

Risk Management Agency

Larry McMaster, Senior Risk Management Specialist

Jackson Regional Office

Jackson, MS

February 10, 2015

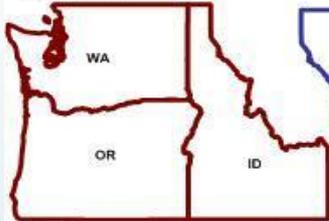
USDA is an Equal Opportunity Provider and Employer

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

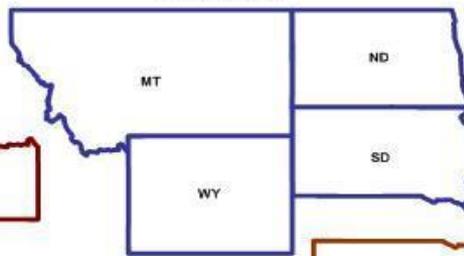
10 RMA Regional Offices



RO
Spokane WA



RO
Billings MT



RO
St Paul MN



RO
Springfield IL



RO
Raleigh NC



RO
Davis CA

RO
Topeka KS



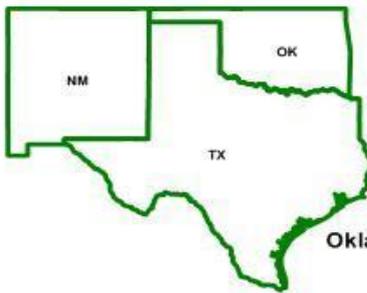
RO
Jackson MS



RO
Valdosta GA



RO
Oklahoma City OK



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)

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

Basic Units

- The insured automatically qualifies for a Basic Unit.
- A Basic Unit is all insurable acreage of the insured crop in the county in which the insured has:
 - 100% Share in the crop would be considered one unit.
 - Land which is owned by one person and insured by another person on a share basis would be one unit.
 - **Example:** The insured owns land and rents from five landlords. The insured rents on a crop share basis from three landlords and on a cash basis from two landlords. This results in 4 Basic Units. A unit for each crop share (3) and (1) unit for the land the insured owns and cash rents.

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



Optional Units



- Optional Units are available by Farm Service Agency (FSA) Farm Serial Number (FSN).
- Optional Units by FSA Farm Serial Number, in Arkansas, apply to Corn, Cotton, Grain Sorghum, Oats, Rice, Soybeans and Wheat.
- **Example:** The insured owns two FSN(s) and rents (combination of cash and share rent) from five landlords, with one FSN each. The insured can have 7 Optional Units. The insured owns two FSN(s) and rents five FSN(s) for a total of 7 Optional Units.

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



Enterprise Units

- ▶ An Enterprise Unit (EU) must contain all of the insurable acreage of the same insured crop in:
 - ▶ Two or more FSA Farm Serial Numbers.
 - ▶ At least two of the FSA Farm Serial Numbers must each have planted acreage that constitutes at least 20 acres or 20% of the insured acreage in the enterprise unit.
 - ▶ One FSA Farm Serial Number may qualify for an Enterprise Unit provided there are at least 660 planted acres of the insured crop in the FSA Farm Serial Number.

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

Enterprise Units and Irrigated and Non-Irrigated Practices

- ▶ For 2015 an insured may elect to have separate enterprise units for non-irrigated acreage and irrigated acreage for any crop that allows enterprise units in the Crop Provisions.
- ▶ **Question: Am I allowed to have an enterprise unit for my irrigated acreage and basic or optional units on my non-irrigated acreage?**
 - ▶ Answer: No, you may only elect to have separate enterprise units (EU) for both your irrigated and non-irrigated acreage and each must independently qualify as an enterprise unit. You may not elect to have an enterprise unit for one practice and a different unit structure for the other practice.

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



Enterprise Units and Irrigated and Non-Irrigated Practices

➤ **Question:** If I do not qualify for separate enterprise units on irrigated and non-irrigated acres, can I still have one enterprise unit (includes irrigated and non-irrigated acres)?



Answer: Yes, as long as you meet the qualifications for an enterprise unit containing all insurable acreage of crop.

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

A dark grey arrow points to the right from the left edge of the slide. Below it, several thin, curved lines in shades of blue and grey sweep across the left side of the slide.

Beginning Farmer and Rancher

- ▶ Additional premium subsidy (10%) and no administrative fees.
- ▶ An increase in the substitute Yield Adjustment for APH.
- ▶ Available for no more than 5 years (excludes years in military or college, or under 18).
- ▶ See your crop insurance agent for details.

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



Coverage Levels by Irrigated and Non-Irrigated Practice

- ▶ The insured must have an additional coverage policy (coverage greater than catastrophic risk) for the crop in the county and the actuarial documents must provide for separate coverage by irrigated and non-irrigated practice for the crop.
- ▶ Example: The insured may chose to insure all corn irrigated acreage at 65% and all corn non-irrigated acreage at 75%.
- ▶ If you do not plant irrigated acreage, you will have the coverage level you selected for the non-irrigated practice

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

APH Yield Exclusion

- ▶ APH Yield Exclusion (YE) allows insureds to exclude yields in exceptionally bad years from their production history when calculating yields used to establish their crop insurance coverage.
- ▶ Counties are eligible for exclusion when the county yield is at least 50 percent below the average of the previous 10 consecutive crop years.
- ▶ A crop year is eligible for exclusion when county yields are at least 50% below the county average for the last 10 consecutive years.
- ▶ An increase in the premium rate is charged to producers using YE in order to account for the increase risk of loss. This is due to the increased yield resulting from YE and the greater chance of indemnity payments.
- ▶ Only producers electing YE will have their premium adjusted.

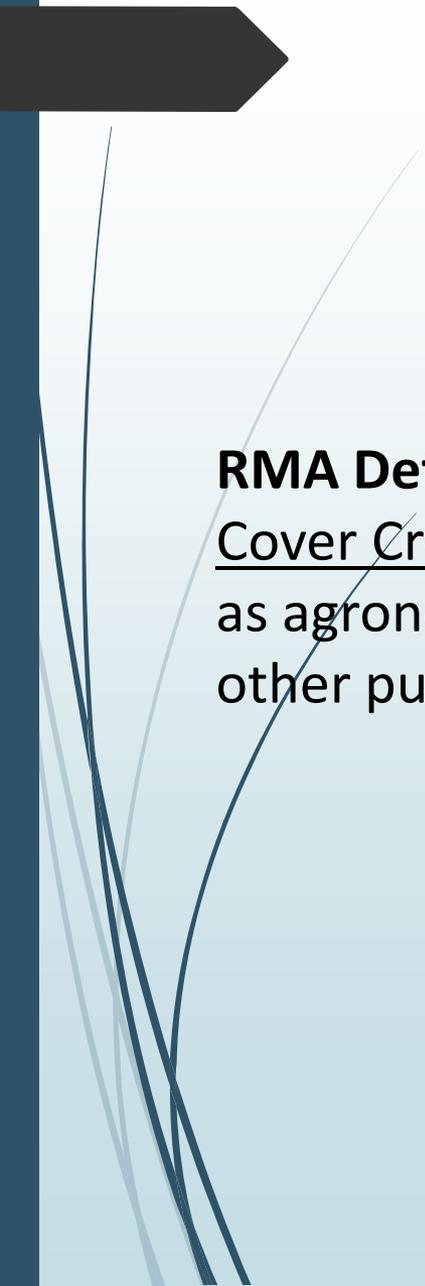
This presentation highlights features of Risk Management Agency Programs and is not intended to be comprehensive. The information presented neither modifies or replaces terms and conditions of the basic policy, the crop provisions, or the county actuarial documents. Consult a crop insurance agent for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



Peanut Revenue Policy for 2015

- ▶ Will provide growers with a choice of Yield Protection, Revenue Protection, and Revenue Protection with the Harvest Price Exclusion. Available coverage levels will range from 50 percent to 85 percent.
- ▶ Yield protection will still be available.
- ▶ Prices for the peanut revenue policy will be determined from a series of factors corresponding to the futures prices of cotton, wheat, soybean oil, soybean meal, Brazilian price of peanuts, peanut stocks and FSA loan rates for peanuts.

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

A dark grey arrow points to the right from the left edge of the slide. Several thin, light blue lines curve upwards from the bottom left towards the center of the slide.

Cover Crops and Crop Insurance

RMA Definition (Basic Provisions):

Cover Crop: A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control and other purposes related to conservation or soil improvement.

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



Cover Crops and Crop Insurance

Insurance shall attach to a crop following a cover crop when the cover crop meets the definition provided in the Basic Provisions, was planted within the last 12 months, and is managed and terminated according to NRCS guidelines. If growing conditions warrant a deviation from the guidelines, producers should contact either Extension or the local NRCS for management guidance. For information on cover crop management and termination guidelines, refer to the Cover Crop Termination Guidelines published at:

<http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/landuse/crops/>

3 things to remember concerning cover crops:

1- meet the definition provided in the Basic Provisions

2- planted within the last 12 months

3- terminated according to NRCS guidelines

Natural Resources Conservation Service (NRCS)



Conservation Compliance for Crop Insurance

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

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



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.

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



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.

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



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.

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



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/>