

Risk Management Agency

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Jackson Regional Office

Jackson, MS

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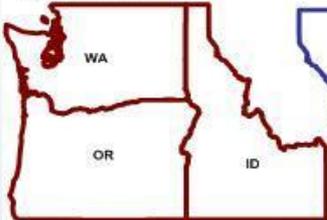
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This presentation highlights features of Risk Management Agency Programs and is not intended to be comprehensive. The information presented neither modifies or replaces terms and conditions of the basic policy, the crop provisions, or the county actuarial documents. Consult a crop insurance agent for further details

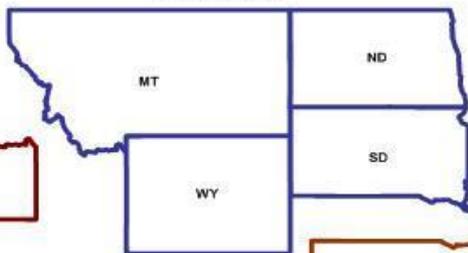
10 RMA Regional Offices



RO
Spokane WA



RO
Billings MT



RO
St Paul MN



RO
Springfield IL



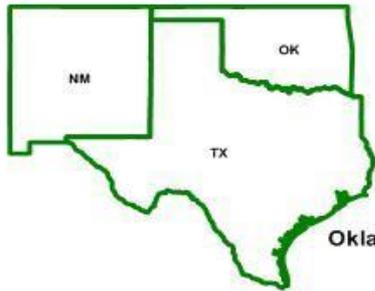
RO
Raleigh NC



RO
Davis CA



RO
Topeka KS



RO
Oklahoma City OK



RO
Jackson MS



RO
Valdosta GA



Risk Management Agency

2013 Crop Insurance by the Numbers:

Total Policies Earning a Premium	1,224,153
Total Policies Indemnified	482,501
Net Acres Insured	296,116,173
Total Premium	\$ 11,805,884,980
Subsidy	\$ 7,295,579,578
Indemnity	\$ 12,061,342,802

(Source 2013 RMA Summary of Business - 2014 data is not complete)



Risk Management Agency Arkansas 2013 Crop Insurance Numbers

➤ Total Policies Earning a Premium	17,441
➤ Total Policies Indemnified	6,028
➤ Net Acres Insured	5,334,498
➤ Total Premium	\$ 148,029,745
➤ Subsidy	\$ 108,677,192
➤ Indemnity	\$ 143,617,203
➤ (Source 2013 RMA Summary of Business - 2014 data is not complete)	

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Stacked Income Protection Plan (STAX)

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What is STAX?

- ▶ STAX is a policy that provides area-based coverage for a portion of expected revenue for your area for **upland cotton** only.
- ▶ STAX may be purchased on its own, or in conjunction with an individual or area crop policy, which is also referred to as a “companion policy”.
- ▶ STAX can also purchased as a stand alone policy.
- ▶ STAX has a premium subsidy of 80%.
- ▶ STAX’s coverage range is from 70%-90%

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How does STAX work?

- ▶ STAX payments are determined only by area average revenue, and are not affected by whether a grower receives a payment on the companion policy.
- ▶ Prevented Planting is not available with a STAX policy.
- ▶ Replant coverage is not available with a STAX policy.
- ▶ STAX and SCO can not be purchased on the same acreage.

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How Does STAX Work?

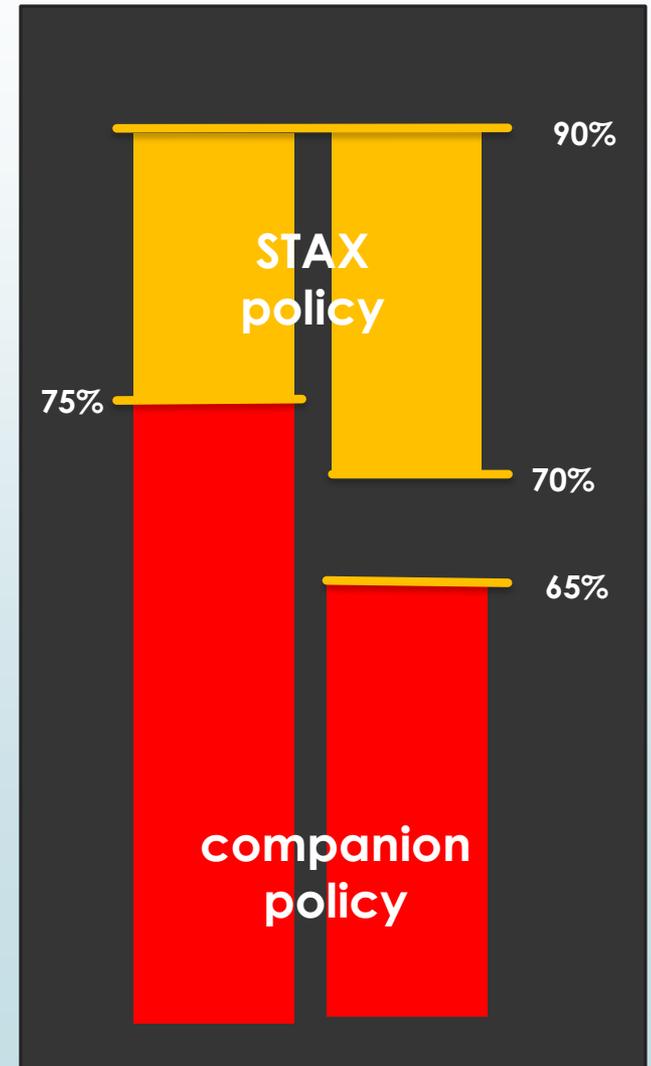
- ▶ STAX coverage depends on:
- ▶ A) Expected Yield
- ▶ B) Projected Price
- ▶ C) Coverage Range
- ▶ D) Protection Factor - this allows you adjust your coverage level within a range of 80% to 120%. This will also adjust your premium accordingly.

If there is not enough county yield data to establish an expected yield, counties will be combined to accumulate to determine expected yields.

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How Does STAX Work?

- ▶ STAX provides coverage for up to 20% of the expected area revenue.
- ▶ This coverage is available in increments of 5, 10, 15 or 20 percent.
- ▶ Payments begin when area revenue falls below 90% of the expected yield.
- ▶ If the companion policy has a coverage lower than 70%, the STAX coverage will end sooner.
- ▶ STAX coverage may also be increased or decreased by selection of a protection factor (.80 – 1.20). This is similar to other area plans of insurance.
- ▶ There can be a “gap” between the STAX policy and the companion policy.



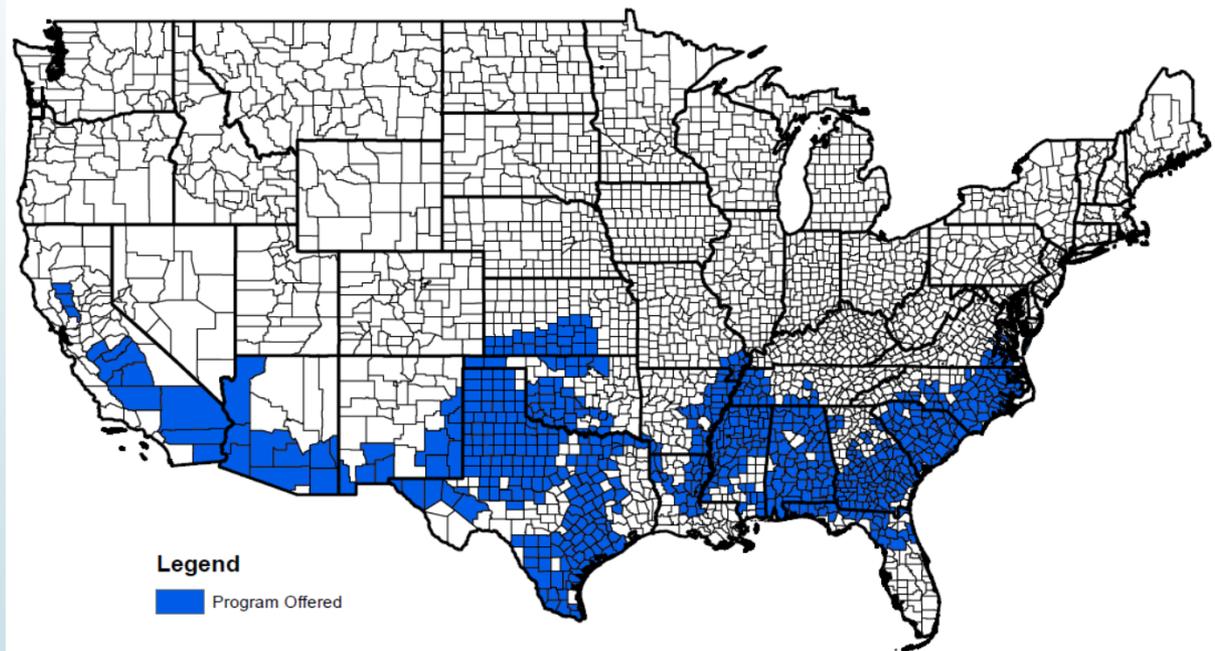
STAX – Expected Area Revenue Example

- Expected area yield X the projected price (934 Lbs. X \$0.70 = \$658.80 per acre).
- STAX - Revenue Protection was purchased.
- The companion cotton policy is insured at the 75% coverage level.
- STAX begins to pay when area revenue falls below 90%.
- STAX pays out its full amount (liability) when area revenue falls to 70% or the higher of the coverage level of the companion policy. In this example the companion policy is insured at the 75% level.
- STAX coverage range is $90\% - 75\% = 15\%$.
- STAX protection factor = 1.10 (factor can range from .80 – 1.20, grower makes the selection).
- $\$658.80 \times 15\% = \$98.82 \times 1.10 = \$108.70$ of STAX protection per acre.

STAX Availability

- ▶ Available in select counties for cotton starting with the 2015 crop year

Crop Year 2015 Stacked Income Protection (STAX) Availability for Cotton



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Conservation Compliance for Crop Insurance

- The Agricultural Act of 2014 (2014 Farm Bill) applies conservation compliance to Federal crop insurance **premium subsidy** eligibility requirements.

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Conservation Compliance for Crop Insurance

All persons must provide a certification of compliance (Form AD-1026) on or before June 1 to be eligible for premium subsidy for the following reinsurance year (beginning July 1). Additional forms and documents may be required depending on the operation and whether the person has an interest in land that produces or could produce an agricultural commodity.

For conservation compliance purposes, an agricultural commodity is defined as a crop which is planted and produced by annual tilling of the soil, including tilling by one-trip planters; or sugarcane. Vegetable crops that are annually tilled are considered agricultural commodities.



Conservation Compliance for Crop Insurance

Form AD-1026, also called a “certification of compliance,” is the form completed to certify compliance with the Highly Erodible land Conservation and Wetland Conservation provisions, and is used by FSA to make referrals to NRCS for highly erodible land and wetland determinations.

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Conservation Compliance for Crop Insurance

A person must have an AD-1026 on file by **June 1, 2015** and be in compliance with the conservation compliance provisions to be eligible for 2016 crop insurance premium subsidies.

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Conservation Compliance for Crop Insurance

If an AD-1026 is already on file and the information is still current, no further action is necessary.

Once filed, Form AD-1026 does not have to be refiled or updated unless the person makes changes to their land/operation that changes their certification.

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Conservation Compliance for Crop Insurance

Again , Very Important:

A person must have an AD-1026 on file by **June 1, 2015** and be in compliance with the conservation compliance provisions to be eligible for 2016 crop insurance premium subsidies.

Website Information

- ▶ Risk Management Agency Website: www.rma.usda.gov
- ▶ RMA Regional Offices:
 - ▶ Program questions, concerns, and information
 - ▶ www.rma.usda.gov/aboutrma/fields/rsos.html
- ▶ Compliance Offices:
 - ▶ Policy discrepancies, fraud, and abuse
 - ▶ www.rma.usda.gov/aboutrma/fields/cfos.html
- ▶ Texas A & M Decision Tool:
<https://afpc.tamu.edu/models/decisionaid.php>
- ▶ Farm Bill Info: www.rma.usda.gov/news/currentissues/farmbill/
 - ▶ SCO and STAX Tool: <http://prodwebnlb.rma.usda.gov/apps/CIDT/>