United States Department of Agriculture
Risk Management Agency

August 2009

2009 COMMODITY INSURANCE FACT SHEET

Wheat Group Risk Income Plan

Oklahoma, Texas

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

There are many counties in Texas where this plan is available. Consult the county actuarial to see if it's available.

Crop Insured

The crop insured will be all wheat**:**

a) grown on insurable acreage in the county or counties listed in the accepted application;
b) properly planted and reported by the acreage reporting date;
c) planted with the intent to be harvested as grain; and
d) Not planted into an established grass or legume, interplanted with another crop, or planted as a nurse crop, unless seeded at the normal rate and intended for harvest as grain.

Important Dates

Please consult the county actuarial document for sales closing, acreage reporting, and other specific dates, as they may vary from county to county.

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 five coverage levels (70, 75, 80, 85, or 90 percent) of the Federal Crop Insurance Corporation (FCIC) expected county revenue. Rather than selecting a production guarantee, the producer selects a dollar value of coverage per acre. Producers may select any dollar amount of protection between 60 and 100 percent of the maximum dollar amount of protection shown on the county actuarial documents.

Claims Procedure

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.

Definitions

Wheat Expected Price— For counties with a cancellation date of 9/30 or 10/31, the August 15 to Sept. 14 pre-harvest year's average daily settlement price for the harvest year's KCBOT September hard red winter wheat futures contract rounded to the nearest whole cent; the expected price will be released as an actuarial document addendum by September 20 of the pre-harvest year.

Wheat Harvest Price— For counties with a cancellation date of 9/30 or 10/31, the June harvest year's average daily settlement price for the harvest year's KCBOT July hard red winter wheat futures contract rounded to the nearest whole cent.. The harvest price cannot be less than the expected price minus two dollars ($2.00), or greater than the expected price plus two dollars ($2.00). The harvest price will be released as an actuarial document addendum by July 10 of the harvest year.

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.

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.

Where to Purchase

All multi-peril crop insurance, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA Web site: http://www3.rma.usda.gov/tools/agents/

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