United States Department of Agriculture
Risk Management Agency

January 2009

2009 COMMODITY INSURANCE FACT SHEET

Group Risk Plan (GRP)

Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Virginia, West Virginia

Group Risk Plan (GRP)

Group Risk Plan (GRP) insurance is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county.

Counties Available

GRP is available in many of the counties for the states and crops as shown below:

Corn: DE, MD, NC, NJ, NY, PA, VA, WV
Cotton: NC
Forage Production: MD, PA
Peanuts: NC, VA
Soybean: DE, MD, NC, NJ, VA
Wheat: DE, MD, NC

Important Dates

Corn

Sales Closing	February 28	NC
Sales Closing	March 15	DE, MD, NJ, NY, PA, VA, WV
Acreage Reporting	June 30	NC, VA
Acreage Reporting	July 15	DE, MD, NJ, NY, PA, WV

Cotton

Sales Closing	February 28	NC
Acreage Reporting	June 30	NC

Forage Production

Sales Closing	November 30	MD, PA
Acreage Reporting	May 15	MD, PA

Peanuts

Sales Closing	February 28	NC
Sales Closing	March 15	VA
Acreage Reporting	June 30	NC, VA

Soybeans

Sales Closing	February 28	NC
Sales Closing	March 15	DE, MD, NJ, VA
Acreage Reporting	June 30	NC
Acreage Reporting	July 15	DE, MD, NJ, VA

Wheat

Sales Closing	September 30	DE, MD, NC
Acreage Reporting	November 30	DE, MD
Acreage Reporting	December 15	NC

Definitions

Dollar amount of protection per acre— The percentage of coverage selected multiplied by the maximum protection per acre specified in the actuarial documents for the crop, practice, and type.

Expected county yield— The yield contained in the actuarial documents on which the coverage for the crop year is based. This yield is determined using historical county average yields, as adjusted by FCIC.

Maximum protection per acre— The highest amount of protection specified in the actuarial documents.

NASS— National Agricultural Statistics Service, an agency within USDA which publishes the official U.S. Government crop yield estimates.

Payment yield— The yield determined by FCIC based on NASS yields for each insurable crop's type and practice, as adjusted by FCIC, and used to determine whether an indemnity will be due.

Trigger yield— The result of multiplying the expected county yield by the coverage level percentage chosen. When the payment yield falls below the trigger yield, an indemnity is due.

Alternative Plan

GRP is a dramatic departure from traditional approaches to crop insurance protection with less paperwork and generally less cost than multiple peril crop insurance (MPCI). The policy was developed on the basis that when an entire county's crop yield is low, most farmers in that county would also have low yields. This is not a plan of insurance against individual loss. A producer may have a low yield on a farm and not receive a payment. This program is based upon county yields, not individual farm yields.

Expected County Yield

The expected county yield used for GRP is calculated using many years of county data from the National Agricultural Statistics Service (NASS) with an adjustment for the yield trend.

Coverage Levels

Producers must choose one coverage level for each crop and county combination. The grower selects the dollar amount of protection per acre and one of six coverage levels (CAT, 70, 75, 80, 85, or 90 percent) of the Federal Crop Insurance Corporation (FCIC) expected county yield. Rather than selecting a production guarantee, the producer selects a dollar value of coverage per acre. The maximum dollar value that can be chosen is equal to 150 percent of the expected county yield multiplied by a price-determined by RMA.

Loss (Indemnity) Payments

Indemnities are paid when the NASS county yield for the county falls below the "trigger yield." The trigger yield is the expected county yield multiplied by the selected coverage level. Indemnity payments are made about 6 months after harvest of the crop. The payment calculation factor will be [(trigger yield - payment yield) ÷ trigger yield] for the purposes of calculating an indemnity payment.

Loss Example

This example assumes 100 percent maximum protection per acre of $257.28, and an 80-percent coverage level.

77.3	Bushels per acre expected county yield
x .80	Coverage level
61.8	Bushels per acre trigger yield
40.0	Bushels payment yield (determined by RMA based on NASS yields)
$257.28	Maximum protection per acre
x .353	Payment calculation factor*
$90.82	Gross indemnity per acre
- $4.45	Estimated premium per acre
$86.37	**Net indemnity per acre**

*[(61.8 bu - 40.0 bu) ÷ 61.8 bu]

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