CLIFF - OVERVIEW

CLIFF is a non federally-reinsured, supplemental policy that offers catastrophic-like coverage allowing the producer additional protection in the event the final grid index for an index interval for the Rainfall Index (RI) Pasture, Rangeland and Forage (PRF) policy falls below the elected CLIFF Threshold. This product is designed to assist ranchers with severe drought scenarios in which rainfall amounts for a specific interval reach record low levels and the pasture no longer benefits from the minimal rainfall.

Coverage and Options

- The CLIFF Insured Acres can be equal to or less than the insured acres from the underlying RI policy for the selected Grid ID. The insured acres per interval will be the CLIFF insured acres times the percent of value for the given interval from the RI policy.
- Producer must elect two or more of the grid/intervals covered on the underlying RI policy to be covered on the CLIFF policy.
- CLIFF Threshold range is available through Hudson Crop's quotation tool, and the elected value will be identical for all grid/intervals elected on the CLIFF policy.
- Liability Adjustment Factor is an elected value designed to reduce liability, premium and indemnity.

Premium

- Liability for each elected interval is calculated as the product of the productivity factor, base value, CLIFF Threshold, acres, share and the liability adjustment factor.
- Premium for each elected interval is then calculated as: Liability * Premium Rate (based on the Grid ID, Coverage Level, CLIFF Threshold and elected interval) / 100

Loss Situation

To determine the amount of any loss payment due, Hudson will:

1. Determine the final rainfall index based on RMA's actuarial files for the given index interval for each state, county, grid combination.
2. If the final index amount from step (1) is below the CLIFF Threshold continue to step (3). If the final index amount is equal to or greater than the CLIFF Threshold, no indemnity is due.
3. Calculate CLIFF payment factor by dividing the final rainfall index divided by the cliff threshold.
4. Calculate the CLIFF indemnity by multiplying CLIFF's liability by the CLIFF payment factor determined on step (3).

ELIGIBILITY

Must have an underlying RI policy. If the RI policy is not with Hudson, a copy of the underlying RI Application must accompany the CLIFF Application (required on a yearly basis) for coverage.

POLICY ELECTIONS

All elections made on the underlying PRF policy (productivity factor, coverage level, intended use, type, etc.) are used for CLIFF.

KEY DATES

Sales Closing Date: November 15th (Follows underlying RI policy)

Premium Due: November 1st

Coverage Expires: December 31st

The information contained in this brochure is for general information only and shall not modify the terms of any insurance policy. An underlying Rainfall Index policy on PRF ground must be purchased for this supplemental product; however, that policy does not have to be purchased from Hudson.

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