

SERFF Tracking Number: STNA-125727542 State: Arkansas
Filing Company: State National Insurance Company Inc. State Tracking Number: EFT \$50
Company Tracking Number: AG-COTTON-IMF-08
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine
Product Name: Cotton Package Program - IM Forms Filing
Project Name/Number: /

Filing at a Glance

Company: State National Insurance Company Inc.

Product Name: Cotton Package Program - IM SERFF Tr Num: STNA-125727542 State: Arkansas

Forms Filing

TOI: 09.0 Inland Marine

SERFF Status: Closed

State Tr Num: EFT \$50

Sub-TOI: 09.0005 Other Commercial Inland Marine

Co Tr Num: AG-COTTON-IMF-08

State Status: Fees verified and received

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi,
Llyweyia Rawlins

Author: John Battles

Disposition Date: 07/10/2008

Date Submitted: 07/09/2008

Disposition Status: Approved

Effective Date Requested (New): On Approval

Effective Date (New): 07/10/2008

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):
07/10/2008

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile: Authorized

Project Number:

Domicile Status Comments: This filing is not required to be submitted in Texas (SNIC's state of domicile). A "desk filing" has been prepared for TX, as required.

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 07/10/2008

State Status Changed: 07/10/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

State National Insurance Company, a member of Insurance Services Office (ISO), is submitting revised commercial inland marine forms for its approved AG Guaranty Cotton Package Policy.

SERFF Tracking Number: STNA-125727542 State: Arkansas
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There is no rate impact from this filing.

Enclosed for your review:

- State Required Filing Forms
- Exhibit I - Summary of Form Revisions with Marked-Up Versions of Forms
- Independent Forms

An EFT in the amount of \$50.00 has been initiated to cover the required filing fees.

We ask that this filing become effective for all policies effective upon your approval.

Company and Contact

Filing Contact Information

John Battles, johnbattles@ircllc.com
IRC (941) 926-0144 [Phone]
Sarasota, FL 34231

Filing Company Information

State National Insurance Company Inc. CoCode: 12831 State of Domicile: Texas
8200 Anderson Boulevard Group Code: 93 Company Type: Property &
Casualty
Fort Worth, TX 76120 Group Name: State ID Number:
(800) 877-4567 ext. [Phone] FEIN Number: 75-1980552

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: Forms Filing
Per Company: No

SERFF Tracking Number: STNA-125727542 State: Arkansas
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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State National Insurance Company Inc.	\$50.00	07/09/2008	21318228

SERFF Tracking Number: STNA-125727542 State: Arkansas
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	07/10/2008	07/10/2008

SERFF Tracking Number: STNA-125727542 *State:* Arkansas
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Disposition

Disposition Date: 07/10/2008

Effective Date (New): 07/10/2008

Effective Date (Renewal): 07/10/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: STNA-125727542 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Filing Authorization	Approved	Yes
Supporting Document	Exhibit I	Approved	Yes
Form	Gin Stock Floater Coverage Form	Approved	Yes
Form	Cottonseed Monthly Reporter Endorsement	Approved	Yes
Form	Tornado Or Windstorm Endorsement	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Gin Stock Floater Coverage Form	AG-GSF CF (06/08)	06 08	Policy/Cove rage Form	Replaced Form #:0.00 AG - GSF CF (09/06) Previous Filing #: AR-PC-07- 024908		AG-GSF CF _06-08_.pdf
Approved	Cottonseed Monthly Reporter Endorsement	AG-GSF CSMR (06/08)	06 08	Endorseme nt/Amendm ent/Condi tions	Replaced Form #:0.00 AG - GSF CSMR (06/05) Previous Filing #: AR-PC-07- 024908		AG-GSF CSMR _06- 08_.pdf
Approved	Tornado Or Windstorm Endorsement	AG-GSF WIND I (06/08)	06 08	Endorseme nt/Amendm ent/Condi tions	Replaced Form #:0.00 AG - GSF WIND I (08/07) Previous Filing #: AR-PC-07- 026089		AG-GSF- WIND I _06- 08_.pdf

GIN STOCK FLOATER COVERAGE FORM

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Some words and phrases in this policy are to be taken in the sense they are used and understood in the Cotton Trade. Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. - DEFINITIONS.

A. **COVERAGE**

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss. Limits of Insurance on Covered Property are set out under Section C. LIMITS OF INSURANCE.

1. **Covered Property**

This insurance covers Seed Cotton (harvested but unprocessed), Baled Cotton (baled lint and/or baled motes), Cotton Seed (mill run and/or planting seed), Bagging, Ties and Trailer/"Module" Covers which:

- a. is the property of others in your care custody or control which you have accepted as a bailee; or
- b. you own,

and for which you have agreed to insure hereunder, subject to the terms, limits and conditions set forth elsewhere in this policy.

2. **Property Excluded**

This policy specifically excludes any coverage on cotton burrs and dust, and unbaled (loose) motes, lint cotton or seed on the cotton stalk prior to harvest and cotton seed in any separate storage building with a capacity in excess of 400 tons, unless specifically endorsed hereon.

3. **Covered Causes of Loss**

We insure the Covered Property for all risks of direct physical "loss" subject to the limitations and conditions set out under Section B. EXCLUSIONS.

4. **Where Coverage Applies**

a. On Premises

On Premises coverage applies to Covered Property while located on a scheduled premises listed on the Declarations, Supplemental Declarations, or specific endorsement.

b. Off Premises

Off Premises coverage applies to Covered Property located on farms, and/or field storage.

c. Transit Coverage

Transit Coverage applies to Covered Property inbound or outbound on any trailer, van or conveyance, to the first destination within 200 miles of the gin.

5. **Additional Coverages**

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

- (2) The most we will pay under this Additional Coverage is ten percent (10%) of the Covered Property "Loss" or \$10,000, whichever is greater.
- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water at your premises and/or any other premises where Covered Property may be stored; or
 - (b) Remove, restore or replace polluted land or water at your "premises" and/or any other location where Covered Property may be stored.

b. **Fire Department Charges**

We will pay the expense or charges you may incur by contract or agreement when the fire department is called or responds to save or protect the Covered Property from a Covered Cause of Loss. The most we will pay under this Additional Coverage is \$1,000.00 on anyone "loss".

B. EXCLUSIONS

We will not pay for a "loss" to the Covered Property for any of the following causes regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

- 1. "Loss" caused by hurricane, tropical storm, tidal waves, tornado, wind or windstorm, unless endorsed specifically hereon.
- 2. "Loss", including loss of weight or loss of grade, caused by delay, inherent vice, wetness or dampness, deterioration, being spotted, discolored, moldy, rusted, frosty, rotted, soured, steamed or changed in character, unless the same is a direct result of an insured peril.
- 3. "Loss", including loss of grade, caused by or resulting from flood, rising water or surface water, rain, hail, snow, moisture, dust or sand whether wind driven or not.
- 4. "Loss" of market caused by or resulting out of delay from any cause.
- 5. "Loss" caused by fraudulent, dishonest, intentional or criminal act by you, or by any of your partners, officers, directors, trustees, employees or joint ventures. This exclusion also applies to any other person who is lawfully in possession of the Covered Property.
- 6. "Loss" caused by the neglect of you, or by any of your partners, officers, directors, trustees, employees or joint ventures to use all responsible means to save and preserve Covered Property at and after any Covered Cause of Loss, or when the Covered Property is endangered by fire from a neighboring premises.
- 7. "Loss" as a result of confiscation, seizure or destruction by order of any government or public authority.

But we will pay for "loss" to Covered Property caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

- 8. "Loss", directly or indirectly, caused by or resulting from nuclear reaction, nuclear radiation or radioactive contamination whether controlled or uncontrolled.
But we will pay for direct "loss" to Covered Property caused by fire resulting from any such occurrence.
- 9. "Loss" caused by, arising from or out of acts of war, including undeclared or civil war, or warlike action by a military force, insurrection, rebellion, usurped power or action taken by a governmental authority in hindering or defending against any of these actions.
- 10. "Loss", directly or indirectly caused by or resulting from or in connection with any Act of "Terrorism".

We will not pay for a "loss" by fire resulting from any cause or event contributing concurrently or in any other sequence to any act of "terrorism".

11. "Loss" caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotions or the acts of any person(s) taking part in such occurrence or disorder. We will pay for "Loss" by fire resulting from any such occurrence or disorder.
12. The Excess Value of Organic and/or Non-Organic Cotton, White or otherwise. Loss Valuation will be determined by using the USDA Daily Spot Cotton Quotations, Color 41, Staple 34, Leaf 4, for the Growth Area.
13. "Loss" off the gin premises to Trailer /"Module" covers unless involved in an occurrence of damage to seed cotton.
14. "Loss" as a result of misidentified and/or failure to properly tag any trailer or "Module" of seed cotton.
15. Mysterious disappearance, including any cause when the only proof that a "loss" occurred is an inventory shortage.
16. Your voluntary parting with title to or possession of covered property if you are induced to do so by a trick, scheme, fraud, device or false pretense.
17. "Loss" caused by or resulting from contamination and/or concealed damage to the cotton lint or cotton seed, processed or unprocessed, unless endorsed specifically hereon.
18. "Loss" to seed cotton which occurs after the last bale is ginned.
19. "Loss" to seed cotton while in harvesting equipment of any description.

C. LIMITS OF INSURANCE

Unless otherwise endorsed, it is a condition of this policy that the limits of liability per anyone "loss", or series of "losses" arising out of one event, to which this coverage applies shall not exceed:

- | | | |
|----|-------------|---|
| 1. | \$250,000 | Seed cotton in Trailers or "Module's" in each storage yard stored On Premises (subject to Storage Warranty D.1. below). |
| 2. | \$100,000 | Baled Cotton stored On Premises or within 200 feet thereof awaiting shipment. |
| 3. | \$50,000 | Cotton seed storage On Premises. |
| 4. | \$50,000 | Inbound and outbound transit on any trailer, van or conveyance, to the first destination within 200 miles. |
| 5. | \$50,000 | Bagging and ties, trailer /"Module" covers. |
| 6. | \$2,000 | Business personal property consisting of fire fighting equipment only. |
| 7. | \$50,000 | Off Premises seed cotton storage yard on each and every farm location (subject to Storage Warranty D.2. below). |
| 8. | \$2,000 | Seed cotton in harvesting equipment of any description. |
| 9. | \$2,500,000 | Total limit of liability for anyone "loss" arising from anyone "occurrence" regardless of the total limit of all above described items. |

Items 1, 2 and 7 above are subject to conditions set forth in Section D. – STORAGE WARRANTIES.

D. STORAGE WARRANTIES

A violation of these warranties wholly suspends the insurance that applies to each yard(s) described in paragraphs below in respect to where such violations occur and for the period during which such violations continue.

1. On Premises Seed Cotton Storage Yards Warranty. This warranty applies to all locations listed on the declarations, supplemental declarations or specific endorsement Storage at other non-listed locations is subject to paragraph 2 below.

Seed cotton On Premises shall be stored in a manner that:

- (a) Each yard shall be located with no less than 100 feet clear space from:
 - (1) any other storage yard;
 - (2) any baled cotton storage facility;
 - (3) any quarantined cotton;
 - (4) any burr and/or trash pile; and
 - (5) any other property in the open.
- (b) Each yard shall be located with no less than 40 feet clear space from any building or structure except as provided for in paragraph (a) (2) above.

2. Off Premises seed cotton storage warranty.

Seed cotton stored Off Premises on each and every farm location shall be stored as follows:

- (a) Storage Yard(s)

No more than 10 "Modules" shall be stored in any off premises storage yard and each yard will be separated by a clear space of 100 feet from the nearest other yard.
- (b) Field Storage

Individual "Modules" or trailers not stored in a yard will be separated by a clear space of 25 feet from the nearest other "Module" or trailer, subject to a maximum value of \$5,000 each individual trailer or "Module".

E. ADDITIONAL CONDITIONS

1. Valuation

General Condition – L of the Common Policy Conditions is replaced by the following:

- (a) Actual Cash Value / Market Value -Non-Contracted Cotton

On non-contracted cotton we shall not be liable beyond the actual cash value reported by the appropriate USDA Daily Spot Quotation market at the time and place of "loss", less all unincurred expenses to which the property would have been subject had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business. In the event the appropriate USDA Daily Spot Quotation market is closed on the date of "loss", the quotation of the next market day will be used.
- (b) Actual Cash Value / Market Value -Non-Contracted Cotton Seed

On non-contracted cotton seed we will not be liable beyond the market value on the date of the "loss". If market is closed on the date of the loss the values on the next market day following the "loss" will be used.
- (c) Contract Valuation
 - (1) Contract Price

We shall not be liable beyond a written Contract price on the property insured at the time "loss" occurs, less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written contract.
 - (2) Call Contract Price

We shall not be liable beyond a written Call Contract Price on the property insured on the date of "loss". An Advance Call Basis price adjustment will be

deducted from the call price. "Loss" will be less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written contract.

(3) Pool Contract

We shall not be liable beyond the Seasonal Advance Payment plus the estimated Equity Payment or at our option up to ten (10) years average of the Final Equity Price Payment "loss" will be less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written Option Notice.

(4) Futures Contract

We shall not be liable beyond the Futures Contract Price on property insured. Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business. The Investment Base will be deducted and an Equity Payment will be added.

(d) Equity Payment (POP) or Loan Deficiency (LDP) Price

We shall not be liable beyond the Commodity Credit Corporation (CCC) Loan Program or an Equity Contract, plus Equity amount of the property insured at the time of "loss". In the event the market is closed on the date of "loss", the Equity quotation of the next day will be used. Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business.

The Producer Option Payment (POP) or Loan Deficiency Payment (LDP) price will be determined by using the difference between the National average of the CCC Upland Cotton Loan rate and the Adjusted World Price. When eligible, these payments will apply to all valuations except Pool Contracts Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business.

(e) All other property will be valued at its actual cash value at the time of the "loss".

2. **"Loss" Reporting Warranty**

You agree to notify us by written report no later than 7 days from the time of any occurrence which causes "loss" to property insured hereunder. Any failure to comply with this condition shall void coverage for said "loss".

3. **"Loss" Settlement**

In the event of a "loss" the most we will pay for seed cotton that has not been weighed by the named insured is the average weight on the average number of bales produced on the farm number where the seed cotton was harvested. Payment will not be based on the estimated size or weight of a "Module" or trailer.

Settlement of "loss" will be determined by using the following procedure:

- (a) We will require a Detail Bale Report by gin bale number or a Producer Recap Report which reflects the number of bales per load and number of loads harvested from the farm including the weight per load. The total number of loads will be divided into the total number of bales to determine the average number of bales per load for each farm. Average weight per bale will be determined by dividing the total number of bales into the total weight for all loads from each farm.

- (b) We will require a Bale Analysis Report or Farm Number Classing recap that reflects the grade, staple, micronaire, strength and uniformity to determine the price per pound for the lint cotton.

4. **Deductibles**

In consideration of the rate at which this policy is written, it is a condition of this insurance that you bear the deductible shown on Form AG – GSF DEC, Gin Stock Floater Declaration, Deductible Section, the deductible shall apply to each and every "loss" caused by any Covered Cause of Loss on an occurrence basis.

- (a) On all "loss" occurring Off Premises deductible to apply to each and every farm number.

5. **Premium Adjustment**

You agree to keep an accurate record of bales ginned and to report to us, on or before February 15th, the number of bales ginned and to pay the fully earned premium at the rate per bale of cotton ginned as shown on the Declarations. Premium shall be adjusted on the basis of such report as compared to deposit premium paid. The minimum retained premium shall be two thousand five hundred dollars (\$2,500.00). For premium purposes any long staple cotton will be considered as 1.5 bales.

F. **DEFINITIONS**

1. "Loss" means direct and accidental loss, damage or related expense.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Terrorism" means an act of violence committed by a person or group(s) of persons in order to intimidate a population or government into granting their demands.
4. "Occurrence" means an accident or event, including continuous or repeated exposure to substantially the same general harmful conditions.
5. "Module" means any unit of seed cotton compacted in a standard size "Module" builder, or two small modules packed by an International Case Cotton Picker, or four round modules packed by a John Deere Cotton Picker.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COTTONSEED MONTHLY REPORTER ENDORSEMENT

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

In consideration of an additional premium charge this policy is extended to cover cotton seed stored in buildings with a storage capacity in excess of 400 tons, subject to the following:

1. COVERED PROPERTY

In consideration of an additional premium, and subject to the limit of liability shown below, we agree to extend coverage to cottonseed stored in a cottonseed house where you may be legally liable or have the contractual responsibility to insure on a primary basis.

2. LIMIT OF LIABILITY

The Limit of Insurance for Cottonseed Storage as shown on the Gin Stock Floater Coverage Form (AG – GSF – CF, Section C.3.) is shown on the Gin Stock Floater Declaration Form AG – GSF – DEC.

3. DEDUCTIBLE

\$10,000.00 deductible shall be applied to each and every cotton seed "loss".

4. REPORTS AND PREMIUM COMPUTATION

You agree to submit monthly reports during the policy period shown on the Gin Stock Floater Declarations.

A. Reports:

At the effective date of the policy you will report to us in writing the total tonnage of cottonseed stored at you premises. Within 30 days after the end of each month you will report to us the total number of tons stored in each cottonseed storage building and/or warehouse as of the last day of the month.

B. Premium Computation:

The premium will be computed based on the monthly averages of the value at risk during the reporting period. The average value will be determined by taking the value at risk at the close of each month during the policy period. We will compute premium by:

- 1) using rate shown on the Gin Stock Floater Policy Declarations [AG – GSF - DEC]; and
- 2) the total tonnage as of the last day of each month; and for
- 3) Whole Cottonseed:

The monthly value will be determined by the average of the USDA Memphis Weekly Feedstuffs Prices Report for each month during the policy period; and for

- 4) At the end of the policy period, we will compute the total monthly premium and compare it to the Deposit and Fully Earned Premium. If the premium is more than the Fully Earned Deposit Premium, you will pay us the difference.

5. FULL VALUE REPORTING VALUATION CLAUSE

In the event of a "loss", we will not be liable for no greater proportion than the limit of liability shown on the Gin Stock Floater Policy Declarations [AG – GSFDEC] bears to the actual value of the property insured at the time of such "loss".

6. FAILURE TO SUBMIT REPORTS

If at the time of "loss" you have failed to submit:

- A. the first required report of value we will not pay more than 25% of the amount we would have otherwise paid; or
- B. any required report of value after the first required report; we will not pay more than the amount indicated on your last report of value.

7. LOSS PAYABLE

- A. In the event of "loss" to Whole Cottonseed the actual cash value provided by this insurance shall be the market value as commercial whole cottonseed. The value shall be based on the nearest applicable Whole Cottonseed obtained from the USDA Memphis Weekly Feedstuffs Price Report.
- B. Where no USDA Memphis Weekly Feedstuffs Price Report exist as of the date of "loss", the quotations of the next following market report will be used.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

COTTONSEED MONTHLY REPORTER ENDORSEMENT Con't

8. WARRANTIES

A violation of these warranties wholly suspends coverage for cotton seed stored in building(s) were such violations have occurred.

- A. You warrant that daily temperature "monitoring" will be recorded during the ginning season and weekly temperature "monitoring" will be recorded thereafter.
- B. You warrant that an aeration system will be used that is specifically designed for the storage of cottonseed.

9. DEFINITION

"Monitoring" means the use of a device that indicates an actual temperature in degrees.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TORNADO OR WINDSTORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

GIN STOCK FLOATER COVERAGE FORM: AG – GSF CF

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by endorsement.

In consideration of an additional charge included in the rate per bale, this insurance is extended to cover loss of lint caused by Tornado or Windstorm subject to the following:

1. We will not pay for "loss" to seed cotton in modules unless such modules are covered by module covers that are designed to withstand moderate to extreme winds which are resistant to being blown off.
2. We will not pay for "loss", including loss of grade, to seed cotton caused by rain, hail, snow, rising water, moisture, flood, dust or sand resulting from or in connection with a "loss" by tornado or windstorm regardless of any other cause or event contributing concurrently or in any other sequence to the "loss".
3. The deductible shown on Form AG – GSF DEC, Gin Stock Floater Declaration, Deductible Section, shall apply to each and every "loss" caused by windstorm on an occurrence basis.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

SERFF Tracking Number: *STNA-125727542* *State:* *Arkansas*
Filing Company: *State National Insurance Company Inc.* *State Tracking Number:* *EFT \$50*
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TOI: *09.0 Inland Marine* *Sub-TOI:* *09.0005 Other Commercial Inland Marine*
Product Name: *Cotton Package Program - IM Forms Filing*
Project Name/Number: /

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: STNA-125727542 State: Arkansas
Filing Company: State National Insurance Company Inc. State Tracking Number: EFT \$50
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TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine
Product Name: Cotton Package Program - IM Forms Filing
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 07/10/2008

Comments:

Attachment:

AR F NAIC Transmittal.pdf

Satisfied -Name: Filing Authorization **Review Status:** Approved 07/10/2008

Comments:

Attachment:

FAL-AR-IM F 6-30-08.pdf

Satisfied -Name: Exhibit I **Review Status:** Approved 07/10/2008

Comments:

Attachment:

1 - Exhibit I.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 5px;"> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
N/A	000

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
State National Insurance Company, Inc.	TX	12831	75-1980552	

5. Company Tracking Number	AG-COTTON-IMF-08
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Jeremy W. Battles - IRC, LLC 50 Broad Street, Suite 501 New York, NY 10004	Manager	212-571-3884	212-571-2502	jeremybattles@irc.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Jeremy W. Battles

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	9.0 - Commercial Inland Marine
10. Sub-Type of Insurance (Sub-TOI)	9.0005 - Other Commercial Inland Marine
11. State Specific Product code(s) (if applicable)[See State Specific	N/A
12. Company Program Title (Marketing title)	AG Guaranty Cotton Package Policy Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: Upon Approval Renewal: Upon Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	7/9/2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking # AG-COTTON-IMF-08

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

State National Insurance Company, a member of Insurance Services Office (ISO), is submitting revised commercial inland marine forms for its approved AG Guaranty Cotton Package Policy.

There is no rate impact from this filing.

22. Filing Fees (Filer must provide check # and fee amount if applicable)
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: EFT
Amount: \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	AG-COTTON-IMF-08			
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Gin Stock Floater Coverage Form	AG-GSF CF (06/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AG - GSF CF (09/06)	AR-PC-07-024908
02	Cottonseed Monthly Reporter Endorsement	AG-GSF CSMR (06/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AG - GSF CSMR (06/05)	AR-PC-07-024908
03	Tornado Or Windstorm Endorsement	AG-GSF WIND I (06/08)	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AG - GSF WIND I (08/07)	AR-PC-07-026089
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		



June 30, 2008

Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

**Re: Letter of Filing Authorization
State National Insurance Company, Inc.
AG Guaranty Program
Commercial Inland Marine
Forms Filing**

Dear Ladies/Gentlemen:

This letter will certify that IRC, Insurance Regulatory Consultants, LLC has been given full authorization to submit the captioned filing on behalf of State National Insurance Company, Inc. This authorization extends to all correspondence related to the referenced filing only. It does not apply to any subsequent filings made after the approval of the referenced filing.

Please direct all correspondence in relation to this filing directly to IRC, 50 Broad Street Suite 501, New York, NY 10004. Should you have any questions concerning this filing, please contact IRC at (212) 571-3989. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Cleff", is written over a faint, larger version of the same signature.

David M. Cleff
Senior Vice President and General Counsel

Cc: File (AG Guaranty – Commercial Inland Marine Programs)

Explanation of Form Revisions

1. Form **AG-GSF CF (06/08)** - Gin Stock Floater Coverage Form (formerly AG - GSF CF (09/06)):
 - a. Section E. Additional Conditions, Paragraph 2. "Loss" Warranty - the 72 Hours has been revised to 7 days extending the reporting of losses. This was done due to the nature of the industry claims are based on field/acre averages this gives them more time to turn in the loss with complete information.
 - b. E. Additional Conditions 4. Deductibles - Our deductibles under the old form were per module under the revision the deductible will be on an occurrence basis which broadens the amount of coverage at the time of loss.
 - c. F. Definitions we added the Term Module to included some of the newer versions of the modules may by Case equipment and John Deere Equipment.

2. Form **AG-GSF CSMR (06/08)** – Cottonseed Monthly Report Endorsement (formerly AG - GSF CSMR (06/05)):

This change involved the premium computation and the amount insured computation to avoid coinsurance problems because of the existing seed market for cotton seed and we also tied the form into the market which gives us a better idea of exposure and the insured broader coverage in the event of a claim by reducing the likelihood of a penalty for under insuring the loss.

3. Form **AG-GSF WIND I (06/08)** – Tornado Or Windstorm Endorsement (formerly AG - GSF WIND I (08/07)):

We revised 1. to exclude coverage on modules unless the Gin uses new module covers that are designed to withstand moderate to extreme winds which are resistant to being blown off and we removed the exclusion for Hurricanes or Named storms. We looked at this change as a broadening of coverage.

The following pages contain marked-up versions of these 3 revised endorsements.

GIN STOCK FLOATER COVERAGE FORM

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown on the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Some words and phrases in this policy are to be taken in the sense they are used and understood in the Cotton Trade. Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. - DEFINITIONS.

A. **COVERAGE**

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss. Limits of Insurance on Covered Property are set out under Section C. LIMITS OF INSURANCE.

1. **Covered Property**

This insurance covers Seed Cotton (harvested but unprocessed), Baled Cotton (baled lint and/or baled motes), Cotton Seed (mill run and/or planting seed), Bagging, Ties and Trailer/"Module" Covers which:

- a. is the property of others in your care custody or control which you have accepted as a bailee; or
- b. you own,

and for which you have agreed to insure hereunder, subject to the terms, limits and conditions set forth elsewhere in this policy.

2. **Property Excluded**

This policy specifically excludes any coverage on cotton burrs and dust, and unbaled (loose) motes, lint cotton or seed on the cotton stalk prior to harvest and cotton seed in any separate storage building with a capacity in excess of 400 tons, unless specifically endorsed hereon.

3. **Covered Causes of Loss**

We insure the Covered Property for all risks of direct physical "loss" subject to the limitations and conditions set out under Section B. EXCLUSIONS.

4. **Where Coverage Applies**

a. On Premises

On Premises coverage applies to Covered Property while located on a scheduled premises listed on the Declarations, Supplemental Declarations, or specific endorsement.

b. Off Premises

Off Premises coverage applies to Covered Property located on farms, and/or field storage.

c. Transit Coverage

Transit Coverage applies to Covered Property inbound or outbound on any trailer, van or conveyance, to the first destination within 200 miles of the gin.

5. **Additional Coverages**

a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

- (2) The most we will pay under this Additional Coverage is ten percent (10%) of the Covered Property "Loss" or \$10,000, whichever is greater.
- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water at your premises and/or any other premises where Covered Property may be stored; or
 - (b) Remove, restore or replace polluted land or water at your "premises" and/or any other location where Covered Property may be stored.

b. **Fire Department Charges**

We will pay the expense or charges you may incur by contract or agreement when the fire department is called or responds to save or protect the Covered Property from a Covered Cause of Loss. The most we will pay under this Additional Coverage is \$1,000.00 on anyone "loss".

B. EXCLUSIONS

We will not pay for a "loss" to the Covered Property for any of the following causes regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

1. "Loss" caused by hurricane, tropical storm, tidal waves, tornado, wind or windstorm, unless endorsed specifically hereon.
2. "Loss", including loss of weight or loss of grade, caused by delay, inherent vice, wetness or dampness, deterioration, being spotted, discolored, moldy, rusted, frosty, rotted, soured, steamed or changed in character, unless the same is a direct result of an insured peril.
3. "Loss", including loss of grade, caused by or resulting from flood, rising water or surface water, rain, hail, snow, moisture, dust or sand whether wind driven or not.
4. "Loss" of market caused by or resulting out of delay from any cause.
5. "Loss" caused by fraudulent, dishonest, intentional or criminal act by you, or by any of your partners, officers, directors, trustees, employees or joint ventures. This exclusion also applies to any other person who is lawfully in possession of the Covered Property.
6. "Loss" caused by the neglect of you, or by any of your partners, officers, directors, trustees, employees or joint ventures to use all responsible means to save and preserve Covered Property at and after any Covered Cause of Loss, or when the Covered Property is endangered by fire from a neighboring premises.
7. "Loss" as a result of confiscation, seizure or destruction by order of any government or public authority.

But we will pay for "loss" to Covered Property caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

8. "Loss", directly or indirectly, caused by or resulting from nuclear reaction, nuclear radiation or radioactive contamination whether controlled or uncontrolled.

But we will pay for direct "loss" to Covered Property caused by fire resulting from any such occurrence.
9. "Loss" caused by, arising from or out of acts of war, including undeclared or civil war, or warlike action by a military force, insurrection, rebellion, usurped power or action taken by a governmental authority in hindering or defending against any of these actions.
10. "Loss", directly or indirectly caused by or resulting from or in connection with any Act of "Terrorism".

We will not pay for a "loss" by fire resulting from any cause or event contributing concurrently or in any other sequence to any act of "terrorism".

11. "Loss" caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotions or the acts of any person(s) taking part in such occurrence or disorder. We will pay for "Loss" by fire resulting from any such occurrence or disorder.
12. The Excess Value of Organic and/or Non-Organic Cotton, White or otherwise. Loss Valuation will be determined by using the USDA Daily Spot Cotton Quotations, Color 41, Staple 34, Leaf 4, for the Growth Area.
13. "Loss" off the gin premises to Trailer /"Module" covers unless involved in an occurrence of damage to seed cotton.
14. "Loss" as a result of misidentified and/or failure to properly tag any trailer or "Module" of seed cotton.
15. Mysterious disappearance, including any cause when the only proof that a "loss" occurred is an inventory shortage.
16. Your voluntary parting with title to or possession of covered property if you are induced to do so by a trick, scheme, fraud, device or false pretense.
17. "Loss" caused by or resulting from contamination and/or concealed damage to the cotton lint or cotton seed, processed or unprocessed, unless endorsed specifically hereon.
18. "Loss" to seed cotton which occurs after the last bale is ginned.
19. "Loss" to seed cotton while in harvesting equipment of any description.

C. LIMITS OF INSURANCE

Unless otherwise endorsed, it is a condition of this policy that the limits of liability per anyone "loss", or series of "losses" arising out of one event, to which this coverage applies shall not exceed:

- | | | |
|----|-------------|---|
| 1. | \$250,000 | Seed cotton in Trailers or "Module's" in each storage yard stored On Premises (subject to Storage Warranty D.1. below). |
| 2. | \$100,000 | Baled Cotton stored On Premises or within 200 feet thereof awaiting shipment. |
| 3. | \$50,000 | Cotton seed storage On Premises. |
| 4. | \$50,000 | Inbound and outbound transit on any trailer, van or conveyance, to the first destination within 200 miles. |
| 5. | \$50,000 | Bagging and ties, trailer /"Module" covers. |
| 6. | \$2,000 | Business personal property consisting of fire fighting equipment only. |
| 7. | \$50,000 | Off Premises seed cotton storage yard on each and every farm location (subject to Storage Warranty D.2. below). |
| 8. | \$2,000 | Seed cotton in harvesting equipment of any description. |
| 9. | \$2,500,000 | Total limit of liability for anyone "loss" arising from anyone "occurrence" regardless of the total limit of all above described items. |

Items 1, 2 and 7 above are subject to conditions set forth in Section D. – STORAGE WARRANTIES.

D. STORAGE WARRANTIES

A violation of these warranties wholly suspends the insurance that applies to each yard(s) described in paragraphs below in respect to where such violations occur and for the period during which such violations continue.

1. On Premises Seed Cotton Storage Yards Warranty. This warranty applies to all locations listed on the declarations, supplemental declarations or specific endorsement Storage at other non-listed locations is subject to paragraph 2 below.

Seed cotton On Premises shall be stored in a manner that:

- (a) Each yard shall be located with no less than 100 feet clear space from:
 - (1) any other storage yard;
 - (2) any baled cotton storage facility;
 - (3) any quarantined cotton;
 - (4) any burr and/or trash pile; and
 - (5) any other property in the open.
- (b) Each yard shall be located with no less than 40 feet clear space from any building or structure except as provided for in paragraph (a) (2) above.

2. Off Premises seed cotton storage warranty.

Seed cotton stored Off Premises on each and every farm location shall be stored as follows:

- (a) Storage Yard(s)

No more than 10 "Modules" shall be stored in any off premises storage yard and each yard will be separated by a clear space of 100 feet from the nearest other yard.
- (b) Field Storage

Individual "Modules" or trailers not stored in a yard will be separated by a clear space of 25 feet from the nearest other "Module" or trailer, subject to a maximum value of \$5,000 each individual trailer or "Module".

E. ADDITIONAL CONDITIONS

1. Valuation

General Condition – L of the Common Policy Conditions is replaced by the following:

- (a) Actual Cash Value / Market Value -Non-Contracted Cotton

On non-contracted cotton we shall not be liable beyond the actual cash value reported by the appropriate USDA Daily Spot Quotation market at the time and place of "loss", less all unincurred expenses to which the property would have been subject had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business. In the event the appropriate USDA Daily Spot Quotation market is closed on the date of "loss", the quotation of the next market day will be used.
- (b) Actual Cash Value / Market Value -Non-Contracted Cotton Seed

On non-contracted cotton seed we will not be liable beyond the market value on the date of the "loss". If market is closed on the date of the loss the values on the next market day following the "loss" will be used.
- (c) Contract Valuation
 - (1) Contract Price

We shall not be liable beyond a written Contract price on the property insured at the time "loss" occurs, less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written contract.
 - (2) Call Contract Price

We shall not be liable beyond a written Call Contract Price on the property insured on the date of "loss". An Advance Call Basis price adjustment will be

deducted from the call price. "Loss" will be less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written contract.

(3) Pool Contract

We shall not be liable beyond the Seasonal Advance Payment plus the estimated Equity Payment or at our option up to ten (10) years average of the Final Equity Price Payment "loss" will be less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business and subject to all conditions of the written Option Notice.

(4) Futures Contract

We shall not be liable beyond the Futures Contract Price on property insured. Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business. The Investment Base will be deducted and an Equity Payment will be added.

(d) Equity Payment (POP) or Loan Deficiency (LDP) Price

We shall not be liable beyond the Commodity Credit Corporation (CCC) Loan Program or an Equity Contract, plus Equity amount of the property insured at the time of "loss". In the event the market is closed on the date of "loss", the Equity quotation of the next day will be used. Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business.

The Producer Option Payment (POP) or Loan Deficiency Payment (LDP) price will be determined by using the difference between the National average of the CCC Upland Cotton Loan rate and the Adjusted World Price. When eligible, these payments will apply to all valuations except Pool Contracts Price will be subject to all the conditions of the written contract less all unincurred expenses which the property would have been subject to had no "loss" occurred, including future patronage dividends and/or rebates from ginning and/or any other related operation or business.

(e) All other property will be valued at its actual cash value at the time of the "loss".

2. **"Loss" Reporting Warranty**

You agree to notify us by written report no later than 7 days ~~72 hours~~ from the time of any occurrence which causes "loss" to property insured hereunder. Any failure to comply with this condition shall void coverage for said "loss".

3. **"Loss" Settlement**

In the event of a "loss" the most we will pay for seed cotton that has not been weighed by the named insured is the average weight on the average number of bales produced on the farm number where the seed cotton was harvested. Payment will not be based on the estimated size or weight of a "Module" or trailer.

Settlement of "loss" will be determined by using the following procedure:

- (a) We will require a Detail Bale Report by gin bale number or a Producer Recap Report which reflects the number of bales per load and number of loads harvested from the farm including the weight per load. The total number of loads will be divided into the total number of bales to determine the average number of bales per load for each farm. Average weight per bale will be determined by dividing the total number of bales into the total weight for all loads from each farm.

- (b) We will require a Bale Analysis Report or Farm Number Classing recap that reflects the grade, staple, micronaire, strength and uniformity to determine the price per pound for the lint cotton.

4. **Deductibles**

In consideration of the rate at which this policy is written, it is a condition of this insurance that you bear the deductible shown on Form AG – GSF DEC, Gin Stock Floater Declaration, Deductible Section, the deductible shall apply to each and every "loss" caused by any Covered Cause of Loss on an occurrence basis.

- (a) On all "loss" occurring Off Premises deductible to apply to each and every farm number.
- ~~(a) On all "loss" occurring "On Premises" or premises you control, lease or occupy, on all inbound or outbound transit "loss" and on each and every Harvesting Equipment "loss".~~
- ~~(b) On all "loss" occurring "Off Premises" shall apply separately to each and every module and/or trailer.~~
- ~~(c) Any deductible that exceeds \$1,500 shall apply on an occurrence basis for each and every "loss" occurring Off Premises except for any loss caused by tornado or windstorm.~~

5. **Premium Adjustment**

You agree to keep an accurate record of bales ginned and to report to us, on or before February 15th, the number of bales ginned and to pay the fully earned premium at the rate per bale of cotton ginned as shown on the Declarations. Premium shall be adjusted on the basis of such report as compared to deposit premium paid. The minimum retained premium shall be two thousand five hundred dollars (\$2,500.00). For premium purposes any long staple cotton will be considered as 1.5 bales.

F. **DEFINITIONS**

1. "Loss" means direct and accidental loss, damage or related expense.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Terrorism" means an act of violence committed by a person or group(s) of persons in order to intimidate a population or government into granting their demands.
4. "Occurrence" means an accident or event, including continuous or repeated exposure to substantially the same general harmful conditions.
5. "Module" means any unit of seed cotton compacted in a standard size "Module" builder, or two small modules packed by an International Case Cotton Picker, or four round modules packed by a John Deere Cotton Picker.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COTTONSEED MONTHLY REPORTER ENDORSEMENT

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

In consideration of an additional premium charge this policy is extended to cover cotton seed stored in buildings with a storage capacity in excess of 400 tons, subject to the following:

1. COVERED PROPERTY

In consideration of an additional premium, and subject to the limit of liability shown below, we agree to extend coverage to cottonseed stored in a cottonseed house where you may be legally liable or have the contractual responsibility to insure on a primary basis.

2. LIMIT OF LIABILITY

The Limit of Insurance for Cottonseed Storage as shown on the Gin Stock Floater Coverage Form (AG – GSF – CF, Section C.3.) is shown on the Gin Stock Floater Declaration Form AG – GSF – DEC.

3. ANNUAL RATE

~~\$1.50 per \$100 reported on a monthly basis.~~

3. 4. DEDUCTIBLE

\$10,000.00 deductible shall be applied to each and every cotton seed "loss".

4. 5. REPORTS AND PREMIUM COMPUTATION

You agree to submit monthly reports during the policy period shown on the Gin Stock Floater Declarations. ~~Reports will be due 30 days after the last day of each month showing the value of the covered property on hand as of the last day of the month and pay premium at the rate shown above. We will compare the total computed premium to the deposit premium. If it is more than the deposit premium, you will pay us the difference. If it is less than the deposit premium, we will pay to you the difference subject to a minimum earned premium stated on the declaration page.~~

A. Reports:

At the effective date of the policy you will report to us in writing the total tonnage of cottonseed stored at you premises. Within 30 days after the end of each month you will report to us the total number of tons stored in each cottonseed storage building and/or warehouse as of the last day of the month.

B. Premium Computation:

The premium will be computed based on the monthly averages of the value at risk during the reporting period. The average value will be determined by taking the value at risk at the close of each month during the policy period. We will compute premium by:

- 1) using rate shown on the Gin Stock Floater Policy Declarations [AG – GSF - DEC]; and
- 2) the total tonnage as of the last day of each month; and for
- 3) Whole Cottonseed;

The monthly value will be determined by the average of the USDA Memphis Weekly Feedstuffs Prices Report for each month during the policy period; and for

- 4) At the end of the policy period, we will compute the total monthly premium and compare it to the Deposit and Fully Earned Premium. If the premium is more than the Fully Earned Deposit Premium, you will pay us the difference.

5. 6. FULL VALUE REPORTING VALUATION CLAUSE

In the event of a "loss", we will not be liable for no greater proportion than the limit of liability shown on the Gin Stock Floater Policy Declarations [AG – GSFDEC] bears to the actual value of the property insured at the time of such "loss".

6. 7. FAILURE TO SUBMIT REPORTS

If at the time of "loss" you have failed to submit:

- A. the first required report of value we will not pay more than 25% of the amount we would have otherwise paid; or
- B. any required report of value after the first required report; we will not pay more than the amount indicated on your last report of value.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

COTTONSEED MONTHLY REPORTER ENDORSEMENT Con't

~~7. 8.~~ LOSS PAYABLE

~~In the event of a "loss" under this coverage, we agree to pay jointly you and any other party with an interest in the Covered Property. The interest of other parties must be established by ownership or having a pledge for the Covered Property.~~

- A. ~~In the event of "loss" to Whole Cottonseed the actual cash value provided by this insurance shall be the market value as commercial whole cottonseed. The value shall be the based on the nearest applicable Whole Cottonseed obtained from the USDA Memphis Weekly Feedstuffs Price Report.~~
- B. ~~Where no USDA Memphis Weekly Feedstuffs Price Report exist as of the date of "loss", the quotations of the next following market report will be used.~~

~~8. 9.~~ WARRANTIES

~~A violation of these warranties wholly suspends coverage for cotton seed stored in building(s) were such violations have occurred.~~

- A. ~~You warrant that daily temperature "monitoring" will be recorded during the ginning season and weekly temperature "monitoring" will be recorded thereafter.~~
- B. ~~You warrant that an aeration system will be used that is specifically designed for the storage of cottonseed.~~

~~9. 10.~~ DEFINITION

~~"Monitoring" means the use of a device that indicates an actual temperature in degrees.~~

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TORNADO OR WINDSTORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

GIN STOCK FLOATER COVERAGE FORM: AG – GSF CF

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by endorsement.

In consideration of an additional charge included in the rate per bale, this insurance is extended to cover loss of lint caused by Tornado or Windstorm subject to the following:

1. We will not pay for "loss" to seed cotton in modules unless such modules are covered, ~~on the top and extending down each side for at least three (3) feet, by a tarp or netting that is tied down or so designed as to be resistant to being blown off by module covers that are designed to withstand moderate to extreme winds which are resistant to being blown off.~~
2. We will not pay for "loss", including loss of grade, to seed cotton caused by rain, hail, snow, rising water, moisture, flood, dust or sand resulting from or in connection with a "loss" by tornado or windstorm regardless of any other cause or event contributing concurrently or in any other sequence to the "loss".
3. The deductible shown on Form AG – GSF DEC, Gin Stock Floater Declaration, Deductible Section, shall apply to each and every "loss" caused by windstorm on an occurrence basis.

Exclusion:

1. ~~We will exclude "loss" caused by a Named Hurricane and/or Tropical Storm only while maintaining the standards that make them a Named Hurricane and/or Tropical Storm~~

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED