

Special Provisions of Insurance

2021 and Succeeding Crop Years

Year: 2021	Commodity: Barley (0091)	State: Oregon (41)
Date: 6/29/2020	Plan: Yield Protection (01) Revenue Protection (02) Revenue Prot with Harvest Price Exclusion (03)	County: Sherman (055)

Program Dates for Insurable Types and Practices

Sales Closing Date 3/15/2021	Earliest Planting Date 3/16/2021	Final Planting Date 5/15/2021	End of Late Planting Period Date 6/9/2021	Acreage Reporting Date 7/15/2021	Premium Billing Date 8/15/2021
TP	Type	Practice			
T/P 01	All Others (Spring) 872 *12	Non-Irrigated 003 *12			
T/P 05	All Others (Spring) 872	Irrigated 002			
T/P 06	Malting (Spring) 873 *6 *9 *12 *17	Non-Irrigated 003 *12			
T/P 10	Malting (Spring) 873 *6 *9 *17	Irrigated 002			
T/P 11	Waxy Hulled (Spring) 874 *6 *12 *17	Non-Irrigated 003 *12			
T/P 12	Waxy Hulled (Spring) 874 *6 *17	Irrigated 002			
T/P 13	Waxy Hulless (Spring) 875 *6 *12 *17	Non-Irrigated 003 *12			
T/P 14	Waxy Hulless (Spring) 875 *6 *17	Irrigated 002			
T/P 15	Hulless (Spring) 876 *6 *12 *17	Non-Irrigated 003 *12			
T/P 16	Hulless (Spring) 876 *6 *17	Irrigated 002			
T/P 17	All Others (Spring) 872 *12	Organic(Certified) Non-Irr. 713 *12			
T/P 21	All Others (Spring) 872	Organic(Certified) Irr. 702			
T/P 22	Malting (Spring) 873 *6 *9 *12 *17	Organic(Certified) Non-Irr. 713 *12			
T/P 26	Malting (Spring) 873 *6 *9 *17	Organic(Certified) Irr. 702			
T/P 27	Waxy Hulled (Spring) 874 *6 *12 *17	Organic(Certified) Non-Irr. 713 *12			
T/P 28	Waxy Hulled (Spring) 874 *6 *17	Organic(Certified) Irr. 702			
T/P 29	Waxy Hulless (Spring) 875 *6 *12 *17	Organic(Certified) Non-Irr. 713 *12			
T/P 30	Waxy Hulless (Spring) 875 *6 *17	Organic(Certified) Irr. 702			
T/P 31	Hulless (Spring) 876 *6 *12 *17	Organic(Certified) Non-Irr. 713 *12			

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TP	Type	Practice
T/P 32	Hulless (Spring) 876 *6 *17	Organic(Certified) Irr. 702
T/P 33	All Others (Spring) 872 *12	Organic(Transitional) Non-Irr. 714 *12
T/P 37	All Others (Spring) 872	Organic(Transitional) Irr. 712
T/P 38	Malting (Spring) 873 *6 *9 *12 *17	Organic(Transitional) Non-Irr. 714 *12
T/P 42	Malting (Spring) 873 *6 *9 *17	Organic(Transitional) Irr. 712
T/P 43	Waxy Hulled (Spring) 874 *6 *12 *17	Organic(Transitional) Non-Irr. 714 *12
T/P 44	Waxy Hulled (Spring) 874 *6 *17	Organic(Transitional) Irr. 712
T/P 45	Waxy Hulless (Spring) 875 *6 *12 *17	Organic(Transitional) Non-Irr. 714 *12
T/P 46	Waxy Hulless (Spring) 875 *6 *17	Organic(Transitional) Irr. 712
T/P 47	Hulless (Spring) 876 *6 *12 *17	Organic(Transitional) Non-Irr. 714 *12
T/P 48	Hulless (Spring) 876 *6 *17	Organic(Transitional) Irr. 712

**Sales Closing
Date**
3/15/2021

**Earliest
Planting Date**

**Final
Planting Date**

**End of Late Planting
Period Date**

**Acreage
Reporting Date**
7/15/2021

**Premium
Billing Date**
8/15/2021

TP	Type	Practice
T/P 02	All Others (Winter) 972 *5 *10 *13	Summerfallow 005 *4 *5
T/P 03	All Others (Winter) 972 *5 *10 *13	Continuous Cropping 004 *3 *5
T/P 04	All Others (Winter) 972 *5 *10 *13	Irrigated 002 *5
T/P 07	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Summerfallow 005 *4 *5
T/P 08	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Continuous Cropping 004 *3 *5
T/P 09	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Irrigated 002 *5
T/P 18	All Others (Winter) 972 *5 *10 *13	Summerfallow(OC) 717 *4 *5
T/P 19	All Others (Winter) 972 *5 *10 *13	Continuous Cropping(OC) 715 *3 *5

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TP	Type	Practice
T/P 20	All Others (Winter) 972 *5 *10 *13	Organic(Certified) Irr. 702 *5
T/P 23	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Summerfallow(OC) 717 *4 *5
T/P 24	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Continuous Cropping(OC) 715 *3 *5
T/P 25	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Organic(Certified) Irr. 702 *5
T/P 34	All Others (Winter) 972 *5 *10 *13	Summerfallow(OT) 718 *4 *5
T/P 35	All Others (Winter) 972 *5 *10 *13	Continuous Cropping(OT) 716 *3 *5
T/P 36	All Others (Winter) 972 *5 *10 *13	Organic(Transitional) Irr. 712 *5
T/P 39	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Summerfallow(OT) 718 *4 *5
T/P 40	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Continuous Cropping(OT) 716 *3 *5
T/P 41	Malting (Winter) 973 *5 *6 *9 *10 *13 *17	Organic(Transitional) Irr. 712 *5

Statement

General

Contact your agent regarding possible premium discounts, options, and/or additional coverage that may be available.

Corn planted on acreage following a crop that has been prevented from being planted will not be considered a cover crop.

Practice

- *3 Continuous Cropping . Any non-irrigated production practice that does not qualify as a summerfallow practice.
- *4 Summerfallow : (a) A production practice utilized to allow soil moisture levels to increase by leaving acreage fallow for a full crop year. To qualify for this practice for the current crop year:
1. The acreage must not have been planted to a crop (excluding a cover crop, see exceptions below) during the preceding crop year; and
 2. Any plant growth, including weeds, volunteer crops, existing perennial vegetation (including Conservation Reserve Program acreage), must be terminated a full crop year before planting a crop, and
 3. Any additional plant re-growth must be terminated on or before June 1, and any later plant growth (e.g. weeds, volunteer crop) must be controlled by mechanical or chemical means.

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(b) The following are exceptions to these requirements:

1. Failed Crop Exception: Acreage will qualify as summerfallow the current crop year, if a crop (excluding a cover crop) was planted the preceding crop year:
 - i. On acreage qualifying as summerfallow; and
 - ii. Was not harvested; and
 - iii. Failed and was terminated on or before June 1, and any later plant growth was controlled by mechanical or chemical means.
2. Cover Crop Exception: Acreage will qualify for the summerfallow practice in the current crop year if a cover crop was planted during the preceding crop year, provided the cover crop was:
 - i. Not hayed, grazed or otherwise harvested; and
 - ii. Terminated according to the NRCS Cover Crop Termination Guidelines and any later plant growth was controlled by mechanical or chemical means.

Date

*5 If you have selected the winter coverage endorsement (WCE) for the winter types, the following dates applicable to your policy are specified in the Options section within the Dates tab of the Actuarial Information Browser:

- 1) The sales closing date [applicable for both winter and spring types];
- 2) The final planting date for acreage covered under the WCE and the WCE will not be applicable to acreage planted after this date; and
- 3) The acreage reporting date for acreage of the winter types covered by this option.

Price

*6 The Base (contracted) Price will not include added value attributable to hauling expenses beyond the local marketing area or post production operations such as processing (cleaning/drying), sorting, packaging, etc.

Insurance Availability

Insurance shall attach to a crop following a cover crop when the cover crop meets the definition provided in the Basic Provisions, was planted within the last 12 months, and is managed and terminated according to NRCS Cover Crop Termination Guidelines. The Guidelines include information on cover crops and crop insurance, Good Farming Practices for cover crops, and termination information and exceptions, which can be found at <https://www.rma.usda.gov/en/Topics/Cover-Crops>.

In addition to Section 35 of the Basic Provisions, if you elect to obtain a Farm Service Agency Graze-Out Payment for acres of this crop grazed by livestock and not otherwise harvested, you are not eligible for an indemnity.

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- *9 Approved malting barley varieties will include all varieties approved for malting by the American Malting Barley Association for the current crop year or any variety grown under the terms of a malting barley contract. See the definition of "contract" in the applicable Malting Barley Endorsement.
- *10 Any acreage of fall planted barley not covered by the winter coverage endorsement is not insured unless you request such coverage by notifying your crop insurance agent on or before the spring sales closing date and we determine in writing that the acreage has an adequate stand in the spring to produce the yield used to determine your production guarantee. Insurance will attach to such acreage on the date we determine an adequate stand exists or on the spring final planting date if we do not inspect the acreage by the spring final planting date.

In accordance with section 9(a)(1)(iv) in the Common Crop Insurance Policy Basic Provisions (Basic Provisions), acreage that has not been planted and harvested or insured (including insured acreage that was prevented from being planted) in at least one of the three previous crop years or acreage where the only crop that has been planted and harvested in one of the three previous crop years was a cover, hay, or forage crop (hereinafter referred to as new breaking acreage) is insurable at 80 percent of the applicable published county T-Yield in the actuarial documents without a written agreement if all of the following requirements 1 through 4 below are met. New breaking acreage is insurable at 65 percent of the applicable published county T-Yield in the actuarial documents without a written agreement if only requirements 1, 2, and 4 below are met.

1. The policyholder must provide documentation that 75 percent or more of the new breaking acreage by field (or within an existing field if only a portion of the field is new breaking acreage) is composed of soil types defined as Capability Class I, II, III, or IV as determined by the Natural Resources Conservation Service (NRCS) Web Soil Survey (<http://websoilsurvey.nrcs.usda.gov/app/HomePage.htm>);
2. The policyholder must certify that the new breaking acreage was broken out or chemically destroyed on or before June 1 prior to planting for fall/winter types and November 30 prior to planting for spring types;
3. The policyholder must provide documentation that the new breaking acreage has been previously broken and planted to a crop. Examples of documentation include but are not limited to: a FSA-578 document showing the prior crop that the new breaking acreage was planted to, a prior crop year's FSA-578 document showing that the new breaking acreage is classified as cropland, receipts/invoices from custom planters or custom harvesters detailing the fields that were planted or harvested, etc.; and
4. If NRCS requires a Conservation Plan on the new breaking acreage, the policyholder must provide documentation that one is, or will be, in place. If NRCS does not require a Conservation Plan on the new breaking acreage, the producer must certify that one is not required.

Up to and including 320 acres of new breaking acreage per county (on a whole field basis), that meet the requirements above, may be insurable under this Special Provisions statement for the policyholder/entity per each sales closing date (for example, a total of 320 acres or less of new breaking acreage for crops with a September 30 sales closing date and total of 320 acres or less of new breaking acreage for crops with a March 15 sales closing date). Any new breaking acreage (on a whole field basis) that meets the requirements above and exceeds the 320-acre limitation will require a written agreement to establish insurability (only the acreage that exceeds 320 acres requires a written agreement, up to 320 acres may be approved under this Special Provisions statement even if the producer has more than 320 new breaking acres in the county).

Underwriting Standards:

Special Provisions of Insurance 2021 and Succeeding Crop Years

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The producer must provide the applicable documentation and certification described in requirements 1 through 4 above to the Approved Insurance Provider (AIP) on or before the acreage reporting date for insurability of such new breaking acreage. If the above requirements are met and the described documentation and certification is provided to the AIP by the acreage reporting date, the new breaking acreage will be insurable using the appropriate percentage (65 percent or 80 percent) applied to the applicable published county T-Yield in the actuarial documents (simple average T-Yields, new producer T-Yields, and variable T-Yield percentages do not apply). A separate APH Database must be established for this new breaking acreage the initial crop year it is insured (in subsequent crop years standard APH procedure will apply provided the acreage is insurable under the terms of the Basic Provisions). Additionally, new breaking acreage will not be eligible for prevented planting coverage the initial crop year it is insured under this Special Provisions statement.

*12 Insurance shall not attach or be considered to have attached without a written agreement to a planted non-irrigated crop on acreage from which, in the same calendar year:

- 1) A perennial hay crop was harvested; or
- 2) A crop (other than a cover crop) reached the headed or budded stage prior to termination, regardless of the percentage of plants that reached the headed or budded stage;

Termination means growth has ended. To qualify for a written agreement, you must provide a minimum of the most recent three years of your double cropping actual production history for the crop in the county. A cover crop is one that meets the criteria outlined in the Insurance Availability section of this Special Provisions of Insurance.

*13 Approved winter barley varieties for the winter coverage endorsement include only the following: Alba, Boyer, Eight-Twelve, Endeavor, Hesk, Hoody, Hundred, Kamiak, Kold, Maja, Mal, Scio, Schuyler, Sprinter, Strider, Sunstar Pride, Thunder, Wintmalt and other cultivars approved in writing by FCIC.

Revenue Protection

There are three ways to insure malting barley: (1) Under yield protection or revenue protection, based on a price calculated in accordance with the Commodity Exchange Price Provisions, as applicable; (2) Under yield protection or revenue protection with added protection provided in accordance with the Malting Barley Endorsement (MBE); or (3) under yield protection, based on a price contained in a production contract as indicated below.

If you produce any of the following specialty barley type(s) (including specialty type(s) grown for seed):

- a) Malting - varieties recommended for malting by the American Malting Barley Association for the current crop year, or any variety grown under the terms of a malting barley contract. Winter and Spring will be separate specialty types if separate type codes exist in the county.
- b) Waxy Hulled - having a waxy appearance and an adhering palea and lemma.
- c) Waxy Hulless - having a waxy appearance and a non-adhering palea and lemma.

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d) Hulless - having a non-adhering palea and lemma, not including waxy hulless barley.

You may elect to exclude coverage for the specialty type(s) under revenue protection (excluding malting barley insured under the MBE) provided you purchase, from the same approved insurance provider, yield protection for the excluded type(s). The yield protection plan of insurance you purchase may have a different coverage level or percentage of projected price than you have for the revenue protection plan of insurance. You may exclude any or all of the specialty type(s) you produce; however, you must continue to insure all type(s) not excluded under revenue protection.

Revenue Protection with HPE

There are three ways to insure malting barley: (1) Under yield protection or revenue protection, based on a price calculated in accordance with the Commodity Exchange Price Provisions, as applicable; (2) Under yield protection or revenue protection with added protection provided in accordance with the Malting Barley Endorsement (MBE); or (3) under yield protection, based on a price contained in a production contract as indicated below.

If you produce any of the following specialty barley type(s) (including specialty type(s) grown for seed):

a) Malting - varieties recommended for malting by the American Malting Barley Association for the current crop year, or any variety grown under the terms of a malting barley contract. Winter and Spring will be separate specialty types if separate type codes exist in the county.

b) Waxy Hulled - having a waxy appearance and an adhering palea and lemma.

c) Waxy Hulless - having a waxy appearance and a non-adhering palea and lemma.

d) Hulless - having a non-adhering palea and lemma, not including waxy hulless barley.

You may elect to exclude coverage for the specialty type(s) under revenue protection (excluding malting barley insured under the MBE) provided you purchase, from the same approved insurance provider, yield protection for the excluded type(s). The yield protection plan of insurance you purchase may have a different coverage level or percentage of projected price than you have for the revenue protection plan of insurance. You may exclude any or all of the specialty type(s) you produce; however, you must continue to insure all type(s) not excluded under revenue protection.

Yield Protection

If you produce any of the following specialty barley type(s) (including specialty type(s) grown for seed):

a) Malting - varieties recommended for malting by the American Malting Barley Association for the current crop year, or any variety grown under the terms of a malting barley contract. Winter and Spring will be separate specialty types if separate type codes exist in the county.

b) Waxy Hulled - having a waxy appearance and an adhering palea and lemma.

c) Waxy Hulless - having a waxy appearance and a non-adhering palea and lemma.

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d) Hulless - having a non-adhering palea and lemma, not including waxy hulless barley.

You may elect to use the price contained in your production contract (contract price) as your projected price for each specialty type. This acreage must be under contract with a business enterprise equipped with facilities appropriate to handle and store specialty type barley production. The contract must be executed by you and the business enterprise, in effect for the crop year, and you must provide a copy to us no later than the acreage reporting date. To be considered a contract, the executed document must contain:

(a) A requirement that you plant, grow and deliver specialty type barley to the business enterprise;

(b) The amount of production that will be accepted or a statement that all production from a specified number of acres will be accepted. To determine the number of acres under contract:

(1) For acreage only based contracts and, acreage and production contracts which specify a maximum number of acres, the lesser of:

- (i) The insured acres (planted acreage and acreage that is prevented from being planted); or
- (ii) The maximum number of acres specified in the contract.

(2) For production only based contracts, the lesser of:

- (i) The number of acres determined by dividing the production stated in the contract by the approved yield; or
- (ii) The insured acres (planted acreage and acreage that is prevented from being planted).

(3) Acreage in excess of (1) or (2) shall be considered acreage not under contract.

(c) The price to be paid for the contracted production or a method to determine such price:

(1) If the contract provides for a premium amount over a

(i) Feed barley price to be determined after the acreage reporting date, the contract price will be the result of adding the premium amount to the published projected price on the acreage reporting date; or

(ii) Price other than a feed barley price that is determined after the acreage reporting date, the contract price will be the result of adding the basis or premium amount to the Malt Barley Endorsement published projected price on the acreage reporting date.

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(2) The price used will be the price in the contract without regard to incentives or discounts.

(3) In no case will the contract price exceed the amount determined by multiplying the projected price by the maximum contract price factor shown in the Prices tab in these Actuarial Documents.

(4) If you have more than one contract price for any one specialty type, the price used will be the weighted average of the contract prices. Each contract price is subject to the limits referred to in (c)(3).

(d) Other such terms that establish the obligations of each party to the contract; and

(e) The contract must clearly indicate the specific specialty type or verification must be provided that the contracted variety is one of the specialty types listed above.

Any acreage of the specialty type that is not under a contract per (b)(3) above, or for which a contract is not submitted to us by the acreage reporting date, will be valued at the applicable barley projected price. A weighted average price will be determined from all the contracted and non-contracted acreage of the specialty type, to produce one projected price that will be used in determining the guarantee (per acre), premium, prevented planting payment, replanting payment, and indemnity for the applicable specialty type acreage.

Section 9 ~~Replanting Payments~~ of the Small Grains Crop Provisions apply to all insurable barley types.

Note: Quality adjustment will be provided as specified in the crop provisions and special provisions. No additional quality adjustment will be made for any specialty type, except for malting barley insured under the Malting Barley Endorsement.

Quality

*17 Your specialty type barley will be quality adjusted in the same manner as All Others type barley. We will use the discount factor charts in the Special Provisions of Insurance, or if applicable, the reduction in value (RIV) and local market price for All Others barley, without regard to any contract price for your specialty type barley. The RIV will be based on the reduction in value applied by buyers to the All Others type with similar quality deficiencies.

GENERAL STATEMENTS:

The following sections only apply to barley grain production for the insured crop.

The Quality Adjustment Factor (QAF) is 1.000 minus the sum of the applicable Discount Factors (DF) expressed below as three-place decimals. The sum of all applicable DFs will be limited to 1.000. Only the quality adjustment factors contained herein are considered in determining production to count. No other quality adjustment factors are considered in determining production to count.

The production to count remaining after allowable reductions to gross production (in accordance with the applicable Crop Provisions), is multiplied by the QAF (not less than zero) to determine net production to count.

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Production qualifying for quality adjustment, that does not contain substances or conditions that are injurious to human or animal health, shall be adjusted under Sections A or B, but not both.

Unless the AIP grants an extension of time to harvest as specified below, the samples of production used to determine insurable quality deficiencies under Sections A, B and C must be obtained in accordance with this Quality Adjustment Statement, but not later than 60 days after the end of the insurance period (EOIP).

For any production qualifying under section B or C (except for section C3) that is sold**** to other than a disinterested third party**, or that is not sold 60 days after the calendar date for the EOIP, we will settle your claim using the applicable DFs. If the production is later sold, we will not recalculate or adjust your claim for indemnity.

For production qualifying under Sections B or C (except for production qualifying under section C3) that is unsold 60 days after the calendar date for the EOIP, an automatic 30 day extension will be allowed only for the purpose of submitting your claim for indemnity, unless an extension of time to harvest has been granted or a delay in measurement of farm stored production has been elected under the general statements below.

The DF for production qualifying for quality adjustment containing substances or conditions that are injurious to human or animal health will be determined in accordance with Section C. For production qualifying for quality adjustment under:

- a. Sections C1 or C2 and Section A below, the DF will be determined by adding the applicable DFs from Section A to the applicable DFs from Sections C1 or C2.
- b. Sections C1 or C2 and Section B below, the DF will be determined by adding the applicable DFs from Section B to the applicable DFs from Sections C1 or C2.
- c. Section C3, the DF will be determined under Section C3 only. No additional DFs from Section A or Section B will be included.

1. OPTION TO DELAY CLAIM SETTLEMENT:

- a. On the date of final inspection for the unit, if any of your unsold***** production qualifies for quality adjustment under sections B and/or C1 or C2a ii and C2a iv below, your claim will be settled using the applicable DFs for unsold production unless you elect in writing to delay settlement of your claim for up to 60 days after the calendar date for the EOIP.
- b. If you sell the production to a disinterested third party during this delay, your claim will be settled using the Reduction In Value (RIV) as outlined below, unless the production qualifies under section C (except for production containing Vomitoxin only) and has been in on-farm storage.
- c. At any time during this delay in settlement, you may request to settle your claim for any unsold production using the applicable DFs.
- d. For any production sold**** to other than a disinterested third party**, or that is not sold 60 days after the calendar date for the EOIP, we will settle your claim using the applicable DFs.
- e. If the production is later sold, we will not recalculate or adjust your claim for indemnity.
- f. If the time to harvest has been extended as stated below, this option will not apply beyond 60 days after the calendar date for the EOIP.

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g. This option will not apply to any production qualifying under section C3.

2. SECTION 14(e) OF THE BASIC PROVISIONS

Only when it has been determined that the production qualifies for quality adjustment will the provisions in this Quality Adjustment Statement apply, otherwise this SP statement does not supersede the provisions contained in section 14(e) in the Basic Provisions.

3. EXTENSION OF TIME TO HARVEST

If we determine you are prevented from harvesting by the calendar date for the EOIP due to an insurable cause of damage that occurred during the insurance period and we allow an extension of time to harvest, the time to determine insurable quality deficiencies will also be extended. If you harvest the crop prior to 60 days after the calendar date for the EOIP, your claim will be settled in accordance with sections A, B, or C as applicable unless you elected to delay settlement of your claim, in which case, refer to 1 above. If you were unable to harvest your crop until AFTER 60 days after the calendar date for the EOIP, and your production qualifies for quality adjustment under sections B1, C1a or C2a i, you will be allowed 30 days after harvest to market your grain and receive an RIV unless the production qualifies solely under Section A, in which case, only the DF(s) in Section A will be used. If the production is not sold within this 30 day period, the claim will be settled using the applicable pre-established DF. You must complete and submit a claim for indemnity not later than the earlier of 60 days after harvest, or 60 days after the date we determine the crop could have been harvested and you did not harvest. If your production qualifies under section C3, your claim will be settled as specified in section C3.

4. DELAY IN MEASUREMENT OF FARM STORED PRODUCTION

If you elect to delay measurement of farm stored production as provided in the Basic Provisions, all samples of farm stored production used to determine insurable quality deficiencies must be obtained in accordance with this Quality Adjustment Statement, but not later than 60 days after the EOIP, otherwise such production will not be adjusted for quality. All samples obtained to test for substances or conditions injurious to human or animal health (other than vomitoxin) must be taken prior to production entering storage. For Vomitoxin only, samples for testing may be obtained from storage. The gross amount of production will be determined by us not later than 180 days after the EOIP. At the end of 180 days, the adjuster will measure the production as soon as possible so your claim can be completed and submitted no later than 30 days after the 180th day.

5. FAIR CONSIDERATION TO DELIVER TO DISTANT MARKETS

Except as allowed in paragraph 7f ii below, fair consideration to deliver sold production to a distant market is allowed only when there are no buyers in your local market and only for the types and levels of damage included in sections B1, C1a, C2a i, C3a i and C3b i below. Fair consideration is not allowed for production that is unsold, sold to other than a disinterested third party, fed, utilized in any other manner, or when a pre-established DF is applicable.

6. ZERO MARKET VALUE

If on the date of final inspection for the unit, any production which due to insurable causes is determined to have zero market value***, such production will not be considered production to count if the production is destroyed in a manner acceptable to us (see section D). Fair consideration may be used in the determination of zero market value, except for production fed or used in any other manner.

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7. REDUCTION IN VALUE (RIV):

RIVs must be reasonable, usual, and customary. No RIV will be made or accepted by us if it is due to:

- a. Moisture content;
- b. Damage due to uninsured causes;
- c. Drying;
- d. Handling;
- e. Processing; or
- f. Any other costs associated with normal harvesting, handling, and marketing of your production.
 - i. RIVs cannot be used in combination with chart DFs.
 - ii. If a lower RIV is available for production sold at a distant market, the RIV at the distant market may be increased by the fair consideration to deliver the production to the distant market, provided the resulting RIV does not exceed the RIV in your local marketing area.
 - iii. If the RIV can be decreased by conditioning the production, the RIV may be increased by the cost of conditioning provided the resulting RIV does not exceed the RIV before conditioning.
 - iv. The RIV and local market price* are determined on the date such quality adjusted production is sold to a disinterested third party.

SECTION A - DISCOUNT FACTOR CHARTS

On the date of final inspection for the unit, the discount factors are determined using the following charts. If the DF for any one qualifying level of deficiency is not shown on the charts in this section, then determine all DFs using section B or C as applicable.

GRADE DISCOUNT:

Barley will be discounted for grade as follows:

U.S. No. 5	0.269
U.S. Sample Grade	0.328

TEST WEIGHT DISCOUNT:

Discounts for low test weight are as follows (U.S. No. 5 for Test Weight . ~~41.0~~ ^{45.0} lbs. to 36.0 lbs.; U.S. Sample Grade . ~~41.0~~ ^{45.0} lbs. and below):

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Test Weight Pounds	DF
36 and above	None
35-35.99	0.113
34-34.99	0.126
33-33.99	0.140
32-32.99	0.153
31-31.99	0.167
30-30.99	0.180
Below 30	See section B

DAMAGE DISCOUNT:

Discounts for excessive kernel damage (excluding heat damage) as follows (U.S. No. 5 for Damage . . . $\frac{1}{2}$ to 10.0% ; U.S. Sample Grade . . . $\frac{1}{2}$ and above):

Damage %	DF	Damage %	DF	Damage %	DF
10 and below	None	18.01-19	0.155	27.01-28	0.379
10.01-11	0.016	19.01-20	0.180	28.01-29	0.404
11.01-12	0.026	20.01-21	0.205	29.01-30	0.429
12.01-13	0.036	21.01-22	0.230	30.01-31	0.454
13.01-14	0.046	22.01-23	0.255	31.01-32	0.479
14.01-15	0.056	23.01-24	0.280	32.01-33	0.503
15.01-16	0.081	24.01-25	0.304	33.01-34	0.528
16.01-17	0.105	25.01-26	0.329	Above 34	See section B
17.01-18	0.130	26.01-27	0.354		

THIN BARLEY:

Discounts for percent thin barley as follows (U.S. No. 5 for Thins . ~~Not~~ ^{At} 75.0% ; U.S. Sample Grade . ~~Not~~ ^{At} and above):

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Thin Barley %	DF
75.00 and below	None
75.01-80	0.025
80.01-85	0.050
85.01-90	0.075
90.01-95	0.100
95.01-100	0.124

SPECIAL GRADE DISCOUNTS:

Discounts for garlicky grade are as follows, regardless of U.S. grade designation:

Garlicky	0.065
Black Barley, Ergoty, Blighted, or Smutty	See section B

SAMPLE GRADE DISCOUNTS:

Discount for sample grade factors are as follows:

Musty Odor	0.114
Sour Odor	0.154
COFO	0.124

SECTION B - DEFICIENCY NOT IN DISCOUNT FACTOR CHARTS

DFs included in section A are not used if production meets requirements under this section. For production that has a test weight below 30 pounds per bushel, a kernel damage percentage above 34 percent, a sound barley percentage below 50 percent, black barley, or grading ergoty, blighted, or smutty, on the date of final inspection for the unit adjust production in the following manner:

1. If sold to a disinterested third party prior to 60 days after the calendar date for the EOIP, the DF will be the sum of all RIVs applied by the buyer due to all insurable quality deficiencies, and that value divided by the local market price.
2. For unsold production or production sold to other than a disinterested third party prior to 60 days after the calendar date for the EOIP, the DF will be .500 (unless you elect to delay settlement as specified in the General Statements above).
3. If unsold 60 days after the calendar date for the EOIP, fed, utilized in any other manner or is sold to other than a disinterested third party the DF will be .500.

SECTION C - SUBSTANCES OR CONDITIONS THAT ARE INJURIOUS TO HUMAN OR ANIMAL HEALTH

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The sum of all DFs for production containing substances or conditions that are injurious to human or animal health is allowed, in addition to applicable DFs from sections A or B above, except as shown in C3 below.

Any potential loss due to substances or conditions identified by the Food and Drug Administration, other public health organizations of the United States, or a public health agency of the applicable State in which the insured crop is grown, at a level determined as injurious to human or animal health, will be covered only if the appropriate samples of the production were obtained by our adjuster (or a trained disinterested third party approved by us) (except for flood-damaged grain), and the analysis was performed by an approved laboratory using quantitative tests.

The Food and Drug Administration guidelines state when an edible portion of a crop is exposed to flood waters, it is considered adulterated and can be injurious to human or animal health and should not be used for feed or food. For acreage of an insured crop in which the edible portion of the crop has been exposed to flood waters, such production is considered to contain substances or conditions qualifying under Section C3 with a level exceeding the maximum amount allowed. Such production is not required to be sampled and tested by an approved laboratory. Whether you intend to harvest or not harvest such acreage, you must give us notice to inspect the crop. Such production will be considered to have zero market value if destroyed in an acceptable manner. Refer to Section D. If you harvest production from such flood-damaged acreage and commingle with production from acreage not damaged by flood, such commingled production will not be adjusted for any quality deficiencies listed in Section C.

For production that contains substances or conditions determined to be injurious to human or animal health, when applicable, adjustments will be made for levels of substances or conditions in excess of the amount allowed by the lower of the following:

- a. The action or advisory level of the Food and Drug Administration; or
- b. Another public health organization of the United States; or
- c. A public health agency of the applicable State in which the insured crop is grown.

For production that will be stored on the farm, or in commercial storage (except for production containing Vomitoxin), the appropriate samples must be obtained prior to the production entering storage, otherwise such production will not be adjusted for such quality deficiencies listed in section C. For Vomitoxin only, samples for testing may be obtained from storage.

1. For production containing Vomitoxin only (no other Section C deficiencies are present) qualifying under section C and that has a level of 10.0 ppm or less, adjust the production in the following manner. If on the date of final adjustment for the unit, the production is:
 - a. Sold to a disinterested third party prior to 60 days after the calendar date for the EOIP, the DF will be the sum of all RIVs applied by the buyer due to all insurable quality deficiencies, and that value divided by the local market price.
 - b. For unsold production or production sold to other than a disinterested third party prior to 60 days after the calendar date for the EOIP, the DF will be the applicable DFs shown in the chart below (unless you elect to delay settlement as specified in the General Statements above) added to the applicable DFs included in sections A or B2 above.

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- c. Unsold 60 days after the calendar date for the EOIP, fed, utilized in any other manner, or is sold to other than a disinterested third party, the DF will be the applicable DFs shown in the chart below added to the applicable DFs included in sections A or B3 above.

DFs for Vomitoxin:

Vomitoxin Range	DF
0.1 - 1.0 ppm	.000
1.1 - 10.0 ppm	.450
10.1 ppm & above	See C3 below

2. For production containing substances or conditions, other than Vomitoxin, that qualifies under section C with an Aflatoxin level of 300 ppb or less, or other substances or conditions with a level less than the maximum allowable, adjust the production in the following manner.
- a. If on the date of final adjustment for the unit, the production was transported directly from the field to the buyer, or transported directly from the field and put into commercial storage without going into on farm storage, the DF will be:
- For production sold to a disinterested third party prior to 60 days after the calendar date for the EOIP, the sum of all RIVs applied by the buyer due to all insurable quality deficiencies, and that value divided by the local market price.
 - For unsold production containing Aflatoxin prior to 60 days after the calendar date for the EOIP, the applicable DFs shown in the chart below in section C2b (unless you elect to delay settlement as specified in the General Statements above), added to the applicable DFs included in sections A or B2 above.
 - For unsold production containing Aflatoxin 60 days after the calendar date for the EOIP, the applicable DFs shown in the chart below in section C2b, added to the applicable DFs included in sections A or B3 above.
 - For unsold production containing all other mycotoxins or substances or conditions prior to 60 days after the calendar date for the EOIP (unless you elect to delay settlement as specified in the General Statements above), the DFs will be .500, except as stated in section C3 below. This DF will be added to the applicable DFs included in sections A, or B2 above.
 - For unsold production containing all other mycotoxins or substances or conditions 60 days after the calendar date for the EOIP, the DFs will be .500, except as stated in section C3 below. This DF will be added to the applicable DFs included in sections A, or B3 above.
- b. If on the date of final adjustment for the unit, the unsold production is in on-farm storage, is in commercial storage but was not transported directly from the field, was fed or utilized in any other manner, was in on-farm storage and has been sold, or was sold to other than a disinterested third party:
- For aflatoxin, we will use the applicable DFs shown in the chart below, except as stated in section C3 below. This chart DF will be added to the applicable DFs included in sections A or B2 above.
 - For all other mycotoxins or substances or conditions, prior to 60 days after the calendar date for the EOIP, the DFs will be .500. This DF will be added to the applicable DFs included in sections A or B2 above.

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- iii. For all other mycotoxins or substances or conditions, 60 days after the calendar date for the EOIP, the DFs will be .500. This DF will be added to the applicable DFs included in sections A or B3 above.

DFs for Aflatoxin:

Aflatoxin Range	DF
0.0 - 10.0 ppb	.000
10.1 - 20.0 ppb	.100
20.1 - 50.0 ppb	.200
50.1 - 100.0 ppb	.300
100.1 - 300.0 ppb	.400
300.1 ppb & above	See C3 below

3. For production that has an Aflatoxin level in excess of 300 ppb, a Vomitoxin level in excess of 10 ppm, or any other substances or conditions qualifying under Section C having a level exceeding the maximum amount allowed or when the edible portion of a crop is exposed to flood waters, a claim will not be completed until all such production is sold, fed, utilized in any other manner, or destroyed unless d. below applies. An automatic 30 day extension will be allowed for you to submit your claim for indemnity, following the date we determine the production was sold, fed, utilized in any other manner, or destroyed. On the date of final adjustment for the unit, the following will apply (if such production is Zero Market Value, see Section D):
- For production containing Vomitoxin only (no other Section C deficiencies are present), the DF will be:
 - The RIV applied by the buyer due to all insurable quality deficiencies, and that value divided by the local market price for production sold to a disinterested third party; or
 - .500 for production, fed, utilized in any other manner, or sold to other than a disinterested third party. No other DF from section A or B will be included.
 - For production containing Aflatoxin or any other substances or conditions (except for production containing Vomitoxin as detailed in C3 a above), the DF will be:
 - The RIV applied by the buyer due to all insurable quality deficiencies, and that value divided by the local market price for production sold to a disinterested third party. Such production must have been transported directly from the field to the buyer, or transported directly from the field and put into commercial storage prior to being sold.
 - .500 for production that was in on-farm storage and was later sold, was in on-farm storage and was transported to commercial storage and later sold, was fed, was utilized in any other manner, or was sold to other than a disinterested third party. No other DF from section A or B will be included.
 - If production qualifying under Section C3 is destroyed in a manner acceptable to us, the DF will be 1.000. For production destroyed in a manner unacceptable to us, such production will not be adjusted for any quality deficiencies listed in Section C.

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- d. Production that remains unsold more than 365 days after the calendar date for the end of the insurance period and has Aflatoxin levels in excess of 300.0 ppb, Vomitoxin levels in excess of 10.0 ppm, Fumonisin levels in excess of 100.0 ppm, or any other substance or condition that exceeds the maximum amount allowed, will not be adjusted for any quality deficiencies listed in Section C of the SP.

SECTION D - ZERO MARKET VALUE PRODUCTION

For production listed in sections A, B, or C that we determine has zero market value due to insured quality deficiencies:

1. The DF will be 1.000 if such production is destroyed in a manner acceptable to us.
2. If you do not destroy (or refuse to destroy) production in a manner acceptable to us, such production to count is no longer considered to be zero market value and will be adjusted as follows:
 - a. For production in Section A . ~~At~~ the pre-established DFs.
 - b. For production in Section B . ~~At~~ ~~€€€~~
 - c. For production in Section C1 or C2, such production will not be adjusted for any quality deficiencies listed in Section C.
3. If you destroy production qualifying under section C3 in a manner unacceptable to us, such production will not be adjusted for any quality deficiencies listed in section C. If you do not destroy (or refuse to destroy) such production, a claim will not be completed until such production is sold, fed, utilized in any other manner, or destroyed. An automatic extension of time will be allowed for you to submit your claim for indemnity.

*	% Local Market Price As defined in the applicable Basic, Crop, or these Provisions.
**	% Disinterested third party As defined in the applicable Basic, Crop, or these Provisions. In addition to the definition of % Disinterested third party Is a person or business who does not routinely purchase production for resale or for feed will not be considered a disinterested third party if the RIVs applied by the buyer are not reflective of the RIVs in the local market.
***	% Zero market value As occurs when no buyers in your local area are willing to purchase the production and fair consideration to deliver production to a market outside your local marketing area (distant market) is equal to or greater than the production's value at the distant market or when acreage of an insured crop in which the edible portion of the crop has been exposed to flood waters.
****	% Sold As Grain is considered sold on the date that final settlement between the buyer and seller has occurred and title of the grain has passed from the seller to the buyer.
*****	% Unsold As Grain that does not meet the definition of % sold. As

In accordance with section 6(a)(2)(ii) of the MBE, malting barley insured under a malting barley price agreement is eligible for quality adjustment if rejected by the buyer due to insurable causes AND the production failed to meet one or more of the following quality requirements.

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Malting Barley Price Agreement Quality Standards

	Six-rowed Malting Barley	Two-rowed Malting Barley
Protein (dry base)	14.0% maximum	13.5% maximum
Plump Kernels	70.0% minimum	75.0% minimum
Thin Kernels	10.0% maximum	10.0% maximum
Germination	96.0% minimum	96.0% minimum
Blight Damaged	4.0% maximum	4.0% maximum
Injured by mold	5.0% maximum	5.0% maximum
Mold Damaged	0.4% maximum	0.4% maximum
Injured by sprout	1.0% maximum	1.0% maximum
Injured by frost	5.0% maximum	5.0% maximum
Frost Damaged	0.4% maximum	0.4% maximum
DON	1.5 ppm maximum	1.0 ppm maximum