



United States Department of Agriculture
Risk Management Agency

February 2006

2006 COMMODITY INSURANCE FACT SHEET

Corn Group Risk Plan

Idaho, Oregon, Washington

Group Risk Plan (GRP)

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

Crop Insured

The crop insured will be all the **field corn**:

- 1) grown on insurable acreage in the county listed in the accepted application;
- 2) properly planted and reported by the acreage reporting date;
- 3) planted with the intent to be harvested as grain, silage, or green chop; and
- 4) not planted in an established grass or legume or interplanted with another crop.

Hybrid seed corn, popcorn, sweet corn, and other specialty corn: may be insured if a written agreement is approved. This request to insure such crop must be in writing and submitted to an insurance agent no later than the sales closing date (March 15).

Counties Available

Idaho: Canyon and Twin Falls

Oregon: Malheur

Washington: Grant and Yakima

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.

Important Dates

Sales Closing.....	March 15
Acreage Report Date.....	June 30
Cancellation & Termination Date	March 15

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=65 percent], 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 six months after harvest of the crop. The payment calculation factor [(trigger yield - payment yield) ÷ trigger yield] is used for calculating an indemnity payment; see loss example.

GRP Benefits

- GRP offers catastrophic protection and may cost less than MPCl.
- GRP provides a simplified plan to manage risk because the only information a producer needs to provide is the number of acres planted by the acreage reporting date.
- Producers do not have to provide production history or evidence of loss because payments are made on losses based on the county expected yield.

GRP Restrictions

- Producers may not purchase GRP and MPCl coverage for the same crop and year.
- GRP does not provide prevented planting, late planting, or replant payments.
- It is possible for a producer to have a low yield on the acreage farmed and still not receive a payment under this plan.
- Good experience discounts earned with MPCl do not apply.
- Lenders may not accept GRP as collateral.

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.

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.

Loss Example

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

160	Bushels per acre expected count yield
x .90	Coverage level
144.0	Bushels per acre trigger yield
115.0	Bushels payment yield (determined by RMA based on NASS yields)
\$480.00	Protection per acre
x .201	Payment calculation factor*
\$98.48	Gross indemnity per acre
-\$5.42	Estimated producer premium per acre
\$91.06	Net indemnity per acre

*[(144.0 - 115.0) ÷ 144 bushels]

Where to Purchase

All MPCl, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers or at the RMA website: <http://www3.rma.usda.gov/tools/agents/companies/>

Regional Contact for RMA USDA/Risk Management Agency Spokane Regional Office

112 N University # 205 Spokane, WA 99206
Telephone 509 353- 2147 - Fax 509 353-3149
E-mail: warso@rma.usda.gov

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