

Subpart V—Submission of Policies, Provisions of Policies and Rates of Premium

AUTHORITY: 7 U.S.C. 1506(l), 1506(p).

SOURCE: 64 FR 38542, July 19, 1999, unless otherwise noted.

§ 400.700 Basis, purpose, and applicability.

(a) The Act requires FCIC to issue regulations that establish guidelines for the submission of policies or other material to the FCIC Board under section 508(h) of the Act. These guidelines prescribe the timing, submission and approval process so that the Board may timely consider any submission for approval and, if approved, make it available for sale to producers by any approved insurance provider in the first crop year that the submission is authorized for reinsurance, subsidy, or other financial support that may be available under the Act. These guidelines also authorize FCIC and the Board to monitor the submission to ensure continued compliance with the requirements of the Act, this subpart, and changes required by the Board.

(b) These regulations apply to all applicants.

(c) An applicant may submit for consideration by the Board:

(1) Crop insurance policies that are not currently reinsured or subsidized by FCIC;

(2) Provisions of policies that may amend existing crop insurance policies that are approved by FCIC; or

(3) Rates of premiums for MPC I policies pertaining to wheat, soybeans, field corn, or any other crop authorized by the Secretary of Agriculture.

(d) A policy or other material submitted to the Board under section 508(h) of the Act may be prepared without regard to the limitations contained in the Act. Only the provisions in the Act directly relating to the terms of the insurance policy, such as coverage, premium rates, or price elections, are considered as the limitations referenced in section 508(h) of the Act.

(e) Any FCIC payment of a portion of the premium may not exceed the amount authorized under section 508(e) of the Act, and payment of administra-

tive and operating expense subsidy may not exceed the amount authorized under section 508(d).

§ 400.701 Definitions.

Act. The Federal Crop Insurance Act (7 U.S.C. 1501 *et seq.*).

A&O subsidy. The subsidy for the administrative and operating expenses authorized by the Act and paid by FCIC on behalf of the producer to the insurance provider.

Applicant. Any person who submits a policy, provisions of a policy, or premium rates to the Board for approval under section 508(h) of the Act.

Board. The Board of Directors of FCIC.

FCIC. The Federal Crop Insurance Corporation, a wholly owned government corporation within the United States Department of Agriculture.

Insurance provider. A private insurance company that has been approved by FCIC to provide crop insurance coverage under the Act.

Manager. The Manager of FCIC.

MPCI. The FCIC multiple peril crop insurance policies authorized under the Act and codified in 7 CFR chapter IV.

NASS. National Agricultural Statistics Service, an agency of the United States Department of Agriculture, or a successor agency.

Person. Any individual or legal entity possessing the capacity to contract.

Policy. A crop insurance contract between a person and an insurance provider, consisting of the accepted application, the applicable policy provisions and endorsements, if applicable, and the applicable actuarial material for the insured crop.

Rate of premium. The dollar amount per insured unit or percentage rate per dollar of liability that is needed to pay expected losses and provide for a reasonable reserve.

Replacement program. A crop insurance program that provides coverage at least equal to that provided under the MPC I program with similar terms, conditions, and covered causes of loss approved by the Board under the authority of section 508(h) of the Act.

Revenue insurance. Plans of insurance providing protection against loss of income, which are designated as such by FCIC.

§ 400.702

Risk subsidy. That portion of the FCIC approved insurance premium for the risk of loss paid by FCIC on behalf of the policyholders to the insurance provider.

Secretary. The Secretary of the United States Department of Agriculture.

Stochastic. A randomly determined sequence of observations, each of which is considered as a sample of one element for a probability distribution.

Submission. Any policy provisions, rates of premium, and related material submitted to FCIC that differs from the present MPCI program or replacement programs or that request a material change in an existing insurance program.

Supplemental program. A submission requesting reinsurance only that provides coverage in addition to, and is written concurrently with, an MPCI policy or a replacement program.

§ 400.702 Confidentiality of submission.

(a) A submission made to the Board under section 508(h) of the Act will be considered as confidential, commercial, or financial information for purposes of 5 U.S.C. 552(b)(4) until approved by the Board. An applicant may waive such confidentiality by advising FCIC in writing, or by releasing such information to a person or entity other than FCIC.

(b) Once a submission is approved, all information provided by the applicant to the Board, including statistical modeling and data, will be made public.

(c) Any submission disapproved by the Board will remain confidential, commercial, or financial information in accordance with 5 U.S.C. 552(b)(4).

§ 400.703 Timing of submission.

Any submission for Board review must be received not later than 240 days prior to the first sales closing date for which sales are requested for a crop to provide adequate time for review, approval, and marketing of the program. If the submission applies to more than one crop, the earliest applicable crop sales closing date controls. However, any submission received by FCIC less than 240 days prior to the

7 CFR Ch. IV (1-1-01 Edition)

first sales closing date may be considered if all parties agree the submission can be reviewed, approved, and information disseminated to insurance providers in a timely manner without creating excessive risk and exposure to the crop insurance program or disruptions in the market place. Such a submission must meet all statutory requirements, specifically that the approved submission can be made available to all persons reinsured by FCIC in a manner permitting the persons to participate in the sales of the product in the first crop year for which it is approved by the Board for reinsurance, premium subsidy, or other support offered by the Act. Otherwise, the submission will be considered for the subsequent crop year. Since submissions vary in complexity and availability of required data, FCIC makes no assurances that approval will be given in time for sales in any crop year. In the event FCIC receives more submissions than it can process for an upcoming crop year, the date received, complexity, and completeness of the submission will determine when FCIC's review of the submission will be initiated and the crop year for which the submission is approved.

§ 400.704 Type of submission.

An applicant may submit to the Board:

(a) Policies and related material identified as one of the following types:

- (1) A supplemental program;
- (2) A replacement program; or

(3) Any other submission authorized under section 508(h) of the Act but not classified by paragraphs (a) and (b) of this section.

(b) One or more proposed revisions of any MPCI policy, revenue insurance policy, or any other policy approved by the Board; and

(c) Premium or rates of premiums for MPCI policies.

§ 400.705 Contents of submission.

(a) Each submission may contain any information that the applicant wishes to provide but, at a minimum, must include the following material:

- (1) Applicant's name;
- (2) Type of submission;