

Crop Insurance Plan Comparison

Crop Revenue Coverage (CRC)

The most widely available revenue protection policy is CRC. This policy guarantees an amount of revenue (based on the individual producer's actual production history (APH) x commodity price) called the final guarantee. The coverage and exclusions of CRC are similar to those for the standard MPCCI policy. This final guarantee is based on the greater of the spring-time generated price (base price) or the harvest-time generated price (harvest price). While the guarantee may increase, the premium will not. Premium will be calculated using the base price. Since the protection of producer revenue is the primary objective of CRC, it contains provisions addressing both yield and price risks. CRC covers revenue losses due to a low price, low yield, or any combination of the two. A loss is due when the calculated revenue (production to count x harvest price) is less than the final guarantee for the crop acreage.

Group Risk Income Protection (GRIP)

GRIP is based on the experience of the county rather than individual farms, so APH is not required for this program. A GRIP policy includes coverage against potential loss of revenue resulting from a significant reduction in the county yield or commodity price of a specific crop. When the county yield estimates are released, the county revenues (or payment revenues) will be calculated prior to April 16 of the following crop year. GRIP will pay a loss when the county revenue is less than the trigger revenue. Since this plan is based on county revenue and not individual revenue, the insured may have a loss in revenue on their farm and not receive payment under GRIP. The GRIP Harvest Revenue Option (HRO) Endorsement is available. This optional endorsement offers "upside" price protection by valuing lost bushels at the harvest price in addition to the coverage offered under GRIP.

Group Risk Plan (GRP)

Like GRIP, GRP coverage is based on the experience of the county rather than individual farms, so APH is not required for this program. GRP indemnifies the insured in the event the county average per-acre yield or payment yield falls below the insured's trigger yield. The Federal Crop Insurance Corporation (FCIC) will issue the payment yield in the calendar year following the crop year insured. Since this plan is based on county yields and not individual yields, the insured may have a low yield on their farm and not receive payment under GRP.

Income Protection (IP)

IP is a revenue product that, based on the individual producer's APH, protects against a loss of income when prices and/or yields fall. While IP looks a lot like CRC, it does not have the increasing price function of CRC. The guarantee and the premium will be calculated using the spring-time generated price (projected price). An indemnity is due when the revenue to count (production to count x harvest price) is less than the amount of protection.

Multiple Peril Crop Insurance (MPCI)

MPCI is the oldest and most popular product to make this list. As the name implies, MPCI provides protection against a loss in yield due to nearly all natural disasters. For most crops, that includes drought, excess moisture, cold and frost, wind, flood and unavoidable damage from insects and disease. MPCI guarantees a yield based on the individual producer's APH. If the production to count is less than the yield guarantee, the insured will be paid a loss.

Revenue Assurance (RA)

The coverage and exclusions of RA are similar to those for the standard MPCCI policy. However, MPCCI provides coverage for loss of production, whereas RA provides coverage to protect against loss of revenue caused by low prices or low yields or a combination of both. RA has the Fall Harvest Price Option (FHPO) available. This Option uses the greater of the fall harvest price (harvest-time generated price) or the projected harvest price (spring-time generated price) to determine the per-acre revenue guarantee. So, with the Option, RA works like CRC, without the Option, it works like IP. RA protects a producer's crop revenue when the crop revenue falls below the guaranteed revenue.

The products and product topics summarized in this outline are not all-encompassing and do not substitute for the policy provisions. See the policy provisions and/or contact your company for a complete description of available coverages and their terms and conditions.

Crop Insurance Plan Comparison

| | CRC | GRIP | GRP | IP | MPCI | RA |
|--|---|--|---|--|--|---|
| Plan Code | 44 | 73 | 12 | 42 | 90 | 25 |
| Coverage | individual revenue | area revenue | area yield | individual revenue | individual yield | individual revenue |
| Insures Against | revenue loss due to low price, low yield, or combination of these | county-wide revenue loss | county-wide production loss | revenue loss due to low price, low yield, or combination of these | production loss | revenue loss due to low price, low yield, or combination of these |
| Administrative Fee | \$30 | \$30 | \$300 CAT \$30 additional | \$300 CAT \$30 additional | \$300 CAT \$30 additional | \$30 |
| Available Unit Structure | basic/optional/enterprise | one unit per county | one unit per county | enterprise | basic/optional/ enterprise/whole-farm | basic/optional/ enterprise/whole-farm |
| Price Reference for Guarantee | higher of base price or harvest price | 60%-100% of maximum dollar amount of protection based on expected price or higher of expected and harvest price if HRO elected | 45% (CAT), or 60%-100% of maximum dollar amount of protection | projected price | price percentage elected by insured | projected price or higher of projected and harvest price if FHPO elected |
| Maximum Price Movement | downward: no limit upward: harvest price limited to 200% of base price | downward: no limit upward: harvest price limited to 200% of expected price | not applicable | none | not applicable | downward: no limit upward: fall harvest price limited to 200% of projected harvest price |
| Coverage Level Percent Available | 50%, 55%, 60%, 65%, 70%, 75%, 80%*, 85%* *see actuarial for availability | 70%, 75%, 80%, 85%, 90% | 70%, 75%, 80%, 85%, 90% | 50%, 55%, 60%, 65%, 70%, 75%, 80%*, 85%* *see actuarial for availability | 50%, 55%, 60%, 65%, 70%, 75%, 80%*, 85%* *see actuarial for availability | 65%, 70%, 75%, 80%*, 85%* * see actuarial for availability |
| APH | required | not required | not required | required | required | required |
| Acreage Report | required | required | required | required | required | required |
| Guarantee | final guarantee = higher of: 1) minimum guarantee (APH yield x level x base price); or 2) harvest guarantee (APH x yield x level x harvest price) | dollar amount of protection elected by insured x net acres | dollar amount of protection elected by insured x net acres | APH yield x level x projected price | APH yield x level | APH yield x level x projected harvest price or, if FHPO and it is greater than projected harvest price, then APH yield x level x fall harvest price |
| Rating | continuous individual yield rated | area yield rated | area yield rated | individual yield-span rated | continuous individual yield rated | continuous individual yield rated |
| Subsidized by Government | yes | yes | yes | yes | yes | yes |
| Subsidy Amount (see actuarials for Enterprise & Whole farm unit subsidy amounts) | @ 50% coverage level =.67; 55-60%=.64; 65-70%=.59; 75%=.55; 80%=.48; 85%=.38 | @ 70% coverage level =.59, 75-80%=.55, 85%=.49, 90%=.44 | CAT=1.00, @ 70-75% coverage level =.59; 80-85%=.55; 90%=.51 | CAT=1.00, @ 50% coverage level =.67; 55-60%=.64; 65-70%=.59; 75%=.55; 80%=.48; 85%=.38 | CAT=1.00, @ 50% coverage level =.67; 55-60%=.64; 65-70%=.59; 75%=.55; 80%=.48; 85%=.38 | @ 65-70% coverage level =.59; 75%=.55; 80%=.48; 85%=.38 |

Crop Insurance Plan Comparison

| | CRC | GRIP | GRP | IP | MPCI | RA |
|------------------------------------|--|---|---|---|--|--|
| Written Agreement | available, but restricted for optional units created across section lines or in oversized sections if the acreage is located in a high risk area | available | available | not available | available | available to alter rate |
| Written Agreement Amendment | applicable | not applicable | not applicable | not applicable | applicable | not applicable |
| Premium | (1) approved yield x level x base rate x base price (2) approved yield x level x CRC base rate x CRC low price factor (3) approved yield x level x base rate x CRC high price factor (4) results of 1 + 2 + 3 (5) result of 4 x acres x share x applicable factor/surcharge (6) result of 5 x applicable producer subsidy percentage (7) result of 5 - result of 6 | (policy protection x rate x 0.01) - subsidy | (policy protection x rate x 0.01) - subsidy | (1) approved yield x projected price x (acres x share) x applicable factor(s) (2) result of 1 x level (3) result of 2 x rate (4) result of 3 x subsidy (5) results of 3 - 4 | (1) rate x liability x applicable factor(s) (2) result of 1 x subsidy (3) results of 1 - 2 | calculated using automated premium calculator |
| Discounts for Good Experience | not applicable | not applicable | not applicable | not applicable | applicable | not applicable |
| High-Risk Land | eligible for coverage | eligible for coverage | eligible for coverage | not eligible for coverage | eligible for coverage | eligible for coverage |
| High-Risk Land Exclusion | available | not available | not available | not available | available | available |
| Hail and Fire Exclusion | not available | not available | not available | not available | available | not available |
| Replanting Requirements | applicable | not applicable | not applicable | applicable | applicable | applicable |
| Replanting Payments | available | not available | not available | available | available | available |
| Late Planting Provisions | applicable | not applicable | not applicable | applicable | applicable | applicable |
| Prevented Planting Provisions | applicable | not applicable | not applicable | applicable | applicable | applicable |
| Notice of Loss | required | not required | not required | required | required | required |
| Loss Adjustment Procedure Required | yes | no | no | yes | yes | yes |
| Loss Due If | the calculated revenue (production to count x harvest price) is less than the final guarantee | the county revenue is less than the trigger revenue | the county yield is less than the trigger yield (expected county yield x level) | the revenue to count (production to count x harvest price) is less than the amount of protection | the production to count is less than the yield guarantee | the crop revenue (production to count x harvest price) is less than the guaranteed revenue |