UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Group Risk Plan
Pasture, Rangeland, Forage Rainfall Index Crop Provisions

In lieu of the preamble in the Group Risk Plan of Insurance (GRP) Basic Provisions, this pilot insurance policy establishes a risk management program developed by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance (Act), as amended (7 U. S. C. 1501 et seq.).

This insurance policy is reinsured by FCIC under the provisions of the Act. All terms of the policy and rights and responsibilities of the parties are subject to the Act and all regulations under the Act published in 7 CFR chapter IV. The provisions of this policy may not be waived or modified in any way by us, our insurance agent, or any other contractor or employee of ours or any employee of USDA unless the policy specifically authorizes a waiver. We will use the procedures (handbooks, manuals, memoranda, and bulletins), as issued by FCIC and published on the RMA website at http://www.rma.usda.gov/ or a successor website, in the administration of this policy. All provisions of state and local laws in conflict with the provisions of this policy are preempted and the provisions of this policy will control. In the event that we cannot pay your loss because we are insolvent or are otherwise unable to perform our duties under our reinsurance agreement with FCIC, your claim will be settled in accordance with the provisions of this policy and FCIC will be responsible for any amounts owed. No state guarantee fund will be liable for your loss.

Throughout this policy, “you” and “your” refer to the person shown on the accepted application and “we,” “us,” and “our” refer to the reinsured company issuing this policy. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

This GRP Pasture, Rangeland and Forage Rainfall Index Crop Provisions is designed as a risk management tool to insure against widespread loss of production of the insured crop in a designated area called a grid. It is primarily intended for use by those producers whose forage production tends to follow the average rainfall patterns for the grid. It is possible for you to have low forage production on the acreage that you insure and still not receive a payment under this plan.

In accordance with the Act, FCIC will pay a portion of your premium, as published in the actuarial documents. The premium rates, index intervals, types, county base value per acre, and maximum subsidy per acre are also shown on the actuarial documents.

If a conflict exists among the policy provisions, the order of priority is as follows: (1) the Special Provisions; (2) these Crop Provisions; and, (3) the Basic Provisions of the Group Risk Plan of Insurance with (1) controlling (2), etc.

1. **Definitions.**

Acreage report – In lieu of the definition contained in section 1 of the GRP Basic Provisions, a report required by section 7 of the GRP Basic Provisions that contains, in addition to other information, all the acreage of the insured crop in which you have a share in the county, whether insured or uninsured, and a listing of all of the grid IDs containing all hayland and grazingland acreage you elect to insure under this policy within the county and your share of the insured crop in such grid IDs.

Actuarial documents – In lieu of the definition contained in section 1 of the GRP Basic Provisions, the material for the crop year which is available for public inspection in your agent's office and published on RMA's website at http://www.rma.usda.gov/ or a successor website, and which shows the county base value per acre, expected grid index, coverage levels, information needed to determine the premium rates, index intervals, types, program dates, and other related information regarding crop insurance in the county or grid, as applicable.

Contiguous – Acreage of an insured crop owned by you, or rented by you for cash or crop share, in a county or grid that continues into an adjoining county or grid without interruption. Acreage separated by only a public or private right-of-way, waterway, or an irrigation canal will be considered contiguous.

County – In addition to the definition contained in section 1 of the GRP Basic Provisions, county also includes any acreage of the crop type contained within a grid ID that crosses an adjoining county line where the acreage is contiguous.

County base value per acre – FCIC's determined production value of grazingland and hayland forage acres in the county.

Coverage level – A percentage of the expected grid index equal to 70 to 90 percent (in five percentage point increments) as selected by you.

Crop – For the purposes of these Crop Provisions, crop is pasture, rangeland, or forage.

Crop types – Grazingland and hayland.

Crop year – In lieu of the definition contained in section 1 of the GRP Basic Provisions, the period of time within which the insured crop is normally grown and designated by the calendar year when the crop year begins. The crop year begins on February 1 and ends on January 31 in the following calendar year. Within each crop year there must be more than one index interval selected by you.

Dollar amount of protection per acre – In lieu of the definition contained in section 1 of the GRP Basic Provisions, the county base value per acre specified in the actuarial documents for each crop type multiplied by the coverage level selected by you, and multiplied by the productivity factor selected by you. You may select only one dollar amount of protection per acre for each county and crop type. The dollar amount of protection per acre is shown on your Summary of Protection.

Expected grid index – Determined by FCIC based on the mean accumulated precipitation by index interval, calculated using NOAA's historical 0.25 degree grid precipitation data, normalized and expressed as a percentage, such that the mean is 100.

Final grid index – Determined by FCIC based on the NOAA's current 0.25 degree grid precipitation data for each grid ID and index interval during the crop year, expressed as a percentage. An index of 100 would represent average precipitation for the grid ID and index interval. An index below 100 would represent below average precipitation for the grid ID and index interval. An index above 100 would represent above average precipitation for the grid ID and index interval.

Forage – Feed for livestock composed of plants grown for haying or grazing.

Grazing –Livestock feeding on growing or dormant forage.

Grazingland – Established acreage of forage on land suitable and intended for grazing by livestock. Acreage that is so steeply sloped, too far from water sources, etc., such that livestock would not normally physically graze such acreage is not considered suitable.

Grid – Acreage within each 0.25 degree gridded area established by NOAA and identified by longitude and latitude. The grid is utilized to determine the expected grid index, premium, final grid index, and indemnity.

Grid identification (grid ID) – A specific code associated with each grid contained in the actuarial documents. A Grid ID is determined based on a point of reference selected by you, which must be established by the sales closing date.

Grid index – A calculated value utilizing each grid's current and historical precipitation data for each grid ID and index interval. The index is expressed as a percentage.

Harvest – Grazing by livestock, or haying, as the method of removal of the insured crop from pasture, rangelands, or haylands.

Haying – The severance and removal of the forage plant by mechanical equipment from its roots for curing as fodder.

Hayland – Established acreage of forage on land suitable and intended for haying. Acreage that is so steeply sloped, covered by water, etc., such that it would be impractical or impossible to mechanically harvest such acreage is not considered suitable.

Index interval – The periods of time specified in the Special Provisions during which precipitation data is collected that is used to calculate the expected grid index and final grid index. You must select more than one index interval during the crop year for each crop type and grid ID.

Insurable acreage – Hayland and grazingland that is not planted annually (unless allowed by the Special Provisions). For the purposes of these Crop Provisions, overseeding into acreage of existing forage crops is an acceptable farming practice and is not considered an annual planting. Insurable acres will consist of the total number of acres suitable for insurance under these crop provisions which would include both insured acres and acres of the crop type that are not insured.

Insured acres – The number of insurable acres selected by you to be insured.

Lease – A written document granting use or occupation of property during a specified period of time in exchange for a specified rent (could include cash, labor, calf crop, etc.).

Livestock – Includes, but is not limited to, cattle, sheep, horses, swine, goats, and poultry.

Native pasture – Land that is used for haying or grazing as a source of forage for livestock composed primarily of native plants.

NOAA – National Oceanographic and Atmospheric Administration.

Overseeding – To place or distribute seeds into an existing established plant community.

Pasture – Land that is used for haying or grazing as a source of forage for livestock.

Planted – To place or distribute seeds or young plants on or in the soil by hand or mechanical action.

Point of reference – A designated point, identifiable by longitude and latitude, selected by you in the grid that contains the best representation of the insured acreage covered under these Crop Provisions.

Policy – The agreement between you and us to insure an agriculture commodity and consisting of the accepted application, the GRP Basic Provisions, these Crop Provisions, the Special Provisions, other applicable amendments, endorsements or options, the actuarial documents for the insured agricultural commodity, and the applicable regulations published in 7 CFR chapter IV. Insurance for each agricultural commodity in each county will constitute a separate policy.

Policy protection per unit – The result of multiplying the dollar amount of protection per acre, by your insured acres, by your share for the unit. The policy protection per unit is shown on your Summary of Protection.

Productivity factor – A percentage factor selected by you that allows you to individualize your coverage based on the productivity of the crops you produce and may be between 60 and 150 percent. Only one productivity factor may be selected per county and crop type.

Rangeland – Native pasture on which livestock graze

Trigger grid index – The result of multiplying the expected grid index for the unit by the coverage level selected by you. When the final grid index falls below your trigger grid index, an indemnity may be due.

Unit – The insured acres within or assigned to a grid ID for each crop type, and index interval.

2. Insured Crop.

(a) In lieu of the provisions in section 2 of the GRP Basic Provisions, the insured crop will be the crop type in the county:
  (1) In which you have a share;
  (2) Which is grown for the purpose of grazing or haying;
  (3) Located on insurable acreage in the county listed on the accepted application;
  (4) Intended for harvest by haying, or grazing by livestock and reported as such by the acreage reporting date;
  (5) That is produced on established acres, or on annually planted acreage if allowed by the Special Provisions (such as, but not limited to, establishment of small grains and annual forage sorghums); and
  (6) That is not initially planted to a forage crop after July 1 of the previous crop year, unless allowed by the Special Provisions;

(b) You may choose to insure grazingland, hayland, or both. You are NOT required to insure 100 percent of the crop type's insurable acres in the county.

(c) You must determine the applicable grid IDs, the number of insured acres, the crop types and index intervals that will be insured not later than the sales closing date.

3. Insured and Insurable Acreage.

(a) In lieu of the provisions in section 3(a) of the GRP Basic Provisions that specifies "all of the acreage of the insured crop," you are not required to insure all of the insurable acres in the county. The insured acreage in the county is the acreage selected by you to be insured.

(b) In lieu of section 3(b) of the GRP Basic Provisions, acreage located in another grid or county is insurable if that acreage is part of contiguous acreage.

(c) In lieu of section 3(c)(1) of the GRP Basic Provisions, we will not insure any acreage:
  (1) That is not established forage (unless allowed by the Special Provisions), or is not intended for harvest by haying or grazing; and
  (2) Where the crop is destroyed or put to another use during the crop year for the purpose of conforming with, or obtaining payment under, any other program administered by the USDA, such as, but not limited to, the Conservation Reserve Program.

(d) In addition to the provisions in section 3(c) of the GRP Basic Provisions, the amount of insured acreage in the county will not exceed 100 percent of your insurable acreage of the crop in the county.

4. Policy Protection.

(a) In lieu of section 4(a) of the GRP Basic Provisions, catastrophic risk protection (CAT) is not available under these Crop Provisions.

(b) In lieu of section 4(b) of the GRP Basic Provisions, your policy protection for each unit is equal to the dollar amount of protection per acre multiplied by your insured acres multiplied by your share as shown on your Summary of Protection. You may select only one dollar amount of protection per acre for each crop type.

(c) In lieu of section 4(c) of the GRP Basic Provisions, all index values are based on NOAA's 0.25

degree grid precipitation data, and such data will be conclusively presumed to be accurate.

(d) In addition to section 4 of the GRP Basic Provisions, the policy protection, amount of premium, and indemnity will be calculated separately for each unit.

5. Coverage Levels.

(a) In lieu of section 5 (a) of the GRP Basic Provisions, CAT is not available under these Crop Provisions.

(b) In lieu of section 5(b) of the GRP Basic Provisions, the expected grid index shown on the actuarial documents multiplied by your selected coverage level is your trigger grid index. If the final grid index published by FCIC for the insured unit falls below your trigger grid index, you may be due an indemnity payment.

(c) In addition to the provisions in section 5(c) of the GRP Basic Provisions, you may select only one coverage level for each of the insured crop types in the county.

6. Payment and Payment Calculation Factor.

(a) In lieu of section 6 of the GRP Basic Provisions, your payment calculation factor will be [(your trigger grid index – final grid index) ÷ your trigger grid index] for the purposes of calculating an indemnity payment, for each unit selected.

(b) In addition to section 6 of the GRP Basic Provisions:

(1) A payment may be made only if the final grid index for the insured unit is less than your trigger grid index.

(2) If a payment is owed, it will be issued to you not later than 60 days following the determination of the final grid index for the grid ID and index interval insured.

(3) The payment will be equal to the payment calculation factor multiplied by the policy protection per unit.

(4) The payment will not be recalculated once the final grid index is calculated and reported even though NOAA may subsequently revise the grid data.

(5) An example to demonstrate how a payment is calculated is located at the end of these Crop Provisions.

7. Report of Acreage and Share.

(a) In lieu of the requirement in section 7(a) of the GRP Basic Provisions that you report your acreage by practice, you must report your acreage by index interval.

(b) In lieu of section 7(b) of the GRP Basic Provisions, we will not insure any acreage of the insured crop acquired after the acreage reporting date. You must report annually by the acreage reporting date specified on the Special Provisions all insurable and insured acres by unit in the policy county covered under these Crop Provisions.

(c) In lieu of section 7(c) of the GRP Basic Provisions, the premium amount and payment of an indemnity will be based on your insured acreage and share reported by you by the acreage reporting date.

(d) Sections 7(d)(1)(i), (d)(2), (e), and (f) of the GRP Basic Provisions are not applicable.

(e) In addition to section 7 of the GRP Basic Provisions:

(1) Separate points of reference must be established for each crop type in a grid as follows:

(i) A point of reference must be selected for any insured acreage of the crop that is not contiguous.

(ii) In the case of contiguous insured acreage that crosses grid or county lines, a point of reference must be selected as follows:

(A) If you choose to combine the contiguous acreages of the crop type into one single grid ID, a single point of reference must be established for all of the contiguous acres.

(B) If you choose to separate the contiguous acreage into separate grid ID's, you must establish the single point of reference for each grid ID.

(2) For each grid you elect to insure, you must report by grid:

(i) The grid ID; and

(ii) All insurable and insured acreage located or assigned to the grid.

For example: If the contiguous acreage is located in four grids and you choose to insure the acreage in separate grids, the acreage can be separated into two, three, or four grids. If you select three grids, you must establish and report the points of reference, the grid ID, total number of insurable acres and insured acres located within, and assigned as applicable, to each grid.

(3) The same acres cannot be insured in more than one grid ID or county.

(4) On your acreage report, for each grid ID and crop type, insured acreage must be allocated to at least two index intervals.

(i) The maximum and minimum percentage of insured acres allowed in any one index interval, by grid ID and crop type, is specified in the Special Provisions.

(5) You must certify that the:

(i) Point of reference used for each grid ID is representative of all the insured acreage allocated by you to the grid ID by crop type and index interval;

(ii) Acreage assigned to each grid ID is accurate to the best of your knowledge;

(iii) Acreage can be used as grazingland or hayland;

(6) After the acreage reporting date:

(i) Insured acreage may only be reduced if you no longer own or lease acreage which you have previously elected to insure; and

(ii) To reduce acreage you must make a written request in accordance with the following:
  (A) You must apply to us for each adjustment to insured acres;
  (B) Your request must be submitted by you at least 100 days prior to the start date of the affected index interval;
  (C) Your request must contain:
    (1) All affected grid IDs;
    (2) All affected crop types;
    (3) Total insured acres for the grid IDs;
    (4) The number of acres for which an adjustment is being requested;
    (5) Coverage level previously selected for the acreage;
    (6) Dollar amount of protection per acre previously elected and applicable to the acreage;
    (7) The basis for the adjustment; and
    (8) Copies of all relevant documents supporting the basis for the adjustment.

(iii) If we approve any adjustments, they are approved for that crop year's index interval only.

(iv) A request will not be accepted if:
  (A) The request is not timely submitted;
  (B) All requested information is not provided; or
  (C) The request is to add acreage to an existing policy.

(7) We may inspect the insured acreage at any time to verify the number of acres insured and the accuracy of the selected points of reference.

(8) In the unlikely event the RMA website at http://www.rma.usda.gov/ or successor website is unavailable on the sales closing date refer to section 15(a)(1) of these Crop Provisions.

8. Annual Premium.

(a) Section 8(a) of the GRP Basic Provisions is not applicable.

(b) In lieu of catastrophic risk protection in section 8(e) of the GRP Basic Provisions, only additional coverage is available.

(c) In lieu of section 8(f) of the GRP Basic Provisions, the annual premium is earned and payable when acreage is reported on or before the acreage reporting date.
  (1) You will be billed for premium due on the date as contained in the Special Provisions.
  (2) The premium will be determined based on the rate shown on the actuarial documents for each unit.
  (3) Premium is due on the billing date and interest will accrue if we do not receive the premium before the first day of the month following the premium billing date.

9. Written Agreements.

In lieu of the provisions in section 9 of the GRP Basic Provisions, written agreements are not applicable to these Crop Provisions.

10. Access to Insured Crop and Record Retention.

a) In lieu of section 10(b) in the GRP Basic Provisions you must retain, and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to crop insurance, complete records pertaining to the lease or other agreements that may be applicable to the insured crop and your insured acres for a period of three years after the end of the crop year or three years after the date of final payment of the indemnity, whichever is later. This requirement also applies to all such records for acreage that is not insured.

b) In lieu of section 10(d) in the GRP Basic Provisions, by signing the application for insurance authorized under the Act or by continuing insurance for which you have previously applied, you authorize us or USDA, or any person acting for us or USDA authorized to investigate or review any matter relating to crop insurance, to obtain records relating to lease or contract agreements, the inputs, production, harvesting, and disposition of the insured crop from any person who may have custody of such records, including but not limited to, FSA offices, banks, cooperatives, marketing associations, and accountants. You must assist in obtaining all records we or any employee of USDA authorized to investigate or review any matter relating to crop insurance request from third parties.

11. Other Insurance.

In lieu of the provisions in section 13 of the GRP Basic Provisions regarding the prohibition against obtaining other insurance under the Act for your share of the insured crop type, if you choose to insure a crop type under these Crop Provisions, you cannot insure the same crop type under any other FCIC subsidized program except for the Adjusted Gross Revenue or Adjusted Gross Revenue Lite Plans of Insurance, or such other plans of insurance specified in the Special Provisions.

12. Life of Policy, Cancellation, and Termination.

In addition to the provisions in section 18(a) of the GRP Basic Provisions, acceptance of your application occurs when we issue a Summary of Protection to you.

13. Contract Changes.

In lieu of section 19(b) of the GRP Basic Provisions, any changes in policy provisions, expected grid indexes, county base values per acre, premium rates, and program dates (except as allowed herein) can be viewed on the RMA website at http://www.rma.usda.gov/ or a successor website not later than the contract change date contained in these Crop Provisions. We may only revise this information after the contract change date to correct clear errors (For example, the county base value per acre was announced at $2,500.00 per acre instead of $250.00 per acre).

14. Causes of Loss.

The only insurable cause of loss is when the final grid index is less than your trigger grid index.

15. Program Dates.

(a) The sales closing date for the program is November 30 preceding the start of the crop year.

(1) In the unlikely event the RMA website at http://www.rma.usda.gov/ or successor website is unavailable on the sales closing date and you are unable to properly identify your grid, grid ID, and index interval(s), coverage will attach provided you sign an application and provide a report of your insurable acreage as outlined under section 7 of these Crop Provisions by the Sales Closing Date confirming your intent to insure.

(2) Upon the availability of the RMA website or successor website, you must select your grid ID, index intervals, and provide your completed report of acreage confirming all your insurable and insured acres, as outlined under section 7 of these Crop Provisions within 2 business days.

(b) Insurance will attach on each unit on your selected index interval's start date contained in the Special Provisions.

(c) The end of the coverage will be on your selected index interval's end date contained in the Special Provisions.

(d) The cancellation and termination date for all states and counties is November 30th.

(e) The contract change date for all states and counties is August 31.

(f) All other program dates are contained in the Special Provisions.

Examples to Demonstrate How the Pasture, Rangeland, Forage Rainfall Index Works.

Note: the calculations are rounded to the nearest whole dollar.

The county base value per acre for grazingland in this example is $20.00.

Producer A

Producer A, who has a 100% share selects 90 percent coverage level and a 120 percent productivity factor, resulting in $21.60 of protection per insured acre [dollar amount of protection per acre = county base value per acre times the coverage level selected ($20.00 x .90 = $18) times productivity factor selected ($18 x 120% = $21.60)].

Producer A:
Has acreage in the same grid as Producer B;
Has only one grid ID;
Has 100 percent share;
Has 1,000 acres of insurable grazingland in the county and chooses to insure all, acres resulting in 1,000 insured acres;
Places 50 percent of his/her insured acres in crop type grazingland and index Interval II, and 50 percent of his/her insured acres in crop type grazingland and index interval III (Note: An insured must select at least two index intervals listed in the Special Provisions for each grid ID number and crop type)

Producer B

Producer B who has a 50% share, selects 75 percent coverage level and a 100 percent productivity factor resulting in $15.00 of protection per insured acre [dollar amount of protection per acre = county base value per acre times the coverage level selected ($20.00 x .75 = $15.00) times productivity factor ($15.00 x 100% = $15.00)].

Producer B:
Has acreage in the same grid as Producer A;
Has only one grid ID;
Has 50 percent share;
Has 1,000 acres of insurable grazingland in the county and chooses to insure 800 acres, resulting in 800 insured acres;
Places 50 percent of his/her insured acres in crop type grazingland and index Interval II, and 50 percent of his/her insured acres in crop type grazingland and index interval III.

The total of all the insured acres per unit must equal the total number of elected insured acres for each grid ID by crop type.

Producer A has 1,000 total insured acres with the sum of all the insured acres per unit equal to 1,000 (500 acres or 50 percent in index interval II, and 500 acres or 50 percent in index interval III).

Producer B has 800 total insured acres with the sum of all the insured acres per unit equal to 800 (400 acres or 50 percent in index interval II, and 400 acres or 50% in index interval III)

Insurance Information

The expected grid index is 100 for each grid ID, crop type, and index interval. The premium rate for 90 percent coverage level is $10 per hundred dollars of protection for grazingland index interval II and $11 per hundred dollars of protection for grazingland index interval III. The premium rate for 75 percent coverage level is $6 per hundred dollars of protection for grazingland index interval II, and $7 per hundred dollars of protection for grazingland index interval III. The adjustment factor is 0.01.

Policy Protection and Premium:

Producer A

Producer A's total policy protection is $21,600.

Producer A's policy protection for the unit comprised of grazingland index interval II is $10,800 [$21.60 x 500 ac (50 percent of the insured acres) x 1.0 shares (100% share)] for the unit comprised of grazingland index interval III it is $10,800 [$21.60 x 500 ac (50 percent of the insured acres) x 1.0 shares (100% share)].

The total premium due is $2,268 ($21.60 per acre protection x $10 per hundred rate x 500 ac x 0.01 adjustment factor x 1.0 share for index interval II = $1,080, plus $21.60 per acre protection x $11 per hundred rate x 500 ac x 0.01 adjustment factor x 1.0 share for index interval III = $1,188).

Of the total premium due, FCIC pays $1,247 ($1,080 x 55 percent maximum subsidy = $594, and $1,188 x .55 = $653).

Producer A's trigger grid index is 90 [90% coverage level x 100 (expected grid index)].

Producer B
Producer B's total policy protection per unit is $6,000.

Producer B's policy protection for the unit comprised of grazingland index interval II is $3,000 [$15.00 x 400 ac (50% of the insured acres) x 0.5 shares (50% share)] and for the unit comprised of grazingland index interval III is $3,000 [$15.00 x 400 ac (50% of the insured acres) x 0.5 shares (50% shares)].

The total premium due is $390 ($15.00 per acre protection x $6 per hundred rate x 400 ac x 0.01 adjustment factor x 0.5 share for index interval II = $180, plus $15.00 per acre protection x $7 per hundred rate x 400 ac x 0.01 adjustment factor x 0.5 shares for index interval III = $210).

Of the total premium due, FCIC pays $249 ($180 x 64 percent maximum subsidy = $115, and $210 x .64 = $134).

Producer B's trigger grid index is 75 [(75% coverage level x 100 (expected grid index)].

Scenario's for Crop type = grazingland, index interval = index interval II:

Scenario 1 – FCIC issues a final grid index of 120 for the grid:

This is above both producers' trigger grid index, so no indemnity payment is due, even if one or both have individual precipitation totals for the index interval below normal.

Scenario 2 – FCIC issues a final grid index of 80 for the grid:

Producer A's trigger grid index (90) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.111 ((90 - 80)/90) is multiplied by the policy protection per unit, which equals an indemnity payment of $1,199 (0.111 x $10,800).

Producer B's trigger grid index (75) is less than the final grid index (80) so no indemnity payment is due.

Scenario 3 – FCIC issues a final grid index of 60 for the grid:

Producer A's trigger grid index (90) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.333 ((90 - 60)/90) is multiplied by the policy protection per unit, which equals an indemnity payment of $3,596 (0.333 x $10,800).

Producer B's trigger grid index (75) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.200 ((75 - 60)/75) is multiplied by the policy protection per unit, which equals an indemnity payment of $600 (0.200 x $3,000).

Scenario's for crop type = grazingland, index interval = index interval III:

Scenario 1 – FCIC issues a final grid index of 105 for the grid:

This is above both producers' trigger grid index, so no indemnity payment is due, even if one or both have individual precipitation totals for the index interval below normal.

Scenario 2 – FCIC issues a final grid index of 78 for the grid:

Producer A's trigger grid index (90) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.133 ((90 - 78)/90) is multiplied by the policy protection per unit which equals an indemnity payment of $1,436 (0.133 x $10,800).

Producer B's trigger grid index (75) is less than the final grid index, so no indemnity payment is made.

Scenario 3 – FCIC issues a final grid index of 70 for the grid:

Producer A's trigger grid index (90) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.222 ((90 - 70)/90) is multiplied by the policy protection per unit, which equals an indemnity payment of $2,398 (0.222 x $10,800).

Producer B's trigger grid index (75) is higher than the final grid index so he/she is eligible for an indemnity payment determined as follows: The payment calculation factor of 0.067 ((75 - 70)/75) is multiplied by the policy protection per unit which equals an indemnity payment of $201 (0.067 x $3,000).

Total Indemnities for the Insurance Period

Scenario 1 – No indemnities for either Producer

Scenario 2 – Producer A's total indemnities are $2,635 ($1,199 index interval II + $1,436 index interval III).

Producer B received no indemnities.

Scenario 3 - Producer A's total indemnities are $5,994 ($3,596 index interval II + $2,398 index interval III).

Producer B's total indemnities are $801 ($600 index interval II + $201 index interval III).