United States Department of Agriculture
Risk Management Agency

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2010 COMMODITY INSURANCE FACT SHEET

Group Risk Income Protection Plan (GRIP)

Maryland and North Carolina

Group Risk Income Protection Plan (GRIP)

Group Risk Income Protection Plan (GRIP) is an area-based revenue insurance product that pays the insured in the event the county average per-acre revenue falls below the insured's "trigger revenue." GRIP is similar to GRP in that participation is driven by the relationship of individual yield to the county expected yield, except that price is added into the equation to place the focus on revenue.

Counties Available

While GRIP has been removed from many counties due to lack of data, it remains available in some counties for the crops and states as shown below:

Cotton: NC
Wheat: MD, NC

	Cotton	
Sales Closing	February 28	NC
Acreage Reporting	June 30	NC

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

Important Dates

Definitions

Cotton Expected Price— For GRIP cotton counties with a cancellation date:
Of February 28, the expected price will be released by February 24 of the harvest year.

Wheat Expected Price—For GRIP wheat counties with a cancellation date:
Of September 30, the expected price will be released by September 20 of the pre-harvest year.

Cotton Harvest Price—For GRIP cotton counties with a cancellation date:
Of February 28, the harvest price will be released by December 10 of the harvest year.

Wheat Harvest Price— For GRIP wheat counties with a cancellation date of September 30, the harvest price will be released by July 10 of the harvest year.

Expected County Revenue—The revenue contained in the actuarial documents, on which your coverage for the crop year is based. This revenue is determined by multiplying the expected county yield by the expected price.

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

Final County Yield—The yield determined by FCIC based on NASS yields for each insurable crop's type and practice.

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

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

Coverage Levels

All claims procedures will be handled by the insurance company. There is no notification of loss required by the insured. When the National Agricultural Statistics Service (NASS) releases its final county yield estimates, county revenues will be calculated and a determination will be made if an indemnity is due to the insured. The insured will be notified of these calculations and be paid if an indemnity is due. The insured certifies his/her loss by endorsing the payment check.

Loss (Indemnity) Payments

A GRIP indemnity payment will occur if the county revenue is less than the producer's trigger revenue based on the selected coverage level. Consider the following example:

The insured buys 85-percent coverage and selects $244 protection per acre on 200 acres; the policy protection is $48,800 ($244 X 200 acres). Expected county revenue is $271; therefore the insured's trigger revenue is $230 (85 percent of $271).

If FCIC issues a county revenue of $225, the insured's payment calculation factor is 0.022 (($230 - 225) / 230). The indemnity payment of $1,074 is determined by multiplying the payment calculation factor by the amount of policy protection (0.022 X $48,800).

Harvest Revenue Option Endorsement

The GRIP harvest revenue option (HRO) endorsement is a supplemental endorsement to the GRIP basic provisions. The coverage offered under this GRIP-HRO endorsement is in addition to the coverage offered under the GRIP policy. In lieu of the coverage levels, the following applies: The GRIP-HRO trigger revenue shall be the result of multiplying the expected county yield by the greater of the expected price or the harvest price and by the coverage level percentage chosen. If the county revenue, published by FCIC for the insured crop year, falls below the GRIP-HRO trigger revenue, an indemnity is due. The premium for GRIP-HRO coverage will be calculated from the GRIP-HRO rate tables found in the GRIP actuarial documents.

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