GROUP RISK INCOME PROTECTION (GRIP) UNDERWRITING RULES

RULE 1 – ELIGIBILITY

1.1   Eligibility Requirements

A GRIP policy that includes coverage against potential loss of revenue resulting from a significant reduction in the yield or price of a specific agricultural commodity may be issued to a farm operator when the following requirements are met:

Policyholder - The policyholder must be eligible to participate in the MPCI program.

Crop - The crop must be eligible for GRIP coverage.

Insurable Interest - The insured must have an insurable interest in an insured crop that is planted in the county designated on the approved application. The crop must be planted for harvest and be reported to us by the acreage reporting date. GRIP may only be purchased on the net acres of the insured crop.

County - A county for which an actuarial document has been filed. Application must be made for each county-crop combination.

Protection - The amount of protection can range from 60% to 100% of the maximum protection per acre as specified in the actuarial documents.

1.2   Submit to Company

1.2.1   Application - The insured should submit a GRIP application to the company no later than the sales closing date as specified in the crop provisions. All timely dated and signed applications must be received by the company within ten days after the sales closing date. Applications received more than ten days after the sales closing date will not be accepted and returned to the applicant.

Clients requesting to change from other MPCI coverage to GRIP coverage within the company must complete an application for GRIP and attach a signed request to cancel the existing MPCI policy.

Clients requesting cancellation of their GRIP policy and/or transfer to another carrier must do so by the sales closing date in writing on forms applicable to such purpose.

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1.2.2 **Acreage Report -** An acreage report must be filed annually with the insurance company. The report must be on the company's form and filed by the acreage reporting date each year.

RULE 2 – PROGRAM DESCRIPTION

The following is a general description of the coverages provided by GRIP. The policy forms state the complete conditions.

2.1 **Policy Forms**

The GRIP contract consists of the following forms:
a) Application
b) Basic Provisions
c) Crop Provisions
d) Special Provisions
e) Actuarial Document

2.2 **Coverage Options**

The GRIP coverage levels are 70%, 75%, 80%, 85%, or 90% of the expected county revenue.

2.3 **Basic Limits**

The total aggregate liability for each county is unlimited except by edict of the Risk Management Agency, USDA, or filed by the company in its Plan or Operation.

2.4 **Coinsurance**

There is no insurance-to-value requirement.

2.5 **Perils I   nsured Against**

All perils are insured against that result in a reduction in the calculated county revenue.

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2.6 Exclusions

The following provisions of other MPCI programs do not apply to GRIP:

Units - There is only one GRIP unit per county.
Hail and Fire Exclusion Provisions
High Risk Land Exclusion Provisions
Late Planting Agreement Provisions
Prevented Planting Provisions
Replant Payment Provisions
NCS Adjustments - GRIP experience will not be used in calculating NCS adjustments.
APH Provisions - Insureds are not required to report yield history or maintain production records for GRIP. However, insureds are encouraged to maintain yield history for future APH purposes.
Experience Adjustment Factors - GRIP experience will not be used in calculating experience factors. GRIP will not break the continuity of MPCI experience for experience adjustment purposes.

If a GRIP insured returns to other MPCI programs:

1) The insured's MPCI NCS experience continues.
2) The insured's MPCI APH yield history will be maintained only if continuous production reports (including the period insured under GRIP) are filed when the insured returns to other MPCI programs that require APH history.
3) Failure to file the most recent year's production report will limit the insured's choices regarding other MPCI program optional units (if applicable).

2.7 Rounding Rules

Bushels and acres to tenths (X.X).

Share and factors to thousandths (X.XXX).

Dollars to dollars and cents ($X.XX) except premium and subsidy per acre which are in whole dollars ($X).

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RULE 3 – POLICY WRITING INSTRUCTIONS

3.1   Policy Term

The GRIP policy is a continuous policy and provides coverage for the succeeding year unless canceled by the date specified in the crop provisions.

3.2   Transfer or Assignment

3.2.1 Transfer of Right to Indemnity

If any part of your share in the crop is transferred during the crop year, the insured may transfer the equivalent part of its right to payment under the policy. Any transfer must be on the insurance company's form and is effective upon the written approval of the insurance company. The responsibility for payment of the premium may not be transferred.

3.2.2 Assignment of Indemnity

The insured may assign rights to an indemnity payment to someone else for the current crop year. The assignment must be on the insurance company's form and is effective upon the written approval of the insurance company. Assignments are not continuous and must be resubmitted each crop year.

3.3   Contributing Insurance

No other crop insurance product subsidized under the Act for the insured crop in the county listed on the application may be obtained. If more than one policy has been written that covers the insured's share of the crop, the policy with the earliest application date will be in effect. All later policies will be void. Penalties may be applicable as specified in the provisions of 7 CFR section 407.2.

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RULE 4 – ADMINISTRATIVE FEE & PREMIUM DETERMINATION

4.1   Administrative Fees

For an additional coverage policy, an administrative fee of $30 for each crop in each county will be payable under the same terms and conditions as the policy premium.

Administrative fees may be waived for limited resource farmers.

4.2   Annual Premium

Determine the basic policy premium for each county and crop based on the GRIP actuarial documents, the policy protection, and coverage selection chosen.

The premium is determined by multiplying the policy protection times the premium rate per hundred dollars of protection for the selected coverage level contained in the actuarial documents, by 0.01, and subtracting the applicable subsidy. The premium cannot be less than zero.

4.3   Invoice

The insurance company will invoice the insured for the total actual premium less applicable subsidy and administrative fees. Premium and administrative fees shall be due and payable on the date specified in the Special Provisions.

4.4   Changes in Coverage Selection or Protection

The insured may change the coverage selection or protection for subsequent years. The insurance company must be notified in writing by the Sales Closing Date for the crop year the desired change is to take effect.

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RULE 5 – INDEMNITY CALCULATION

5.1   Yields

5.1.1 Expected County Yield

The expected county yield for each crop is determined using historic National Agricultural Statistics Service (NASS) county average yields, as adjusted by FCIC.

5.1.2 Final County Yield

The final county yield is the yield determined by FCIC based on NASS yields for each crop's type and practice.

5.2   Prices

5.2.1 Expected Price

The expected price is the simple average of the last five final daily settlement prices in February for the crop futures contract specified in the crop provisions.

5.2.2 Harvest Price

The harvest price is the simple average of the final closing daily settlement prices for the trading month on the futures contract specified in the crop provisions.

5.3   Expected County Revenue

The expected county revenue is determined by multiplying the expected county yield by the expected price.

5.4   Trigger Revenue

The trigger revenue is calculated by multiplying the expected county revenue by the coverage level.

5.5   County Revenue

The county revenue is determined by multiplying the final county yield by the harvest price.

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5.6   Payment Calculation Factor

The percentage difference between the trigger revenue and actual county revenue used to determine the amount of indemnity. The payment calculation factor is determined by the following formula:

$$\text{Payment Calculation Factor} = \frac{(\text{Trigger Revenue - County Revenue})}{\text{Trigger Revenue}} \geq 0$$

5.7   Loss Payment

A GRIP loss will occur if the county revenue is less than the trigger revenue. The amount of indemnity is calculated as follows:

$$\text{Indemnity} = \text{Payment Calculation Factor} * \text{Policy Protection}$$

5.8   Claims Procedure

All claims procedures will be handled by the insurance company. There is no notification of loss required by the insured. When NASS releases its final county yield estimates, county revenues will be calculated and a determination will be made if an indemnity is due the insured. The insured will be notified of these calculations and be paid if an indemnity is due. The insured certifies his/her loss by endorsing the payment check.