# Hurricane Insurance Protection - Wind Index Endorsement CY2024

## What is Hurricane Insurance Protection-Wind Index Endorsement?

The Hurricane Insurance Protection – Wind Index (HIP-WI) Endorsement provides coverage for a portion of the deductible, up to 95% of the expected crop value, of the underlying crop insurance policy when the county, or a county adjacent to it, is within the area of sustained hurricane-force winds from a named hurricane as published by the National Hurricane Center (NHC) at the National Oceanic and Atmospheric Administration (NOAA).

An insured may attach the HIP-WI Endorsement to their crop policy under the Common Crop Insurance Policy, Basic Provisions (Basic Provisions). The coverage can be combined with other endorsements that provide additional coverage for a portion of the underlying policy deductible, when such coverage does not duplicate the coverage of HIP-WI, including the Supplemental Coverage Option (SCO) and the Stacked Income Protection Plan (STAX), when acreage is also insured by a companion policy.

## Where is HIP-WI available and for what crops?

The HIP-WI Endorsement provides coverage for over 70 different crops insured under the Basic Provisions for both CAT and additional coverage policies, when provided in the actuarial documents. It will be available in counties in the vicinity of the Gulf of Mexico and the Atlantic, as well as Hawaii. If HIP-WI is available in the county, it will be available for all crops in that county insured under the Basic Provisions.

Crops include: Wheat, Blueberries, Onions, Canola, Oats, Rice, Avocados, Pecans, Cotton, Cotton Ex Long Staple, Macadamia Nuts, Macadamia Trees, Forage Seeding, Forage Production, Peaches, Sugarcane, Corn, Sweet Corn, Fresh Market Sweet Corn, Processing Beans, Grain Sorghum, Grapes, Apples, Cranberries, Hybrid Corn Seed, Green Peas, Cabbage, Nursery (FG&C), Nursery Value Select (NVS), Peanuts, Sunflowers, Clary Sage, Hybrid Seed Rice, Soybeans, Peppers, Potatoes, Fresh Market Tomatoes, Tomatoes, Barley, Rye, Fresh Market Beans, Clams, Cucumbers, Sweet Potatoes, Tangerine Trees, Grapefruit, Lemons, Tangelos, Orange Trees, Grapefruit Trees, Lemon Trees, Lime Trees, All Other Citrus Trees, Avocado Trees, Carambola Trees, Mango Trees, Oranges, Flue Cured Tobacco, Fire Cured Tobacco, Burley Tobacco, Maryland Tobacco, Dark Air Tobacco, Cigar Filler Tobacco, Cigar Binder Tobacco, Cigar Wrapper Tobacco, Bananas, Coffee, Papayas, Banana Trees, Coffee Trees, Papaya Trees, Pecan Trees, Mandarins/Tangerines, Sesame, Tangors, Limes, and Hemp.

## What are the eligibility requirements for the HIP-WI Endorsement?

To be eligible for the HIP-WI Endorsement, you must:

- Have an insurance policy under the Basic Provisions with the same Approved Insurance Provider;
- Elect the HIP-WI Endorsement on or before the HIP-WI sales closing date (SCD);
- Elect a HIP-WI coverage percentage;
- Not have elected the Occurrence Loss Option (OLO) or the Comprehensive Tree Value (CTV) Endorsement for the underlying policy; and
- Comply with all terms and conditions of the HIP-WI Endorsement.

## When do I have to purchase the HIP-WI Endorsement?

On or before the HIP-WI SCD.

## When will my crops be covered for hurricane damage?

The insurance period for HIP-WI begins on the insurance attachment date, when provided in the HIP-WI actuarial documents. When no insurance attachment date is provided on the HIP-WI actuarial documents, the insurance period begins on the later of:

- The SCD of the underlying policy; or
- The earliest planting date, for each planting period when applicable, for the underlying policy.

The insurance period ends on the:

- End of insurance date, for each planting period when applicable, when provided in the HIP-WI actuarial documents; or
- End of insurance date, for each planting period when applicable, provided in the underlying policy actuarial documents when not provided in the HIP-WI actuarial documents.

## What cause(s) of loss will HIP-WI cover and what triggers an indemnity payment?

The full value of the HIP-WI Endorsement is paid if a county, or adjacent county, is within the area of sustained hurricane-force winds from a named hurricane based on data published by the NHC. You are not required to file a notice of loss. The counties where payments occur will be identified in the actuarial documents. It is possible that your individual farm may experience reduced revenue or reduced yield due to hurricane-related causes and you do not receive an indemnity under HIP-WI.

## How much does the HIP-WI Endorsement cost?

An administrative fee and premium for the crop covered by each HIP-WI Endorsement will be due in addition to any administrative fee(s) and/or premium(s) of the underlying policy. However, the HIP-WI administrative fee may be waived if you qualify as a limited resource farmer, a Beginning Farmer and Rancher (BFR), or a Veteran Farmer and Rancher (VFR).

Premium for the HIP-WI Endorsement is calculated by multiplying the Hurricane Protection Amount (HPA) by the premium rate and any premium adjustment percentages that may apply. All information needed to calculate the premium rate is contained in the actuarial documents. The premium subsidy for the HIP-WI Endorsement is fixed at 65 percent.

## How does HIP-WI coverage work when combined with SCO or STAX?

HIP-WI covers a portion of the deductible above the SCO or STAX layer of insurance, up to 95 percent of the expected crop value, the same as for other crops.

## What will my HIP-WI coverage be based on if I have SCO or STAX acreage that is later enrolled in FSA ARC or PLC? Will my coverage range for HIP-WI be based on the underlying policy or the coverage level including SCO or STAX since I will be ineligible for SCO or STAX indemnity on those acres?

The HIP-WI Endorsement will remain in effect when an insured adds, modifies, or removes any SCO or STAX coverage associated with the underlying policy.

If SCO coverage on a Farm Number (FN) is removed due to the FN being enrolled in the FSA Agriculture Risk Coverage (ARC) program, or if STAX coverage on a FN is removed due to the FN being enrolled in either the ARC or FSA Price Loss Coverage (PLC) program, HIP-WI coverage will not be increased to the underlying policy coverage level, unless the change to SCO or STAX coverage is reported by the insured on or before the ARD.

## How will the HIP-WI work with Nursery and Nursery Value Select?

HIP-WI will cover a portion of the deductible for Nursery and Nursery Value Select (NVS), up to 95 percent of the expected crop value, the same as for other crops.

Under Nursery or NVS, if you increase inventory values above what you reported on the original report (e.g., Plant Inventory Value Report (PIVR) or Nursery Value Report (NVR)) at any point during the crop year by submitting a revised report (e.g., revised PIVR, revised NVR or Peak Inventory Value Report) allowable by the underlying policy, the value of HIP-WI will not increase, but will remain consistent with the coverage established at the beginning of the insurance period according to the original report.

## When will HIP-WI and Tropical Storm Option (TS) indemnities be paid?

RMA releases the data as soon as it is available from NOAA. The rainfall and wind extents data is usually available within 30 days. NOAA also performs quality control to ensure that the data is correct. The final rainfall data is provided approximately 60 days following the storm, at which point RMA will update the tropical storm triggers. The wind extent data is usually available in the spring following the hurricane season and RMA will update the hurricane triggers. RMA will not remove triggers if the final data shows that a county did not trigger.

An indemnity is due when the county loss trigger is identified for the insured county, or adjacent county. For hurricanes, only one indemnity payment per insurance period or per planting period, when applicable, per acre is allowed. For Tropical Storms, two payments are allowed. No payments shall exceed the HPA. The Risk Management Agency (RMA) will identify triggered counties on the actuarial documents.

Losses under HIP-WI will be paid within 30 days after the later of the date:

- Federal Crop Insurance Corporation (FCIC) releases the list of counties identified as meeting the county loss trigger;
- The date the insured provides an acceptable acreage report; or
- The conditions in the Basic Provisions sections 14(f)(2)-(4) are met.

## Do I have to buy HIP-WI for all planting periods that have HIP-WI rates?

The HIP-WI Endorsement provides coverage on a per crop basis. If the actuarial documents provide a rate for a planting period, then that planting period must be covered under the HIP-WI Endorsement.

## If I only have 5 acres planted when a triggering event occurs, am I only paid on the 5 acres planted, even if I plant 25 more acres after the hurricane occurs and triggers the county?

A HIP-WI indemnity will be paid on all eligible acres at the time of the triggering event. If additional acres are planted during the same planting period after an event has occurred, the additional acres will not be eligible for an indemnity payment from the previous triggering event. In this example, only 5 acres were planted when the hurricane occurred, so only those 5 acres would be indemnified. However, if another hurricane triggers the county after the additional 25 acres were planted, then those 25 acres would be indemnified by the HIP-WI Endorsement.

## In the case of 1st and 2nd crop, if the underlying policy indemnity is restored to 100% on the 1st crop, would an existing HIP-WI indemnity also be increased?

Any premium and/or indemnity reduction made on the underlying policy will apply to the HIP-WI Endorsement. For example, when the underlying policy premium and indemnity is reduced due to first and second insured crop limitations, the protection under the HIP-WI Endorsement will similarly be reduced. When the HIP-WI payment is limited due to 1st and 2nd crop requirements, if there is a reinstated guarantee on the underlying policy, i.e., the remaining 65% is issued for the 1st crop because there is not a loss on the 2nd crop, the withheld 65% of HIP-WI indemnity will also be issued.

## If the triggering event occurs after billing, will the HIP-WI payment offset billing?

HIP-WI indemnity payments can be offset for premium due after the billing.

## Do I have to file an acreage report for the HIP-WI Endorsement?

You are not required to submit an acreage report for the HIP-WI Endorsement because the endorsement uses the underlying policy's acreage report. For crops which do not require an acreage report, the crop's equivalent of an acreage report will be used.

## Because the HIP-WI Endorsement does not exclude late planted acreage (acreage planted DURING the late planting period), is acreage planted DURING the late planting period eligible for HIP-WI coverage?

Yes, the HIP-WI Endorsement will cover late planted acreage at the late planted guarantee.

## How does the eye of the storm affect tracking of the wind speeds? If the track/eye of the hurricane or tropical storm does not land specifically across the U.S. border (for example, the eye of the storm lands just south of the Texas border) will wind speeds be measured by NOAA to meet policy specifications as outlined in the Hurricane Data Provisions (HDP)?

The trigger counties are based on the wind field of a named hurricane or tropical storm, not on the location of the storm center (eye). If the hurricane wind field crosses a county boundary, it will trigger for payment regardless of whether the storm center is in the United States. If a tropical storm wind field crosses a county

boundary, the consecutive four-day rainfall amount for the county is determined in accordance with the HDP, and if such amount is 6 inches or more, a payment would be triggered.

## Are counties separated by water still considered adjacent and payable if the other county triggers payment?

In some cases, a triggered county is considered adjacent across a body of water in accordance with the U.S. Census Bureau's County Adjacency File. This file can be accessed at https://www2.census.gov/geo/docs/reference/county_adjacency.txt.

## What is the Tropical Storm Option (TS)?

The Tropical Storm Option (TS) is an option on the HIP-WI Endorsement and provides coverage for the same portion of the deductible of the underlying policy that is not otherwise covered, when the county, or a county adjacent to it, is subject to a tropical storm or a hurricane within its boundaries according to NOAA and determined by RMA.

## When does the Tropical Storm Option (TS) have to be elected?

The TS must be elected by the HIP-WI SCD. However, for the 2023 crop year only, for crops with a HIP-WI sales closing date of November 1, 2022, or later, an insured must elect the Tropical Storm (TS) option on or before April 30, 2023, to be effective. If you do not have an existing HIP-WI Endorsement, you may elect the HIP-WI Endorsement with TS option. However, a HIP-WI Endorsement without TS cannot be elected during this extended sales period.

## If I elect the Tropical Storm Option (TS), and a named tropical storm and hurricane hit my county simultaneously, how will indemnities be paid?

In the event a hurricane and qualifying tropical storm hit your county simultaneously the hurricane event will trigger the full payment and no additional HPA will be available to indemnify the TS.

## If I elect the Tropical Storm Option (TS), and a tropical storm hits my county first, followed by a hurricane at a later date, how will indemnities be paid?

An indemnity will be due under TS if the TS county loss trigger is identified for the county. When the TS is elected, up to two indemnities are allowed, but the combined indemnities are not to exceed 100 percent of the HPA. FCIC will identify the counties and their adjacent counties meeting the tropical storm trigger. For those crops with multiple planting periods within an insurance period, multiple indemnity payments, not to exceed 100 percent of the HPA, are allowed per eligible planting period, on a per acre basis. A TS indemnity will be 50 percent of the HPA for all eligible acres, inventory, or trees and plants for the crop in the county when a qualifying event triggers the county.

For example, you elect with HIP-WI and the TS option and experience two qualifying tropical storm events at the beginning of the season and a qualifying hurricane event 2 months later within the same crop year. The qualifying tropical storm events triggers an indemnity of 50 percent for each event to the maximum of 100 percent of the HPA. The qualifying hurricane event triggers but all 100 percent of the HPA has been paid. No further indemnity will be paid for any tropical storm or hurricane events after 100 percent of the HPA has been paid.

## When do I have to purchase the Tropical Storm Option (TS)?

You must elect TS on or before the HIP-WI SCD. For the initial year of implementation, insureds will be allowed to elect, no later than April 30, 2023. You may elect TS on existing HIP-WI Endorsements, or HIP-WI Endorsement with TS.

## If I elect the Tropical Storm Option (TS), how will indemnities be paid?

To meet the county loss trigger your insured county or county adjacent to your insured county must encounter: a tropical storm with sustained surface wind speeds of 34 knots (39 mph) according to National Oceanic and Atmospheric Administration's (NOAA) International Best Track Archive for Climate Stewardship (IBTrACS) **and** the county's total daily average precipitation over a consecutive four-day period (one day preceding the arrival of the tropical storm, the day of the tropical storm, and two days following the arrival of the tropical storm), must be 6 inches or greater as reported by the NOAA Climate Change Prediction Center (CPC). Both the wind trigger and precipitation trigger must occur for an indemnity to be paid.

Although the Hurricane Protection Amount (HPA) does not change, TS provides an additional county loss trigger for tropical storms based on a combination of tropical storm windspeeds and rainfall, as determined in accordance with the HDP. When TS is elected, 50 percent of the HPA will be paid as an indemnity whenever a county is triggered, not to exceed 100 percent of HPA in a crop year.

## What data sources does RMA use to determine wind extents and rainfall amounts?

NOAA IBTrACS data is used to determine wind extents for Hurricane and Tropical Storm county loss triggers. In addition, NOAA CPC data is used to determine the Final Rainfall amount for Tropical storm county loss triggers.

## If my local rain gauge or a grid in my county reports 6 inches of rainfall, does that mean my county qualifies for a Tropical Storm Option (TS) indemnity?

Tropical Storm rainfall is measured using an area weighted average total rainfall for all grids that intersect the county. This means one gauge or grid could receive 6 inches of rainfall, but the total weighted average grid precipitation could still be less than the required 6-inch Final Rainfall Amount required to trigger a TS indemnity.

## Are all weather stations on NOAA's website used?

No. NOAA CPC uses weather stations certified by the National Weather Service Office of Observation. There are a lot of different weather stations that are publicly available, but these are the only stations used. Each grid uses between four and ten weather stations to determine the precipitation within the grid. The weather stations may not even be in the grid but are interpolated based on distance to determine an average for the grid.

## The National Weather Service (NWS) and other sources published information that differs from the National Oceanic and Atmospheric Administration – Climate Prediction Center (NOAA-CPC). Specifically, the NWS published conflicting information based on weather stations maintained by the US Geological Survey, Automated Surface Observing Systems (AWOS), Community Collaborative Rain, Hail and Snow (CoCoRaHS) and other state operated weather stations. How is it possible that NOAA has different rainfall totals?

There are many different weather stations and networks across the nation. NOAA-CPC only uses weather stations certified by the NWS Office of Observation as they are a reliable source of data going back a long enough time for actuarial purposes (1948) and available through the NWS official data stream. Some of the weather stations cited may not be used in NOAA-CPC’s analysis. In particular, reports from the CoCoRaHS network are not a part of the NWS data stream.

Weather is varied based on space, time and observation. Two weather stations a few hundred yards apart can have very different readings. Buildings, topography, and other features can also play a major role in precipitation measurement. Also, if one weather station in or near a grid has a certain level of precipitation it doesn’t mean that is representative of the entire grid.

## What is the National Oceanic and Atmospheric Administration’s Quality Assurance/Quality Control (QA/QC) process?

The National Oceanic and Atmospheric Administration – Climate Prediction Center (NOAA-CPC) conducts manual quality control for the station reports of daily precipitation through examining associated information (meta data) coming to CPC together with the reports themselves and through comparison with several different data sources. Some of these include the NOAA National Severe Storms Laboratory Multi-Radar Multi-Sensor (MRMS) information, Iowa State University weather data, and the National Center for Environmental Information (NCEI). Some of these manual tests are looking for large differences in magnitude or percentage of rain.

Several objective tests are also used. Four primary types of objective checks are:

- Duplicate station check
- Buddy check (comparison with nearby stations)
- Standard deviation check (comparison with historical records)
- Radar check (comparison with concurrent radar observations)

## Why does the Quality Control (QC) process take so long?

The National Oceanic and Atmospheric Administration (NOAA) wants to ensure due diligence is conducted and it takes time to compare the data sources above. NOAA can look at ways to speed up the process without sacrificing the quality control process, but accurate results are more important for crop insurance purposes.

## I heard weather stations lost power. Will the National Oceanic and Atmospheric Administration – Climate Prediction Center (NOAA-CPC) take that into account in the Quality Control (QC) process?

If you know of specific stations or areas that lost power, please provide those to the Risk Management Agency (RMA). The National Oceanic and Atmospheric Administration – Climate Prediction Center (NOAA-CPC) is not in charge of monitoring or collection of weather station data and would need to verify with local observers.