

Crop Insurance Plan *Explanations and Review*

Table of Contents

<u>Page</u>	<u>Information/Insurance Plans</u>
1	Crop Revenue Coverage (CRC)
2	Multiple Peril Crop Insurance (MPCI)
2	Income Protection (IP)
3	Group Risk Income Protection (GRIP)
4	Group Risk Plan (GRP)
5	Revenue Assurance (RA)
6	Crop-Hail Insurance
7	<i>Glossary / Definitions</i>

** This document is for information purposes only.*

Crop Revenue Coverage (CRC)

Don't Let One Bad Harvest Destroy Your Plan for Growing Your Business

To succeed in today's competitive farming environment, you've got to have a comprehensive business plan for the future mapped out, including specific marketing objectives and loan options.

A bad harvest can mean much more for you than just revenue loss - it can upset your long-term business plan, your future and, ultimately, your way of life.

CRC from Great American offers farmers the income security they need to cover revenue losses caused by low price, low yield, or any combination of the two. The CRC program provides farmers the price protection they need to pursue marketing goals, secure loans and plan for the future. In short, CRC is designed to reward producers for both their risk management and marketing efforts.

HOW DOES CROP REVENUE COVERAGE WORK?

CRC sets a Minimum Guarantee before planting using actual production records. The base price is multiplied by the *APH* times the coverage level selected (50% - 75% up to 85% where that option is available under an MPCI policy). At harvest, the Harvest Guarantee is set using the harvest price times the coverage level. If the Harvest Guarantee is higher than the Minimum Guarantee, the Harvest Guarantee becomes the Final Guarantee to give cash value protection.

Once the crop is harvested, the actual yield is multiplied by the Harvest Price, giving the calculated (real) Revenue. If the Calculated Revenue is less than the Final Guarantee, the difference is paid. It's security that you just can't afford to be without.

The Crop Revenue Coverage Plan from Great American:

- Provides upside and downside price protection;
- Allows for aggressive marketing;
- Uses units based on Basic, Optional or *enterprise unit* options to establish APH yields;
- Sets Minimum Revenue at planting and Harvest Revenue at harvest, both based on the market;
- Provides cash value protection by paying at the greater of the Minimum Revenue or the Harvest Revenue;
- Provides total guarantees equaling the per-acre revenue level (65% -75% of expected revenue) times the number of insured acres;
- Requires no yield loss for indemnity payment;
- Provides excellent loan collateral.

Multiple Peril Crop Insurance (MPCI)

The Tools You Need to Secure Your Way of Life

The Crop Insurance Plan for MPCI coverage from Great American provides:

- Protection based on your yield history;
- Price and coverage flexibility;
- Protection against most unavoidable crop losses (most crops);
- Cost production for replanting (limited crops);
- Reduced premiums through government participation;
- Loan collateral;
- Peace of mind.

Great American understands your needs. We're here to help you operate profitably year after year without worrying about the weather extremes or market value fluctuations that can upset your income stability. With our specialized crop and revenue coverages, you can secure the returns you planned for and deserve.

Income Protection (IP)

The Income Protection plan is a FCIC subsidized program that provides protection against loss of revenue due to low yields, low market prices, or a combination of both. IP can only be written on an enterprise unit, meaning all crops in the county with the same practice and type must be insured together. The exclusions are the same as the MPCI policy. The total guarantee is calculated by multiplying the APH, or Actual Production History, by the Projected Price and then by the Selected Coverage Level. The projected price is released by FCIC and is based on the commodity market price. The coverage level percentage ranges from 55% to 75% except for Barley, Cotton, and Wheat which can have up to an 85% coverage level. Unlike a traditional MPCI policy, IP protects against loss of revenue, not just against a production loss. Since IP guarantees you a specific amount of revenue, the policy can be used as collateral. IP also offers coverage against prevented planting with an option to increase the standard coverage amount by 5 or 10 percent.

Advantages

1. Provides excellent loan collateral
2. Offers coverage for prevented planting with +5% and +10%
3. 100% price election
4. Discounted rates due to enterprise unit structure
5. Protection against lost revenue due to low prices or low production

Disadvantages

1. No ***written agreement***
2. ***High-risk land*** in not eligible
3. Enterprise units are not suitable insurance units for all producers
4. No cups or yield floors may influence the APH
5. No upward movement of price if market prices are higher in the fall

This program is available in SELECT Counties for the following crops in the following States:

Barley

Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington

Corn

Illinois, Indiana, and Iowa

Cotton

Alabama and Georgia

Grain Sorghum

Texas

Soybeans

Arkansas, Illinois, Indiana, and Iowa

Wheat

Idaho, Kansas, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington

Group Risk Income Protection (GRIP)

The Group Risk Income Protection Plan (GRIP) is a ***FCIC*** subsidized program that protects against catastrophic loss. GRIP is based on average county crop production and price, not an individual producer's yields. This product is best suited for producers whose typical production is similar to the average county yields. This plan is similar to GRP, but adds protection against commodity price fluctuation. If you purchase GRIP, you should also consider purchasing a private Crop-Hail and fire insurance policy to protect yourself from isolated occurrences, as these perils often destroy crops in small areas without impacting the average County production.

Coverage levels ranges from 70 to 90 percent of the average County production.

Advantages

1. Claim process is much simpler. No field loss adjustment or claim filing is required
2. Greatly reduced premium and paperwork

3. Past **APH** doesn't increase your premium
4. Higher levels of coverage are available than with a MPCI policy

Disadvantages

1. Not effective as collateral since you may have a poor crop and not collect on this policy unless the average County production is also low
2. No **good experience discount** like in the traditional MPCI policy.
3. No **prevented planting, late planting** or **replant coverages**.
4. GRIP indemnity payments are not made until the following crop year.

This program is available in SELECT Counties for the following crops in the following States:

Corn

Illinois, Indiana, and Iowa

Soybeans

Illinois, Indiana, and Iowa

Group Risk Plan (GRP)

The Group Risk Plan (GRP) is a **FCIC** subsidized program that protects against catastrophic loss. GRP is based on average county yields, not an individual producer's yields. This product is best suited for producers whose typical production is similar to the average county yields. If you purchase GRP, you should also consider purchasing a private Crop-Hail and fire insurance policy to protect yourself from isolated occurrences, as these perils often destroy crops in small areas without impacting the average County production.

Coverage levels for GRP range from 70 to 90 percent of the average County production. Coverage is also available at a CAT level of protection in some Counties.

Advantages

1. Claim process is much simpler. No field loss adjustment or claim filing is required
2. Greatly reduced premium and paperwork
3. Since coverage is not based on your **APH** you can purchase maximum GRP without proving farm yields
4. Past APH doesn't increase your premium
5. Higher levels of coverage are available than with a MPCI policy

Disadvantages

1. Not effective as collateral since you may have a poor crop and not collect on this policy unless the average County production is also low.
2. No **good experience discount** like in the traditional MPCI policy.

3. No prevented planting, late planting, or replant coverage is provided
4. GRP indemnity payments are not made until the following crop year.

This program is available in SELECT Counties for the following crops in the following States:

Barley

Montana, North Dakota, and South Dakota

Corn

Delaware, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, North Carolina, Ohio, Pennsylvania, South Dakota, Virginia, and Wisconsin

Cotton

Alabama, Arkansas, Louisiana, Mississippi, Missouri, Tennessee, and Texas

Forge Production

Colorado, Minnesota, Montana, North Dakota, Oklahoma, Pennsylvania, Wisconsin, and Wyoming

Grain Sorghum

Kansas, Nebraska, South Dakota, and Texas

Peanuts

Alabama, Georgia, North Carolina, and Virginia

Rangeland

Montana

Soybeans

Alabama, Arkansas, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Virginia, and Wisconsin

Wheat

Arkansas, California, Colorado, Delaware, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, and Wyoming

Revenue Assurance (RA)

Protect Yourself Against Low Prices and/or Low Yields!

You know that one bad season can mean much more than just a loss of revenue. An

unexpected low yield or disastrously low prices can upset your long-term business plan, your future and, ultimately, your way of life.

Don't let this happen to you. If you produce corn or soybeans, Great American can protect you against a bad year with its Revenue Assurance (RA) program.* Available as an alternative to MPCI, RA is designed to protect you against low revenue caused by low prices, low yields, or a combination of both.

The Revenue Assurance plan is based on Chicago Board of Trade prices and offers 65% - 85% coverage on enterprise and whole-farm units and 65% - 75% coverage on basic and optional units. Unit structure may be based on Basic, Optional, Enterprise or Whole-Farm Units. Indemnity payments are triggered by changes in the Chicago Board of Trade and are impacted by county average prices.

* Available in AR, CO, ID, IL, IN, IA, KS, KY, MI, MN, MO, ND, OH, OK, SD, TN

The Revenue Assurance Plan from Great American:

- Provides coverage to protect against loss of revenue caused by low prices or low yields or a combination of both;
- Provides downside price protection with an option for upside protection;
- Offers four unit options to establish the APH yield: Basic, Optional, Enterprise (all acreage of the crop in the county), Whole-Farm Units (all acreage of both corn and soybeans in the country);
- Provides total guarantees equaling the per-acre revenue level (65% - 85% of expected revenue) times the number of insured acres;
- Is priced affordably.

Crop-Hail Insurance

Losing Your Harvest Can Be a Crushing Experience

Most hail storms last between three to five minutes. Yet a mere matter of seconds can deal a crushing blow to your crops, your profits, and much more. One brief act of nature can have a long-lasting impact on your investments, your security, your way of life.

Now it doesn't have to. With Crop-Hail Coverage from Great American, you can insure your crops up to actual cash value, protecting your investments and your profits. Great American allows you to tailor your plan by offering variable deductibles, supplemental coverages or acre-by-acre coverage, all priced at competitive rates. In some areas, you can even select our spring and fall payment options.

The Crop-Hail Coverage Plan from Great American:

- Provides protection to actual cash value: Great American Crop-Hail Coverage is typically purchased at a minimum of your cost of production and a maximum of the crop value determined annually by your local Great American branch office;
- Offers variable deductibles, ranging from 5% - 30%, as well as Companion Hail coverage (in limited areas);
- Offers acre-by-acre coverage: Great American Crop-Hail Coverage allows you to tailor your coverage by crop and by acre. You decide which crops and which fields to combine "spot loss" protection on one policy;
- Provides protection of investments and profits Great American Crop-Hail Coverage is an excellent MPCCI policy gap filler applied to crops that face specific threats;
- Provides income stability and security: Great American Crop-Hail Coverage allows you to obtain acre-by-acre coverage up to the actual cash value of your crop. This targeted coverage allows you to assure the returns you have planned for;
- Provides transit coverage, Wind Endorsements, Vehicle Vandalism, Malicious Mischief, and Grain Storage (in limited areas).

During the growing season, you can also buy additional insurance from Great American to protect bumper crop yields or higher than normal crop values.

With Great American Crop-Hail Coverage, you're securing more than just your harvest - you're securing your way of life.

Glossary/Definitions

APH (Actual Production History) - This is a record of the amount of crop per acre that is harvested for a given unit. It must be reported continuously. Each unit must have at least 4 years of actual production with a maximum of 10 years. An exception to this rule is if the policy is a new producer or has added land. In that case a yield will be assigned to the unit based on a percentage of the appropriate county T-Yield for the crop. If you choose not to plant on a particular unit for a year you must report that and it will be marked appropriately in your record.

Enterprise unit - All insurable crops in a county that are reported on one production record.

FCIC (Federal Crop Insurance Corporation) - FCIC is a division of the USDA. They determine guidelines and regulations for crop insurance.

Good Experience Discount - A discount applied to an insured's premium for favorable experience which is subject to a maximum credit of 50 percent. If producer's loss ratio exceeds .80 no premium reduction is applicable. This discount is based on the premium adjustment table.

High-Risk Land - Land that is determined to be at high risk due to conditions that increase the loss potential such as flooding. High risk land is determined by FCIC.

Late Plant - This is an option that will reduce your coverage in the case that you are unable to plant by the final plant date in accordance with the special provisions provided in the crop's policy provisions.

Prevented Planting - An option that protects when you are unable to plant your crop due to conditions that are in accordance with the crop's policy provisions.

Replant - An option that allows you to replant the same crop after the plant date cutoff because your previously planted crop was destroyed in accordance with the crop's policy provisions.

Written Agreement - An agreement to allow exceptions or changes to a policy. A written agreement is authorized under the basic provisions, the crop provisions, or the Special Provisions for the insured crops.

Information in this document is directly from the Great American Insurance Group website: FuturesOne takes no responsibility for the accuracy of this information.