

## PLAN COMPARISONS

*A side-by-side list of the primary characteristics of seven different crop insurance products, including APH, GRP, GRIP, GRIP/HRO, YP, RP and RP/HPE.*

With release of the new Yield Protection (YP) and Revenue Protection (RP) plans of insurance, any kind of tool that helps us recall the similarities and differences between the insurance plans is welcomed by all of us who work with crop insurance, including approved insurance providers, agents, and producers alike. NCIS has updated the side-by-side Crop Insurance Plan Comparison to include the new crop insurance products available beginning with the 2011 crop year.

### Plan Definitions

PLAN 01 **Yield Protection (YP)** provides protection against a loss in yield due to unavoidable, naturally occurring events. For most crops, that includes adverse weather, fire, insects, plant disease, wildlife, earthquake, volcanic eruption, and failure of the irrigation water supply due to a naturally occurring event. Like the APH plan of insurance, YP guarantees a production yield based on the individual producer's APH. Unlike the APH plan of insurance, a price for YP is established according to the crop's applicable commodity board of trade/exchange as defined in the Commodity Exchange Price Provisions (CEPP). The projected price is used to determine the yield protection guarantee, premium, any replant payment or prevented planting payment, and to value the production to count. The coverage and exclusions of YP are similar to those for the APH plan of insurance. An indemnity is due when the value of the production to count is less than the yield protection guarantee. *Crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.*

PLAN 02 **Revenue protection (RP)** provides protection against a loss of revenue caused by price increase or decrease, low yields or a combination of both (for corn silage and rapeseed, protection is only provided for production losses). This coverage guarantees an amount based on the individual producer's APH and the greater of the projected price or harvest price. Both the projected price and harvest price are established according to the crop's applicable commodity board of trade/exchange as defined in the Commodity Exchange Price Provisions (CEPP). While the revenue protection guarantee may increase, the premium will not. The projected price is used to calculate the premium and replant payment or prevented planting payment. An indemnity is due when the calculated revenue (production to count x harvest price) is less than the revenue protection guarantee for the crop acreage. *Crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.*

PLAN 03 **Revenue Protection with Harvest Price Exclusion (RP HPE)** is similar to RP, however RP HPE coverage provides protection against loss of revenue caused by price decrease, low yields or a combination of both. Unlike RP, the revenue protection guarantee for RP HPE is based on the projected price only and it does not increase based on a harvest price. *Crops covered under this plan include barley (includes malting type), canola/rapeseed, corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.*

PLAN 04 **Group Risk Plan (GRP)** coverage is based on the experience of the county rather than individual farms, so while maintaining the insured's actual production history is encouraged, it is not required for this program. GRP indemnifies the insured in the event the 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.

PLAN 06 **Group Risk Income Protection (GRIP)**, like GRP, is based on the experience of the county rather than individual farms, so while maintaining the insured's actual production history is encouraged, it 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 will be calculated. An indemnity is due under GRIP when the county revenue published by FCIC 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 Harvest Revenue Option (HRO) Endorsement is available for GRIP (see below).

PLAN 05 **GRIP with Harvest Revenue Option (GRIP HRO)** is GRIP but with an added Harvest Revenue Option. For additional premium, this option offers "upside" harvest price protection by valuing lost bushels at the harvest price in addition to the coverage offered under GRIP. GRIP HRO will pay a loss when the county revenue is less than the HRO trigger revenue which is calculated using the higher of the projected price or harvest price.

PLAN 90 **Actual Production History (APH)** plan 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. Like YP, the APH plan guarantees a yield based on the individual producer's actual production history. Unlike YP, the available price elections are established by the Risk Management Agency. An indemnity is due when the value of the production to count is less than the liability. Of the small grain crops, only oats, rye, flax, and buckwheat remain covered under the APH plan of insurance for the 2011 crop year.