

YOUR GUIDE TO THE
**INDIANA GRAIN
INDEMNITY FUND**

Questions?

If you have questions, or would like to learn more about the Indiana Grain Indemnity Fund, please use the following information:

Website: www.in.gov/isda/2351.htm

Phone: 317.232.1360

Email: INgrainbuyers@isda.in.gov

INDIANA
STATE DEPARTMENT OF
AGRICULTURE



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ABOUT THE INDIANA GRAIN INDEMNITY FUND

The Indiana Grain Indemnity Fund was created by the Indiana General Assembly in 1995 to protect Hoosier grain farmers from catastrophic financial losses in the event of a state licensed grain buyer, grain bank or warehouse failure.

The fund is administered by the Indiana Grain Indemnity Corporation (IGIC) board of directors. The board includes 10 voting members from farm, agribusiness, and banking interests, along with non-voting representatives from the Indiana Attorney General's office, the Indiana State Treasurer's office, and the Indiana Grain Buyers and Warehouse Licensing Agency (IGBWLA).

Staff members of the IGBWLA, a division of the Indiana State Department of Agriculture, assist with the day-to-day management of the program.

The fund is supported by a 0.2% premium on the gross value of all grain

marketed to licensed grain buyers, which is collected only during active collection periods.

After the fund reaches \$25 million by June 30 during an active collection period, per Indiana law, the board may not require the collection of additional farmer premiums.

However, if the fund drops below \$20 million by May 1 during an active collection period, the board may require the collection of additional farmer premiums. In that case, collections will start at the beginning of the fiscal year (July 1) and must continue until the end of the fiscal year (June 30), even if the fund crosses the \$25 million threshold during that year.

There have only been two collection periods in the history of the fund: 1996-98 and 2015-17. **Currently, we are not in a collection period.**

HOW THE FUND WORKS



With every sale of marketed grain to a licensed grain buyer during active collection periods, a 0.2% premium is withheld by the licensee.



Each quarter, the licensee sends the premiums to the Indiana Grain Indemnity Corporation.



In the event of a licensed grain buyer failure, 100 percent of stored grain and 80 percent of other grain transactions are covered, up to 15 months prior to the date of failure.

****Only applies during active collection periods.***

Since its inception, the fund has been used 12 times distributing nearly \$9 million in payments.



WHO IS CONSIDERED A LICENSED GRAIN BUYER?

Indiana law requires that any person or firm be licensed by the Indiana Grain Buyers and Warehouse Licensing Agency if:

- Over 50,000 bushels of grain are purchased from producers annually, other than for feeding one's own livestock; or,
- Deferred pricing or any contracts tied to the futures markets are offered; or,
- Open storage or grain bank services are offered.

Licensees are required to publicly post their license at their place of business. A current listing of Indiana licensed grain buyers, warehouses, and grain bank operations can be found at www.in.gov/isda/2399.htm.

HOW DO I KNOW IF I'M COVERED?

Any farmer, who has not requested and received a premium refund after June 30, 2015, is considered a participant in the fund. New farmers are considered participants in the fund, even if they have never paid premiums during a collection period.

If you have any questions about your status in the program, please call 317.232.1360 or email INgrainbuyers@isda.in.gov.



COVERAGE UNDER THE INDEMNITY FUND

Below are some examples of licensed grain buyers:

- Grain elevators
- Biodiesel and ethanol plants
- Soybean and corn processors
- Feed mills



HOW DOES THE CLAIMS PROCESS WORK?

In the event of a licensed grain buyer, grain bank or warehouse failure (e.g., bankruptcy, inability to meet financial obligations, surrender of a license, etc.) where there are unmet obligations to producers, the IGBWLA will take control of any grain assets held by the firm.

Then, a formal claims process will be initiated and proceeds from the sale of these assets will be distributed to affected producers pro-rata, per state law.

If those funds are insufficient to cover farmer losses, the IGBLWA will forward a list of eligible claims to the IGIC board for reimbursement from the Indemnity Fund.

WHAT IS COVERED UNDER THE FUND?

Grain delivered for storage (warehouse receipt, open storage or grain bank), and financial losses from deferred pricing (DP) contracts, basis contracts, unpaid accounts or bad checks, are covered by the program. Only delivered grain is eligible for reimbursement from the fund.

Undelivered contracts are not considered by IGIC or IGBWLA in determining farmer losses.

WHAT IS THE DURATION OF COVERAGE?

Grain delivered up to 15 months prior to the date of failure is covered by the indemnity program. Only the actual physical delivery date of the grain will be considered when determining eligibility.

The fund covers grain grown for seed, as well as the following:

- All corn, except sweet corn
- Wheat
- Oats
- Rye
- Soybeans
- Barley
- Sorghum
- Oil seeds
- Popcorn
- Other agricultural commodities *(as approved)*

WHAT IS ELIGIBLE FOR REIMBURSEMENT?

Losses for stored grain (warehouse receipt, open storage, or grain bank) are covered at 100% of value, less any storage charges and producer premiums are due. Grain value will be determined by averaging local competing elevator prices on date of failure.

Financial losses from DP or basis contracts, unpaid accounts, or bad checks will be reimbursed at 80% of the loss incurred, less all credits and offsets.

Grain that has been priced will be valued at the established price. Unpriced grain will be valued at the local average price on the date of failure.

CAN I OPT-OUT OF THE PROGRAM?

Yes. During active collection periods, farmers may opt-out of participation in the Indiana Grain Indemnity Fund and receive a refund of premiums paid, **but they then forfeit all potential coverage in the event of a licensed grain buyer failure.**

IF I WANT TO OPT-OUT DURING A COLLECTION PERIOD, HOW DO I RECEIVE A REFUND?

To receive a refund (*only applies to or during active collection periods*), a farmer must complete a "Grain Producer Refund Request" form, which can be found by visiting www.in.gov/isda/2409.htm. The request must be hand delivered or mailed to the board no more than 12 months after the premium was collected.

CAN I RE-ENTER THE PROGRAM AFTER I'VE OPTED OUT?

Yes. A farmer may petition the board to re-enter the program after having claimed one or more refunds.

IF I OPTED OUT DURING A COLLECTION PERIOD, HOW DO I RE-ENTER THE PROGRAM?

For re-entry into the program, a farmer must complete a "Petition to Re-enter the Grain Indemnity Fund" form, which can be found by visiting www.in.gov/isda/2409.htm.

- The request must be hand delivered or sent by certified mail to the board.
- The board will review the petition for re-entry, and if approved, the farmer is responsible for paying back all previous premium refunds and interest on the refunds, as determined by the board.

A farmer who re-enters the program is protected from the time all previous premium refunds and interest on the refunds are paid to the fund.

A farmer, who has opted out of the fund, will not be compensated for their losses in an active failure, if they chose to re-enter after the failure has occurred.

If you have any questions about your status, please call 317.232.1660 or email INgrainbuyers@isda.in.gov.

IMPORTANT: As a result of legislation that passed during the 2017 legislative session, all contracts executed after *August 31, 2017*, for the purchase of grain from producers (except a flat price contract or a contract for the production of seed) must include the following notice immediately above the place on the contract where the seller of the grain must sign:

"NOTICE – Seller is cautioned that contracting for the sale and delivery of grain involves risks. These risks may include future payments by you to maintain this contract, a lower sales price, and other risks not specified. Coverage under the Indiana Grain Indemnity Program is for grain that has been delivered to a first purchaser licensee within the 15 months before the date of failure and is limited to 100% of a loss for stored grain and 80% of a loss for other covered contracts. Be sure you understand the nature of this contract and the associated risks."

