United States Department of Agriculture
Risk Management Agency

September 2011

2012 COMMODITY INSURANCE FACT SHEET

Forage Production GRP

Minnesota and Wisconsin

Crop Insured

The crop insured will be all the hay you have in the county in which you have a share that was planted for harvest as hay or rotational grazing. Acreage seeded to forage after July 1, 2011 will not be insurable for the 2012 crop year.

Counties Available

Forage production GRP insurance is available in 39 counties in Minnesota and 62 counties in Wisconsin.

General Explanation of GRP

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

GRP Benefits:

- GRP offers catastrophic protection and may cost less than MPCI.
- GRP provides a simplified plan to manage risk because the only information a producer needs to provide is the number of acres intended for harvest 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 Limitations:

- It is possible for a producer to have a low yield on the acreage insured and still not receive a payment under this plan.
- Lenders may not accept GRP coverage as collateral.

Important Dates

Sales Closing Date	November 30, 2011
Acreage Reporting Date	May 15, 2012
Premium Billing Date	August 15, 2012

Definitions

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 National Agricultural Statistics Service (NASS) county average yields, as adjusted by Federal Crop Insurance Corporation (FCIC).

Trigger Yield — The result of multiplying the expected county yield by the coverage level percentage chosen by you. When the payment yield falls below the trigger yield, an indemnity is due.

Payment Yield — The yield determined by FCIC based on NASS yields for the insurable crop's type and practice, as adjusted by FCIC, and used to determine whether an indemnity will be due.

Maximum Protection Per Acre — The highest dollar amount of protection specified in the actuarial documents for your county.

Dollar Amount of Protection Per Acre — The percentage of coverage selected by you multiplied by the maximum protection per acre specified in the actuarial documents for the crop, practice, and type.

Coverage Levels and Premium Subsidies

GRP forage production may be insured at the coverage levels shown in the table. Crop insurance premiums are subsidized as shown. For example if you select the 85-percent coverage level, your trigger yield will be 85 percent of the expected county yield, the premium subsidy is 55 percent, and your premium share is 45 percent of the base premium. Catastrophic coverage (CAT) is available at 65 percent of the expected county yield and 45 percent of the maximum protection per acre. The total cost for CAT coverage will be an administrative fee of $300 per crop per county, regardless of the acreage. Administrative fees, in addition to premium costs, for coverage levels above CAT are $30 per crop per county.

Item	Percent					
Coverage Level	CAT	70	75	80	85	90
Premium Subsidy	100	59	59	55	55	51
Your Premium Share	0	41	41	45	45	49

Loss Example

A loss occurs when the payment yield for the county falls below your trigger yield. This example assumes a 3.8 tons per acre expected county yield, 90-percent coverage level, and $425 protection per acre (varies by county).

3.8 tons per acre county expected yield
x .90 coverage level selected
3.4 tons per acre trigger yield
- 3.0 tons per acre payment yield for the year
0.4 tons per acre deficiency
0.4 divided by 3.4 = 0.118 payment factor
0.118 x $425.00 protection = $50.15 gross indemnity
- $8.00 premium per acre (varies by county)
$42.15 net indemnity per acre

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