Indiana Grain Indemnity Fund

Purpose of the fund:
The Indiana Grain Indemnity Fund exists to provide protection against catastrophic financial losses for Hoosier grain farmers in the event of an elevator failure. Created by the Indiana General Assembly in 1995, the fund is essentially a producer-funded insurance pool. The fund has been used 12 times since its inception. Nearly $9 million of farmer reimbursements resulting from elevator failures have been distributed to farmers over that time.

How the fund is operated:
Management of the fund
The Fund is administered by the Indiana Grain Indemnity Corporation (IGIC) board of directors. The board consists of 10 voting members, along with non-voting representatives from the Indiana Grain Buyers and Warehouse Licensing Agency, the Office of the Indiana Attorney General, and the Indiana State Treasurer’s office.

The money in the fund is invested by the treasurer of state and may only be used for producer reimbursements, or for administrative expenses incurred by the board. Any interest earned from investments shall be credited to the fund. The money in the fund is not part of the state general fund.

Producer premiums
The Fund is supported by a 0.2% premium on the gross value ($2.00 per $1,000) of all grain marketed to licensed grain buyers in Indiana during active collection periods. Licensed grain buyers are required to deduct the premiums from each producer settlement. The licensee then remits the premiums to the Indiana Grain Indemnity Corporation each quarter. The licensee must collect the premiums at settlement. If a producer decides he or she does not want to participate in the Indemnity program, they do have the option to request premium refunds.

Premium collection periods
There have only been two premium collection periods for the fund. The first collection occurred from 1995-1997. The second collection has been in effect since July 1, 2015 and is projected to end June 30, 2017.

Who is a participant in the fund?
Any producer who has not received a premium refund after June 30, 2015 is considered a participant in the fund. New producers who may start in business outside of a collection period are considered participants in the fund, even if they have never paid premiums.

Amount in the fund
Per Indiana state law, after the fund reaches $25 million, the board may not require the collection of additional producer premiums until the amount in the fund drops below $20 million as of May 1 during any given year. Collections start at the beginning of 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 sometime during that year.

Coverage under the fund
Claims process overview
In the event of a licensed elevator failure (bankruptcy, inability to meet financial obligations, surrender of license) where there are unmet obligations to producers, the Indiana Grain Buyers and Warehouse Licensing Agency (IGBWLRA) will take control of any grain assets held by the elevator. A formal claims process will be initiated, and proceeds from the sale of these assets will be distributed to affected producers pro-rata per I.C. 26-3-7. If those funds are insufficient to cover producer losses, the IGBWLWA will forward a list of eligible claims to the IGIC board for reimbursement from the Indemnity Fund.

Covered transactions
Grain delivered for storage (warehouse receipt, open storage, or grain bank), and financial losses from deferred pricing 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 IGBWLWA in determining producer losses.
**Duration of coverage**
Grain delivered up to 15 months before the date of failure is covered by the indemnity program. Only the actual physical delivery date of the grain will be considered in determining eligibility.

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

Financial losses 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.

**Claiming a refund**
Producers who choose to opt out and not participate in the indemnity program may request a refund of premiums deducted from settlements.

To receive a refund, a producer must complete a “Grain Producer Refund Request”, which may be found here. The request must be hand delivered or sent by first class mail to the board. The request should be sent to the board not more than 12 months after the premium was collected.

A producer that requests and receives a refund IS NOT PROTECTED AND WILL NOT BE COMPENSATED BY THE GRAIN INDEMNITY PROGRAM. Even if the producer only receives one refund from a sale to single elevator, he or she is no longer a participant in the indemnity fund!

**Reentering the program**
A producer may petition the board to reenter the indemnity program after having claimed one or more refunds. To do so, a producer must:

- Complete a [Petition to Reenter](#) and either hand-deliver or send to the board by certified mail
- The board will review the petition for reentry and if approved, the producer pays into the fund: a) all previous producer premium refunds; and b) interest on the refunds as determined by the board.

A producer that reenters the grain indemnity program is protected by the program from the time all previous premium refunds and interest on the refunds are paid to the fund.

However, a producer who reenters the indemnity program may not make a claim on the fund that arises from a failure that occurs before the producer meets the requirements for reentry described above. This means a producer who has opted out of the fund will not be compensated for losses suffered in an active failure if he chooses to reenter after the failure has occurred.

If a producer claimed a refund only before July 1, 2015 (from the 1990’s collection period), per legislation passed during the 2017 Indiana General Assembly, he or she is a participant in the fund and does not need to petition to reenter.

**Where can I find information about my status in the program?**
A producer may contact the Indiana Grain Buyers and Warehouse Licensing Agency to request information about his/her status in the indemnity program.

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