



**DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION**

GROUP RISK PLAN OF INSURANCE

CONTRACT PARTS

This contract consists of the following parts:

1. Application
2. Basic Provisions
3. Crop Provisions
4. Special Provisions
5. Actuarial Table

UNITED STATES DEPARTMENT OF AGRICULTURE
Group Risk Plan Common Policy
(This is a continuous policy. Refer to Provision 19.)



This insurance policy establishes a risk management program developed by the Federal Crop Insurance Corporation (FCIC), an agency of the United States Government, under the authority of the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*) (Act). All terms of the policy and rights and responsibilities of the parties hereto are subject to the Act and all regulations under the Act published in chapter IV of 7 CFR, and may not be waived or varied in any way by the crop insurance agent, or any other agent or employee of FCIC or the Farm Service Agency (FSA).

Throughout this policy, "you" and "your" refer to the person shown on the accepted application and "we," "us" and "our" refer to the Federal Crop Insurance Corporation. Unless the context indicates otherwise, the use of the plural form of a word includes the singular use and the singular form of the word includes the plural.

The Group Risk Plan of Insurance (GRP) is designed as a risk management tool to insure against widespread loss of production of the insured crop in a county. It is primarily intended for use by those producers whose farm yields tend to follow the average county yield. It is possible for you to have a low yield on the acreage that you farm and still not receive a payment under this plan.

For limited or additional coverage you may select any percent coverage level shown on the Actuarial Table. Multiplying your coverage level percent by the expected county yield shown on the Actuarial Table gives your trigger yield. If the payment yield that FCIC publishes for the insured crop year falls below your trigger yield, you will receive a payment.

You may select any dollar amount of protection between 60 and 100 percent of the maximum dollar amount of protection shown on the Actuarial Table. This protection will be provided for each acre of the crop planted (unless otherwise provided in the crop provisions) in which you have a share, by the acreage reporting date.

In accordance with the Act, the Government will pay a portion of your premium, as published in the Actuarial Table. The premium rates, practices, types, maximum protection per acre, and maximum subsidy per acre are also shown on the Actuarial Table.

FCIC will issue the payment yield in the calendar year following the crop year insured. This yield will be the official estimated yield published by the National Agricultural Statistics Service (NASS), or successor agency. You will be paid if the payment yield falls below your trigger yield. The amount of your payment per net insured acre will be calculated by subtracting the payment yield from the trigger yield, dividing that quantity by the trigger yield, and multiplying that result by your protection per acre for each net acre that you have insured.

To be eligible to participate in the Group Risk Plan of Insurance for any crop in any county, and to receive an indemnity thereunder, you must have an insurable interest in an insured crop that is planted in the county shown on the approved application. The crop must be planted for harvest and be reported to us by the acreage reporting date. You may only purchase coverage under the Group Risk Plan of Insurance on your net acres of the insured crop.

The insurance contract shall become effective upon the acceptance by us of a duly executed application for insurance on our form. Acceptance occurs when we issue a Summary of Protection to you. The policy shall consist of the accepted application, Group Risk Plan of Insurance Common Policy Basic Provisions, Crop Provisions, Special Provisions, Actuarial Table, and any amendments, endorsements, or options.

AGREEMENT TO INSURE

In return for your payment of the premium and your compliance with all applicable provisions, we agree to provide risk protection as stated in this policy. If a conflict exists among the Group Risk Plan Basic Provisions, the Crop Provisions, and the Special Provisions, the Special Provisions will control the Crop Provisions and the Group Risk Plan Basic Provisions; and the Crop Provisions will control the Group Risk Plan Basic Provisions.

Terms and Conditions Group Risk Plan of Insurance Basic Provisions

1. Definitions

Acreage report - A document that you must submit annually by the acreage reporting date, which contains the acreage planted to each insured crop, whether or not insurable, your report of your share of the insured crop, and any other information required by your insurance provider.

Acreage reporting date - The date contained in the Special Provisions by which you must submit your acreage report in order to be eligible for Group Risk Insurance.

Act - Federal Crop Insurance Act, as amended.

Actuarial Table - The forms and related material approved by FCIC, which are available for public inspection in your insurance provider's local office. The Actuarial Table shows the maximum protection per acre, expected county yield, coverage levels, premium rates, program dates, Special Provisions, and other related information with respect to the insured crop in the county for the crop year.

Billing date - The date, contained in the Actuarial Table, by which we will bill you for premium on the insured crop.

Cancellation date - The calendar date specified in each Crop Provision on which insurance for the next crop year will automatically renew unless the policy is canceled in writing by either you or us prior to that date.

County - A political subdivision of a State (also may be known as a parish or other name) that is stated on your accepted application.

Crop practice - The combination of inputs such as fertilizer, herbicide, and pesticide, and operations such as planting, cultivation, and irrigation, used to produce the insured crop. The insurable practices are contained in the Actuarial Table.

Crop provisions - The part of the policy that contains the specific terms of insurance for each insured crop.

Crop year - The period of time within which the insured crop is normally grown, and is designated by the calendar year in which the crop is normally harvested.

Expected county yield - The yield contained in the Actuarial Table, on which your coverage for the crop year is based. This yield is determined using historical NASS county average yields, adjusted for long term yield trends.

FCIC - The Federal Crop Insurance Corporation, an agency of USDA.

FSA - Farm Service Agency or successor agency, USDA.

GRP - Group Risk Plan of Insurance.

Insurance provider - A private insurance company approved by FCIC which provides crop insurance coverage to producers participating in any Federal crop insurance program administered under the Act.

MPCI - Multiple peril crop insurance offered under the authority of the Act.

NASS - National Agricultural Statistics Service of the USDA or its successor, which publishes the official United States Government yield estimates.

Net acres - The planted acreage of the insured crop multiplied by your share.

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

Person - An individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a state or a political subdivision or agency of a state.

Protection per acre - The dollar amount per acre selected by you for each insured crop practice and type specified in the Actuarial Table. Your protection per acre is shown on your Summary of Protection.

Sales closing date - The date contained in the Actuarial Table by which you must file your signed application with us.

Share - Your percentage of interest in the insured crop, as an owner, operator, or tenant. Premium will be determined on your share as of the acreage reporting date. Any indemnity which may be due will be determined based on your share on the acreage reporting date or on the date of harvest, whichever is less. You may insure only your share of the crop, which may include any share of your spouse and dependent children unless it is demonstrated to our satisfaction, prior to the sales closing date, that the farming operations of you and your spouse are maintained completely separate and apart from each other and that each spouse is the operator of his or her own separate operation. Any commingling of any part of the operations will cause shares of you and your spouse to be combined.

Special Provisions - The part of the Actuarial Table that contains specific provisions of insurance for each crop that may vary by geographic area.

Subsidy - The portion of your premium, shown as minimum and maximum amounts in the Actuarial Table, that the Government will pay in accordance with the Act.

Summary of Protection - Our statement to you of the crop insured, protection per acre, premiums, and other information obtained from your accepted application, acreage report, and the Actuarial Table.

Termination date - The calendar date contained in the Crop Provisions upon which insurance on your crop will cease due to your failure to pay premiums or any other amount you owe us.

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, a payment is made.

Type - Plants of the insured crop having common traits or characteristics that distinguish them as a group or class, and which are designated in the Actuarial Table.

USDA - United States Department of Agriculture.

2. Insured Crop

The insured crop will be the crop shown on your accepted application and as specified in the applicable crop provisions, and must be grown on insurable acreage.

3. Insured and Insurable Acreage

(a) The insurable acreage is all of the acreage of the insured crop for which premium rates are provided by the Actuarial Table and in which you have an interest and which acreage is in the county or counties listed in your accepted application. The protection per acre, amount of premium, and indemnity will be calculated separately for each county, type, and practice.

- (b) Only the acreage planted to the insured crop on or before the acreage reporting date (except forage) and physically located in the county or counties listed on your accepted application will be insured. Crops grown on acreage physically located in another county must be reported and insured separately.
- (c) We will not insure any crop grown on any acreage where the crop was destroyed or put to another use during the insurance period for the purpose of conforming with, or obtaining a payment under, any other program administered by the USDA.
- (d) We will not insure any acreage where you have failed to follow good farming practices for the insured crop.

4. Policy Protection

- (a) For catastrophic risk protection GRP policies, the dollar amount of protection per acre is shown on the Actuarial Table for each insured crop, practice, and type. For limited and additional coverage GRP policies, you may select any percentage of the maximum amount of protection per acre shown on the Actuarial Table for the crop, practice, and type.
- (b) The dollar amount of protection per acre, multiplied by your net insured acreage, is your policy protection for each insured crop, practice, and type specified in the Actuarial Table.

5. Coverage Levels

- (a) For catastrophic risk protection GRP policies, the coverage level is shown on the Actuarial Table for each insured crop, practice, and type. For limited and additional coverage GRP policies, you may select any percentage of coverage shown on the Actuarial Table for the crop, practice, and type.
- (b) Your coverage level multiplied by the expected county yield shown on the Actuarial Table is your trigger yield. If the payment yield, published by FCIC for the insured crop, practice, and type for the insured crop year falls below your trigger yield, you will receive an indemnity payment.

6. Payment Calculation Factor

Your payment calculation factor will be $(\text{your trigger yield} - \text{payment yield}) \div \text{your trigger yield}$ for the purposes of calculating the final payment.

7. Report of Acreage and Share

- (a) You must report on our form all acreage for each insured crop, practice, and type specified in the Actuarial Table in each county listed on your accepted application in which you have a share. This report must be submitted each year on or before the acreage reporting date for the insured crop contained in the Actuarial Table. If you do not submit an acreage report by the acreage reporting date, we may determine your acreage and share or deny liability on the policy.
- (b) We will not insure any acreage of the insured crop planted after the acreage reporting date.
- (c) Your premium will be based on the acreage reported as of the acreage reporting date or the acreage determined by us.
- (d) The payment of an indemnity will be based on your insurable acreage on the acreage reporting date or the date of harvest, whichever is less. If the insurable acreage at the date of harvest is less than the insurable acreage on the acreage report, a revised acreage report will be required prior to the payment of an indemnity. Neither the amount of acreage or your share may be revised to increase your policy protection.
- (e) If you misrepresent any information, we may revise the premium or liability or both for each insured crop in the county, by type and practice to the amount we determine to

be correct.

8. Administrative Fees and Annual Premium

- (a) If you obtain a catastrophic risk protection GRP policy, you will pay an administrative fee of \$50 per crop per county, not to exceed \$200 per producer per county up to a maximum of \$600 per producer, at the time of application. For continuous catastrophic risk protection policies in effect, the administrative fee will be paid on or before the acreage reporting date.
- (b) If you obtain a limited coverage GRP policy, you will pay an administrative fee of \$50 per crop per county, not to exceed \$200 per county up to a maximum of \$600 per producer. The administrative fee will be payable under the same terms and conditions as the premium for the policy.
- (c) If you obtain an additional coverage GRP policy, you will pay an administrative fee of \$10 for each crop. The administrative fee will be payable under the same terms and conditions as the premium for the policy.
- (d) For limited and additional coverage GRP policies, your premium is determined by multiplying your policy protection times the premium rate per hundred dollars of protection for your coverage level, times 0.01, less the applicable subsidy.
- (e) The annual premium is earned and payable at the time the insured crop is planted. For each insured crop, you will be billed for premium by the billing date specified in the Special Provisions. Premium is due on the billing date and interest will accrue if the premium is not received by us before the first day of the month following the premium billing date.
- (f) The premium due, plus any accrued interest, will be considered delinquent if any amount due us is not received by us on or before the termination date listed in the crop provisions. This may affect your eligibility for benefits under other USDA programs. A debt for any crop insured with us under the authority of the Act will be deducted from any replant payment, indemnity due you for any other crop insured with us.
- (g) Failure to pay the premium due, plus any accrued interest and penalties, by the termination date will make you ineligible for any crop insurance under the Act for subsequent crop years until the debt, including interest and penalties, is paid.

9. Written Agreements

As specified in the Crop Provisions, designated terms of the policy may be altered by written agreement. Each written agreement must be applied for by the producer in writing prior to the sales closing date and is valid for one year only. If not specifically renewed the following year, continuous insurance will be in accordance with the printed policy. All applications for written agreements as submitted by the producer must contain all variable terms of the contract between the insurance provider and the producer that will be in effect if the written agreement is not approved.

10. Access to Insured Crop and Record Retention

We may examine the insured crop and any records relating to the crop and this insurance at any location where such crop or such records may be found or maintained, as often as we reasonably require. Records relating to the planting of the insured crop and your net acres must be retained for three years after the end of the crop year or three years after the date of payment of the final indemnity, whichever is later. Failure to maintain such records may, at our option, result in cancellation of the policy or determination that no indemnity is due.

11. Transfer of Right to Indemnity

If you transfer any part of your share during the crop year, you also may transfer the equivalent part of your right to payment under this policy. Any transfer must be on our form and is effective upon our written approval. Both you and the person to whom you transfer your right are jointly and severally liable for payment of the premium.

12. Assignment of Indemnity

You may assign your right to an indemnity payment to another person for the current crop year. The assignment must be on our form and is effective upon our written approval.

13. Other Insurance

You may not obtain any other crop insurance product subsidized under the Act for the insured crop in the counties listed on your accepted application. If we determine that there is more than one policy in effect that covers your share, the policy with the earliest application date will be in effect, all later policies will be void.

14. Suit Against Us

You cannot bring suit against us unless you have complied with all of the policy provisions and exhausted all administrative remedies. Any suit based on denial of a claim must be brought within one year after the date on which final notice of denial of the claim is provided to you. Any suit brought against us based on the denial of a claim must be brought in the United States district court in the district where your insured farm is located.

15. Restrictions, Limitations, and Amounts Due Us

- (a) We may restrict the amount of acreage we will insure to the amount allowed under any acreage limitation program established by the USDA.
- (b) Violation of federal statutes including, but not limited to, the Act; the Food Security Act of 1985; the Food, Agriculture, Conservation, and Trade Act of 1990; and the Omnibus Budget Reconciliation Act of 1993, and any regulation promulgated thereunder, will result in cancellation, termination, or voidance of your crop insurance contract. You must repay any and all monies paid to you or received by you, and the amount of premium you paid less up to 30 percent for administrative expenses will be refunded to you.
- (c) Our maximum liability under this policy will be limited to the policy protection specified in section 4 of this policy. Under no circumstances will we be liable for the payment of damages (compensatory, punitive, or other), attorney's fees, or other charges in connection with any claim for indemnity, whether we approve or disapprove such indemnity.
- (d) Any delinquent amount due us may be deducted from any loan or payment due you under any Act of Congress or program administered by the USDA or its agencies or from any amount due you from any other United States Government agency.
- (e) Interest will accrue at the rate not to exceed one and one-quarter percent (1¼%) simple interest per calendar month, or any part thereof, on any unpaid premium balance. Interest will begin to accrue on the first day of the month following the billing date.
- (f) We will pay simple interest computed on the net indemnity ultimately found to be due by us or determined by a final judgment of a court of competent jurisdiction or a final administrative determination from, and including, the 61st day after the date we receive the NASS county yield estimates for the insured crop year. Interest will be paid only if the reason for our failure to timely pay is not due to your failure to provide information or other material necessary for the computation or payment of the indemnity. The interest rate will be that established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41

U.S.C. 611), and published in the **Federal Register**.

- (g) For repayment of indemnities found not to have been earned, interest will start to accrue on the date that notice for the collection of the unearned amount is issued to you. Interest on the unearned amount will not be charged if payment is made in full within 30 days after the date shown on the notice issued to you. Interest and penalties will be charged in accordance with 31 U.S.C. 3717 and 4 C.F.R. 102. The penalty for accounts more than 90 days past due is six percent (6%) per annum. See 31 U.S.C. 3717(e)(2) and 4 C.F.R. 122.13. (e). Interest on any amount due us found to have been received by you because of fraud, misrepresentation, or presentation of a false claim by you will start on the date you received the amount, with the 6 percent (6%) penalty beginning 31 days after the notice of amount due. This interest is in addition to any other amount found to be due under any other Federal criminal or civil statute.
- (h) If we determine that it is necessary to contract with a collection agency or to employ an attorney to assist in collection, you agree to pay all of the expenses of collection.
- (i) All amounts paid will be applied first to the expenses of collection, second to any penalties which may have been assessed, then to accrued interest, and finally, to reduction of the principal balance.

16. Death, Disappearance, or Incompetence of the Insured

If, after insurance attaches, you die, disappear, or are judicially declared incompetent, or if you are a person other than an individual and such person is dissolved, any payment due will be paid to the person legally determined to be beneficially entitled to it. If such events occur prior to the attachment of insurance, the policy will terminate as of the date of death, judicial declaration, or dissolution.

17. Determinations

All determinations required by the policy will be made by us. If you disagree with our determinations, you may obtain reconsideration or you may appeal our determinations in accordance with 7 C. F. R. parts 11 and 780.

18. Holidays and Weekends

If any date specified in this program falls on Saturday, Sunday, or a legal Federal holiday, then the date will be extended to the next business day.

19. Life of Policy and Policy Renewal

- (a) This is a continuous policy that remains in effect unless it is canceled in writing by either you or us on or before the cancellation date.
- (b) This policy will automatically terminate for the subsequent crop year if you have not paid any amount due us by the termination date.
- (c) You may change the coverage level or amount of protection for each insured crop on or before the sales closing date. Changes must be in writing and received by us by the sales closing date.
- (d) The cancellation and termination dates are contained in the Crop Provisions for each insured crop.

20. Policy Changes

We may change any terms and conditions of this policy from year to year. All policy changes will be filed in your insurance provider's office before the contract change date for the insured crop contained in the Crop Provisions. You will be advised of policy changes by written notice mailed to the address of record contained in your insurance provider's office. This notice will be mailed as soon after the contract change date as practical.

An Example to Demonstrate How GRP Works

Producer A buys ninety percent (90%) coverage and selects \$160 protection per acre. Producer B buys seventy-five percent (75%) coverage and selects \$185 protection per acre. Both producers have one-hundred percent (100%) share and both plant 200 acres of a crop in the county. The expected county yield is 45 bushels. The premium rate for ninety percent (90%) coverage is \$6.14 per hundred dollars of protection and the premium rate for seventy-five percent (75%) coverage is \$3.30 per hundred dollars of protection. The maximum subsidy amount per acre is \$3.07 and the limited subsidy amount is \$2.21 per acre.

A's trigger yield is 40.5 bushels per acre (90% of 45), and the total premium due is \$1,965 (\$160 multiplied by \$6.14 multiplied by 200 acres multiplied by 0.01). Of that amount, FCIC pays \$614 (200 acres multiplied by the maximum subsidy of \$3.07 per acre). A's policy protection is \$32,000 (\$160 multiplied by 200 acres).

B's trigger yield is 33.8 bushels per acre (75% of 45), and the total premium due is \$1,221 (\$185 multiplied by \$3.30 multiplied by 200 acres multiplied by 0.01). Of that amount, FCIC pays \$442 (200 acres multiplied by the limited subsidy amount of \$2.21 per acre). B's policy protection is \$37,000 (\$185 multiplied by 200 acres).

Scenario 1 (likely)

FCIC issues a payment yield of 46 bushels per acre. This is above both producers' trigger yields, so no indemnity payment is made, even if one or both of them have low individual yields.

Scenario 2 (less likely)

FCIC issues a payment yield of 38 bushels per acre. A's payment calculation factor is 0.062 $((40.5 - 38) \div 40.5)$. This number multiplied by the policy protection yields an indemnity payment of \$1,984 (0.062 multiplied by \$32,000). B's trigger yield is below the payment yield, so no indemnity payment is made.

Scenario 3 (least likely)

FCIC issues a payment yield of 22 bushels per acre. A's payment calculation factor of 0.457 $((40.5 - 22) \div 40.5)$. The payment is \$14,624 (0.457 multiplied by \$32,000). B's payment calculation factor is 0.349 $((33.8 - 22) \div 33.8)$, and the final indemnity payment is \$12,913 (0.349 multiplied by \$37,000).