0.84
65	0.77
70	0.72
75	0.67
80	0.63
85	0.59

Pesticide – Any chemical or non-chemical product intended to control weeds, fungi, insects, or disease.

Planted acreage – In lieu of the definition in the Basic Provisions, this term means in the case of an annual crop, land in which seed has been placed, appropriate for the insured crop and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice. In the case of a perennial crop, land on which trees, vines, or other productive assets have been placed and maintained in a manner conducive to producing a normal crop.

Region – A specific geographic tract of land as defined in a Special Provisions.

Revenue – [see annual revenue]

Revenue protection – The protection against a loss in revenue provided under this Endorsement for a unit that meets all the qualifying criteria contained in this Endorsement and in the applicable Crop Provisions.

Revenue Report - Written records showing an insured unit's annual acreage, production, appraised production, and revenue used to determine the insurable revenue. Information contained in a claim for indemnity is considered a revenue report for the crop year for which the claim was filed. In addition, appraisals conducted on

acreage intended for direct marketing, accompanied by sales records for such acreage, will be accepted.

Revenue reporting date (RRD) – The RRD is the earlier of the acreage reporting date or 45 days after the cancellation date, unless otherwise specified in the applicable Crop Provisions or Special Provisions. It is the last date revenue reports will be accepted for inclusion in the database for the current crop year.

RMA – Risk Management Agency, a USDA agency that manages insurance programs for FCIC.

Transitional revenue (T-revenue) – A value determined by RMA, published in the actuarial documents, to be used when you have certified fewer than four consecutive crop years of annual revenue amounts.

Verifiable records – Contemporaneous records of acreage, production, and revenue provided by you, which may be reviewed in accordance with section 21 of the Basic Provisions, and which are used to substantiate the acreage, revenue, and production that have been reported on the revenue report.

3. Qualification for Actual Revenue History coverage program

- (a) A minimum number of years of records or other criteria may be specified before the acreage is eligible for a revenue guarantee. Any such requirements will be specified in a Crop Provisions or a Special Provisions if such requirement is applicable.
- (b) A database will be established for each unit you certify.
- (c) The database will contain at least four and may contain a maximum of the ten most recent crop years and may include annual, assigned, adjusted transitional, and master revenues.

4. Revenue certification and acceptability

- (a) Revenue reports must:
 - (1) Contain the planted acreage for annual crops and insurable acreage for perennial crops for each crop year reported and your share in such acreage;
 - (2) Contain production harvested, production you sold, and any appraised production;
 - (3) Contain the amount of your revenue from sales of the crop;
 - (4) Be separated by insurable type, if applicable; and
 - (5) Be supported by written, verifiable records, measurement of farm stored production, or other records approved by FCIC.
- (b) You are solely responsible for submitting and certifying accurate and complete revenue reports to your agent no later than the revenue reporting date for the crop to be insured.
 - (1) Revenue reports must be provided for all units you planted during the base period for the insured crop.
 - (2) The insurable acreage in each calendar year must be provided.
 - (3) Each revenue report must separately identify the quantity sold and either the price received or the dollars paid by the buyer for that quantity.

- (c) Revenue reported for more than one crop year may not have a break in continuity.
 - (1) If no insurable acreage of the type, practice, or variety of the insured crop is planted for a year, a revenue report indicating zero planted acreage will maintain the continuity of production reports for ARH record purposes and that calendar year will not be included in the ARH revenue calculations.
 - (2) Assigned revenues, in accordance with approved procedures, may be used to maintain continuity of the revenue data file.
 - (3) Revenue on uninsured (for those years a crop insurance policy under the Federal Crop Insurance Act is in effect) or uninsurable acreage (for other years of the period) will not be used to determine your approved revenue unless revenue from such acreage is commingled with revenue from insured or insurable acreage.
 - (d) Information calculated from a claim for indemnity will be used to determine data entered in the database. The resulting average revenue will be used to determine the premium rate and approved revenue at our discretion.
 - (e) The provisions of section 3(f) of the Basic Provisions with regard to production reporting apply to revenue reporting. The word "production" is replaced by "revenue" and the phrase "production report" is replaced by the term "revenue report".
 - (f) Revenue reports and supporting records are subject to audit or review to verify the accuracy of the information certified.
 - (1) Verifiable records may be requested at any time by the FCIC, by us, or by anyone acting on behalf of the FCIC or us. You must provide such records upon request. Verifiable records pertaining to any other person having a share in the insured crop, which you used to establish the approved revenue, must also be provided upon request.
 - (2) Revenue and supporting verifiable records may be reviewed and verified if a claim for indemnity is submitted on the insured crop. An originally reported annual revenue is subject to revision, if needed, so the claim conforms to the records submitted during that review.
 - (3) Inaccurate revenue reports or failure to retain verifiable records shall result in combining optional units and re-computing the approved revenue. These actions shall be taken at any time after reporting or record discrepancies are identified and may result in reduction of the approved revenue for any crop year.
 - (4) Only revenue earned by you or considered to be earned by you in accordance with the terms of section 5 will be used to determine your approved revenue.
 - (i) We may use any revenue report available under the provisions of any policy, whether continuous or not, involving the interests of your insured crops in determining the approved revenue.
 - (ii) Only your share of the insurable acreage will be used in this determination. If the correct acreage and revenue cannot be determined, the data submitted will be considered unacceptable by us for ARH purposes.
- (5) Your failure to report acreage and revenue completely and accurately may result in voidance of your crop insurance contract, as well as criminal or civil false claims penalties pursuant to applicable Federal criminal or civil statutes.
- 5. Calculation of annual revenue, approved revenue, and approved yield**
- (a) The annual revenue per acre is equal to the total revenue reported by you for a unit divided by your share of the planted or insurable acres unless:
 - (1) The total quantity sold was greater than your share of the marketable quantity harvested (i.e., the production you sold included that from a previous crop year). In this event, the total revenue will be reduced by multiplying it by the factor determined by dividing the marketable harvested production by the production that was sold.
 - (2) The total quantity sold was less than your share of the marketable quantity harvested (i.e., the production you sold was less than your share of that harvested during the current crop year). In this event, the total revenue will be increased by the factor determined by dividing the marketable harvested production by the production that was sold.
 - (3) An appraisal of unharvested production was made on insured acreage and the loss was not due to an uninsured cause. In this case, the total revenue will be increased by the factor determined by dividing the sum of the appraised and harvested production by the production that was sold. We will not consider any unharvested production on acreage that was not insured for the purpose of calculating the annual revenue.
 - (b) The approved revenue will be calculated for each unit.
 - (c) The approved revenue for any unit for which you do not certify at least four annual revenues will be calculated as follows:
 - (1) If no annual revenues are certified, or verifiable records are not available, for a unit, the approved revenue will be the applicable adjusted transitional revenue;
 - (2) If one annual revenue is certified for the most recent crop year, and there are verifiable records to support the annual revenue, the approved revenue will be the applicable adjusted transitional revenue multiplied by 3 plus the acceptable annual revenue divided by 4;
 - (3) If two annual revenues are certified for the most recent crop year, and there are verifiable records to support these annual revenues, the approved revenue is the applicable adjusted

transitional revenue multiplied by 2 plus the two acceptable annual revenues divided by 4; and

- (4) If three annual revenues are certified for the most recent crop year, and there are verifiable records to support these annual revenues, the approved revenue will be the applicable adjusted transitional revenue plus the three acceptable annual revenues divided by 4.

- (d) If you add land or new practice, types, and varieties to your farming operations and you do not have available records for the added land, practice, types, or varieties you may have approved revenue for the added land, practice, types, or varieties that is based on adjusted transitional revenue as determined by us.
- (e) In addition to the requirements of section 34(b)(3) and (4) of the Basic Provisions, you will not be allowed to establish optional units unless you provide an acceptable revenue report for at least the most recent crop year for such units.
- (f) After you have obtained insurance under this Endorsement, if you fail to timely file the required revenue report for any subsequent crop year, the assigned revenue for a crop year will be equal to 75 percent of the approved revenue applicable the previous year.
- (g) The approved yield will be calculated in accordance with the provisions of 7 CFR 400, subpart G, the Basic Provisions, and approved procedures.

6. Insurance Guarantees, Coverage Levels, and Prices

- (a) In lieu of the provisions of section 3(e)(1) of the Basic Provisions, we will announce the expected revenue factor not later than 15 days prior to the sales closing date.
- (b) In addition to the provisions contained in section 3 of the Basic Provisions, you may elect the Catastrophic Risk Protection Endorsement only for those crops or types for which alternative protection is authorized in the applicable Crop Provisions. If alternative protection is not available for the crop or type in the applicable Crop Provisions, the Catastrophic Risk Protection Endorsement is not available.

7. Contract changes

In lieu of the provisions of section 4(b) of the Basic Provisions, any changes in policy provisions, premium rates, and program dates (except as allowed herein or as specified in section 3 of the Basic Provisions) can be viewed on the RMA website at <http://www.rma.usda.gov/> or a successor website not later than the contract change date contained in the Crop Provisions. We may only revise this information after the contract change date to correct clear errors (For example, if the base premium rate is shown as 1.0 percent but instead should be 10.0 percent).

8. Insured Crop

In addition to the provisions of section 8 of the Basic Provisions, all acreage planted to all insurable types of the crop must be insured under this Endorsement unless otherwise provided in the applicable Crop Provisions. Any insurable acreage that does not qualify for a revenue guarantee will be insured under alternative protection if such coverage is described in the applicable Crop Provisions.

9. Causes of loss

The provisions of section 12 of the Basic Provisions apply to this Endorsement, with the exception that the term "insurance period" as stated in section 12(f) is replaced by the term "insurance period for physical damage" as described in the applicable Crop Provisions.

10. Access to insured crop and records, and record retention

Section 21 of the Basic Provisions applies with the exception that the term "yield" is replaced by the term "revenue" wherever the term "yield" appears.

11. Written agreements

The provisions of section 18 of the Basic Provisions do not apply to this Endorsement.

12. Substitution of revenues

The provisions of section 36 of the Basic Provisions apply to this Endorsement with the exception that the term "yield" is replaced by the term "revenue" wherever the term "yield" appears.