

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 policies 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.

Where can I find premium rates for CLIP?

CLIP premium rates are not published because the rate is calculated based on the variables of each scenario such as the commodities covered and liability associated with each commodity. However, a CLIP estimate can be calculated using the [RMA Cost Estimator](#). An accurate quote can be obtained through a crop insurance agent.

Is the CLIP coverage level cap determined based on all of a producer's RP policies or just those designated for CLIP?

The CLIP coverage level cap is only impacted by RP policies under CLIP. For example, assume a producer designates their corn and soybeans for CLIP but not their cotton. The CLIP coverage level cap is only based on corn and soybeans. They can choose any coverage level on their cotton they want, and it will not impact CLIP.

Can CLIP be elected at the 60% coverage level on an underlying 50% RP policy to satisfy the disaster payment linkage requirements?

If a producer received a Farm Service Agency (FSA) disaster payment (i.e., Supplemental Disaster Relief Program (SDRP) payment) on a crop, then they need to have the equivalent of 60% coverage at 100% price election for the next two years. CLIP coverage elected at 60% or higher would meet the linkage requirement. However, if they don't meet the CLIP eligibility requirements, whether they meet linkage would be based on the underlying RP policy coverage level. Liability under HIP-WI, ECO, etc., also count towards reaching the 60% threshold.

Why are insureds allowed to elect a CLIP coverage level equal to their underlying RP coverage level, giving the crop a CLIP liability of \$0. How does this relate to the 10% liability requirement (i.e., 2 or more underlying RP policies in the same county, each with at least 10% of the total RP liability of crops to be insured under CLIP)?

CLIP can be elected at a coverage level equivalent to the highest coverage level of any of the underlying RP policies. Doing so may result in CLIP premium savings to the insured due to the potential for diversification of risk of commodities covered by CLIP. As long as all eligibility criteria are met, a commodity having a CLIP coverage level equivalent to the RP coverage level should not be marked as uninsurable.

For example, an insured has RP policies at 80%, 70%, and 65% coverage levels for commodities A, B, and C, respectively. They designate these three commodities for CLIP coverage under an 80% coverage level policy. Though there is no CLIP liability associated with commodity A, there is CLIP liability associated with commodities B and C. Under CLIP, commodity A helps to diversify the risk from commodities B and C.

The "total crop liability" is based on the total RP liability for all commodities insured under CLIP.

What is the premium billing date for CLIP?

The premium billing date for CLIP is August 15.

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. Additionally, production to count and production reports of the insured's underlying RP policies will also apply to CLIP.

What is the 10% liability requirement calculated on? Is it based on RP policy liability, CLIP liability, or the combination of RP and CLIP liability?

At least 2 of an insured's underlying RP crops each must have a crop liability that constitutes at least 10% or more of the total crop liability for all RP crops insured under CLIP based on the applicable projected price.

The "total crop liability" is based on the total RP liability for all commodities insured under CLIP. Say a producer grows and insures corn, grain sorghum, and cotton at 75%, 70%, and 80%, respectively. If the producer insures corn and sorghum under

CLIP at 85%, the applicable liability amounts to satisfy the criterion are the RP corn and grain sorghum liabilities. If the 75% RP corn liability amount is \$15,000 and the 70% RP sorghum liability amount is \$10,000, the “total crop liability for all RP crops insured under CLIP” would be \$25,000 and the associated CLIP commodity share percent values would be 60% for corn and 40% for sorghum. This CLIP policy would meet the liability requirement.

As a second example, if the 75% RP corn liability amount is \$19,000 and the 70% RP sorghum liability amount is \$1,000, and these are the only two commodities insured under CLIP, then the associated CLIP commodity share percent values would be 95% for corn and 5% for sorghum. This CLIP policy would fail to meet the liability requirement.

If an insured has four crops insured under CLIP. As of the acreage reporting date, two of the crops meet the 10% liability requirement with 45% of RP liability each. The other two crops under CLIP have only 5% of RP liability each. Are the two crops with 5% of RP liability insurable or uninsurable?

In this example, all four crops are eligible for CLIP. Once two commodities meet the 10% eligibility requirement, additional commodities with less than 10% of liability qualify for CLIP.

Is the added county election available for CLIP policies?

No. Added county does not apply to CLIP. The CLIP policy is established on a county basis. To add CLIP coverage for a new county, a separate application must be submitted by the sales closing date.

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) and a November 30 contract change date.

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.

Is underlying RP policy prevented planting (PP) considered for CLIP eligibility and/or settlement of claims calculations?

No, only planted acres are covered by CLIP. Therefore, PP acres are not included in the CLIP 10% liability requirement calculations. The acreage report will be the basis

for the actual CLIP liability for the crop and if the liability requirements are met. For example, if cotton is one of the crops designated for CLIP and a portion of the acres are PP, only the cotton acres that are planted and reported on the acreage report are considered for CLIP. PP indemnity payments are not included in CLIP settlement of claims calculations.

Does an insured that has a Multi-County Enterprise Unit (MCEU) have to elect CLIP in both counties they have crops planted, or can the CLIP election be limited to only one county?

An insured is not required to elect CLIP in both MCEU counties. CLIP coverage is elected on a county basis, and an insured may only have one CLIP policy per county. CLIP coverage does not cross county lines. The insured may elect CLIP in each county in which they have qualifying RP policies with insurable planted acreage or head.

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.

How does CLIP interact with the Enhanced Coverage Option (ECO), Margin Coverage Option (MCO), and Hurricane Insurance Protection-Wind Index (HIP-WI) to ensure that indemnities do not exceed crop value?

CLIP provides coverage up to the 85% coverage level. Both ECO and MCO provide a band of coverage from 86% to either 90% or 95%. Therefore, there is no mathematical overlap with CLIP. The HIP-WI interaction with CLIP should be handled in accordance with the HIP-WI Endorsement whereby HIP-WI's Hurricane Coverage Range will only extend to the CLIP coverage level since CLIP and HIP-WI do not overlap.

If an insured has the Cottonseed Endorsement on all or a portion of insured cotton in a county, is all cotton in the county excluded from participating in CLIP?

Though the Cottonseed Endorsement is excluded under 14(a) of the CLIP Provisions, an RP cotton policy may still be covered by CLIP even if the Cottonseed Endorsement has been elected, but CLIP will not provide coverage for the Cottonseed Endorsement. The exclusions under 14(a) of the CLIP provisions are coverages or options that may not be used directly with CLIP. Section 14(b) lists

coverages or options not allowed for CLIP underlying RP policies. Since the Cottonseed Endorsement is not listed under 14(b), the Cottonseed Endorsement is allowed on a cotton RP policy covered by CLIP. The RP liability and production to count for the underlying policies is all that is used for CLIP determinations.

What happens to HIP-WI coverage if a producer elects both CLIP and HIP-WI, but does not meet CLIP eligibility requirements by the acreage reporting date and CLIP is canceled? Does the lower end of the HIP-WI coverage range remain at the CLIP coverage level or extend to the coverage level of the underlying RP policy?

In the event CLIP policy requirements are not met and CLIP is canceled for the crop year, the HIP-WI coverage range will extend to the underlying RP policy coverage level for any commodity for which HIP-WI was also elected. For example, assume an insured with corn and cotton chooses to elect the following coverage: RP at the 70% coverage level for both, CLIP at the 85% coverage level for both, and HIP-WI only on cotton. The HIP-WI coverage range is 95% to 85% with the CLIP policy in effect. If the CLIP policy is canceled, the HIP-WI coverage range for cotton will be 95% to 70%.

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.

Is a notice of loss required for CLIP?

Yes, since CLIP is individual-based coverage rather than area-based coverage, a notice of loss is required. The CLIP policy points to the Basic Provisions for notice of loss details. This is handled in section 14(b) of the Basic Provisions whereby notice is required within 72 hours of the initial discovery of damage/loss and within 45 days after the harvest price is released.

How is a CLIP claim handled in scenarios where there is a CLIP loss but not an underlying RP policy loss, and what is the deadline?

A CLIP claim must be submitted within 60 days after end of insurance date. The end of the insurance period for CLIP coincides with the latest end of insurance date for any of the RP policies under CLIP. CLIP claims can only be determined once all

production to count from the RP policies under CLIP is reported to the Approved Insurance Provider (AIP). Claim determinations are made in accordance with procedures found in the Loss Adjustment Manual (LAM) and underlying RP policy Loss Adjustment Standards Handbook (LASH) for each underlying crop policy.

What if a CLIP claim is submitted late?

A CLIP claim must be submitted within 60 days after end of insurance date. Failing to submit a claim timely will result in no indemnity. The end of the insurance period for CLIP coincides with the latest end of insurance date for any of the RP policies under CLIP. Assume an example insured has corn, oats, and sunflowers with the respective published RP end of insurance dates shown in the table below. If this producer elected CLIP, the CLIP end of insurance date would be 12/10/26 since that is the latest of the RP policies under CLIP. This insured must submit a CLIP claim not later than 60 days after 12/10/26 unless they request an extension on an RP policy under CLIP, and it is approved by the Approved Insurance Provider (AIP). This claim would be based on production to count from each of the underlying crops.

Hyde County, South Dakota RP End of Insurance Date

Corn	12/10/26
Oats	10/31/26
Sunflowers	11/30/26