Crop and Livestock Income Protection (CLIP)

This FAQ document is intended for informational purposes only. Refer to the policy and procedures for complete details.

Administrative and Design

Is CLIP an endorsement or a policy?

CLIP was designed to be a policy rather than an endorsement to avoid the complications of simultaneously acting as an endorsement to multiple underlying RP policies.

How does CLIP work?

CLIP provides a form of umbrella revenue coverage with a higher overall coverage level for two or more qualifying Revenue Protection (RP) policies. Diversification of risk across the covered commodities results in CLIP premium savings. Eligible commodities include barley (spring), canola (spring), corn, cotton, dry beans, dry peas, flax, grain sorghum, oats (spring), peanuts, popcorn, rice, soybeans, sunflowers, weaned calves, and wheat (spring).

What coverage levels are available with CLIP?

CLIP coverage may be elected in 5 percent increments of 55, 60, 65, 70, 75, 80, and 85 percent. The CLIP coverage level must be at least as high as the highest applicable underlying RP policies' coverage level and is subject to the coverage level cap. The coverage level cap is the lesser of 85 percent or the sum of the lowest coverage level percent for any underlying RP policy for the applicable RP crop or crop practice (i.e., irrigated and non-irrigated practice) or the High-Risk Land Exclusion Option (HRLEO) plus 25 percent.

What is the unit structure for CLIP?

A CLIP unit is a single unit containing all insurable acreage or number of head of the underlying RP crops insured under CLIP in the county for the insurance period. CLIP does not impact underlying RP policy unit structure. Underlying RP policy share arrangements apply to the CLIP calculations.

Are separate types and/or practices (e.g., high amylase and grain corn, irrigated and non-irrigated) of an insurable crop treated as separate crops under CLIP?

No, separate types and/or practices of an insurable crop are not considered separate crops under CLIP. Additionally, CLIP requires all insurable planted acreage of an underlying RP crop in the county to be insured under CLIP. For example, if a producer designates corn for CLIP coverage, both their irrigated and non-irrigated corn acreage in the county will be covered. However, producers can elect different RP coverage levels for the irrigated and non-irrigated acreage subject to the CLIP coverage level cap.

Are written agreements allowed for CLIP?

Written agreements are not allowed to modify the terms of the CLIP policy or to establish CLIP coverage where it is not available. However, written agreements are allowed on the underlying RP policies that may impact the coverage for an RP crop under CLIP.

How do you know acres and liability at application time?

Any eligible crop covered by an RP policy may be listed on the application if the CLIP policy is offered in the county. Eligibility is not based on planted acreage or number of head but rather on liability. It is not necessary to determine acreage or number of head at the time of application. The acreage or insurable head reported on the acreage report will be the basis for the actual CLIP liability for the crop and if the liability requirements are met. If no acreage of the crop is planted or there are no insurable head, then there is no CLIP liability or CLIP coverage for that crop.

If a producer applies for CLIP but the policy does not attach or is cancelled due to ineligibility (e.g., only one crop under CLIP with insurable planted acreage), is CLIP premium still due?

If there is no CLIP liability (i.e., no insurable acres or head), there is no premium due. If applicable, the acreage report/record would be revised to show zero acreage or head, and the CLIP policy would be cancelled.

Are there separate administrative fees for each CLIP crop?

Since CLIP is one policy, there is only one administrative fee for CLIP per county regardless of the number of covered commodity policies.

Do Beginning Farmer or Rancher (BFR) and Veteran Farmer or Rancher (VFR) benefits apply to CLIP?

Yes. BFR and VFR impact the underlying RP crop policies for the purpose of determining coverage and applicable benefits for the RP crops. The RP crop coverage for the producer is then used to administer the CLIP program.

Can the CLIP coverage level be the same as an underlying policy’s RP coverage level?

Yes, CLIP can be elected at a coverage level equivalent to the highest coverage level of any of the underlying RP polies subject to the coverage level cap. For example, if an insured elects RP for corn at 80%, RP for soybeans at 70% and RP for cotton at 65%, they can elect CLIP at 80% (equivalent coverage level to corn).

Is there a CLIP unit discount factor? If so, how is it determined?

There is no CLIP unit discount factor. The dynamic nature in which CLIP premium rates are calculated takes into consideration the commodity mix and liability variables for the policy without having a discount based on acreage brackets.

Eligibility and Requirements

Is a policyholder required to have two RP policies or can they have CLIP with only one RP policy?

The policyholder must have two or more underlying RP policies in the same county, each with at least 10% of the total RP crop liability of crops to be insured under CLIP.

What happens if a producer applies for CLIP coverage for two underlying RP policies but is unable to plant one of the crops?

The CLIP policy would be cancelled.

Are there separate acreage and production reports for CLIP?

No, separate acreage and production reports are not applicable for CLIP. CLIP insurance coverage and policy administration will be based on accepted acreage reports for the insured’s underlying RP policies.

CLIP Interaction with Underlying RP Policies

Can CLIP be elected for use in conjunction with RP policies having fall sales closing dates (e.g., winter wheat)?

CLIP is only available for use in conjunction with RP policies having a spring SCD (i.e., January 31 – March 15).

Do the underlying RP policies have to be in the same county?

Yes, the CLIP policy is written on a county basis as is the case with all crop insurance policies, endorsements, options, etc. Accordingly, the underlying RP policies for which CLIP is written must be in the same county.

Can CLIP and the underlying RP policies be with different Approved Insurance Providers (AIPs) or agencies?

No, CLIP and the underlying RP policies must be with the same AIP and agency.

Are crop types and practices insurable on the underlying policies also insurable for CLIP?

Yes, CLIP may be used with insurable types and practices available in the county for the RP crops.

Will late planting reductions or other yield adjustments that affect an underlying RP policy guarantee also affect the CLIP guarantee?

Yes, the applicable adjustments for the underlying RP crops will carry over to CLIP.

Are livestock eligible for CLIP?

Weaned Calf Risk Protection (WCRP) is the only livestock program eligible for CLIP. Programs such as Livestock Risk Protection (LRP) and Dairy Revenue Protection (DRP) are not eligible for CLIP.

Can CLIP be used with Revenue Protection with Harvest Price Exclusion (RPHPE) policies?

No, CLIP can only be written with Revenue Protection (RP) policies.

Will CLIP be available for Area Yield Protection (AYP), Area Revenue Protection (ARP), or Area Revenue Protection with the Harvest Price Exclusion (ARPHPE)?

No, CLIP can only be written with Revenue Protection (RP) policies.

What commodity prices and yields are used for CLIP?

CLIP utilizes the applicable projected and harvested prices and approved yields of the underlying RP policies.

What happens if the CLIP coverage level elected is lower than what is elected on one of the underlying RP coverages?

On the earliest applicable sales closing date, the insured must elect CLIP and the CLIP coverage level and also designate the commodities to be covered by CLIP. The CLIP coverage level must be at least as high as the highest applicable underlying RP policy coverage level subject to the coverage level cap.

CLIP Interaction with Other Policies and Endorsements

Can endorsements such as the Supplemental Coverage Option (SCO) or Stacked Income Protection (STAX) be used with CLIP?

No. The following endorsements may NOT be used with CLIP:

- Cottonseed Endorsement (SE),
- Downed Rice Endorsement (DC),
- Malting Barley Endorsement (MBE),
- Margin Protection (MP),
- Post Application Coverage Endorsement (PACE),
- STAX, and
- SCO.

Additionally, CLIP may NOT be elected for use with underlying RP policies with MBE, MP, PACE, STAX, or SCO.

Can CLIP be used in conjunction with underlying RP policies for which Hurricane Insurance Protection Wind Index (HIP-WI), Enhanced Coverage Option (ECO), or the Margin Coverage Option (MCO) are elected.

Yes, CLIP may be used in conjunction with underlying RP policies with HIP-WI, ECO, or MCO. The HIP-WI Tropical Storm (TS) option is also allowable.

Is Catastrophic Risk Protection (CAT) allowed for use with CLIP?

No, CLIP can only be used in conjunction with underlying RP policies (i.e., Plan 02). Since CAT is not offered for RP policies, CAT is not allowed.

If an insured elects CLIP in January, can they get out of it by electing SCO on their commodities in March?

No. Once CLIP has been elected for an underlying RP crop, election of an excluded supplemental coverage such as SCO is not available or permitted for that crop. Alternatively, if an excluded supplemental coverage such as SCO is in force for an underlying RP crop, CLIP may not be elected for that crop.

If an Approved Insurance Provider (AIP) decides not to offer Weaned Calf Risk Protection (WCRP) coverage, can they still offer CLIP?

Yes, an AIP not offering WCRP may still offer CLIP for other crops.

Do Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) options affect CLIP eligibility?

No, the election of ARC or PLC on acreage does not impact the eligibility of an insured to elect CLIP.

If an insured elects CLIP and wants HIP-WI for one of the underlying RP policies, must they also elect HIP-WI for the other underlying RP policy(ies)? Would the same apply for ECO, HRLEO, or MCO?

No, they may elect HIP-WI for any or all of the underlying RP policies as long as it is allowable under the HIP-WI provisions. The same applies for ECO, HRLEO, and MCO.

Settlement of Claims

Are there separate loss adjustment procedures for CLIP?

No, separate loss adjustment procedures are not applicable for CLIP. The loss adjustment procedures of the underlying RP policies are applicable for CLIP.

What happens to CLIP indemnities if the underlying RP claim cannot be settled due to delayed harvest?

Any indemnity that may be due under CLIP will not be determined until all claim determinations for the insured's underlying RP policies have been completed. CLIP does not affect timely claims settlement for underlying RP policies.

Is prevented planting covered under CLIP?

No, CLIP only provides coverage for insurable planted acreage.

What if it is suspected that a loss will be triggered on the CLIP policy, but not on the underlying policies?

CLIP may provide coverage at a higher coverage level than the underlying RP policies and such policies may not incur production or revenue losses. However, CLIP losses may still be available based on the higher CLIP coverage levels and will be determined using underlying RP policy loss adjustment procedures.