



United States Department of Agriculture

Risk Management Agency

2016 Crop Insurance Update

Maryland Annual Crop Insurance Conference

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General Overview Program Snapshot

	2013	2014	2015
Liability	123.7 Billion	109.8 Billion	98.9 Billion
Acres Insured	296 Million	294 Million	291 Million
Total Premium	11.8 Billion	10 Billion	9.5 Billion
Indemnity	12 Billion	9.0 Billion	1.3 Billion



Maryland General Overview

Top 10 Crops

Rank	2015 Commodity	Rank 2015 Liability
1	Corn	131 Million
2	Soybeans	105 Million
3	Nursery	37 Million
4	Wheat	35 Million
5	Potatoes	7.3 Million
6	Dairy Cattle	4.5 Million
7	Apples	3.8 Million
8	Barley	2 Million
9	Beans (Processing)	1.5 Million
10	Sweet Corn	1.2 Million

Federal Crop Insurance Update

- Whole-Farm Revenue Program
- Acreage Crop Reporting Streamlining Initiative (ACRSI)
- Double Cropping
- Beginning Farmer/Rancher
- Supplemental Coverage Option (SCO)
- Pasture, Rangeland and Forage (PRF)
- Organics
- Late Payment of Debt

Whole-Farm Revenue Protection

- The Agricultural Act of 2014 (Farm Bill) instructed RMA to develop a whole-farm diversified risk management plan of insurance.
- Whole-Farm Revenue Protection (WFRP) provides coverage for all revenue produced on a farm.
- It also recognizes diversity with higher subsidy levels.
- WFRP subsidy is designed for farms with two or more commodities meeting the diversification requirements.
- For CY 2015, there were 1,103 policies in force nationwide, totaling \$1.1 billion in liability.



Whole Revenue Protection 2015 First-Year Sales Preliminary Data

2015 WFRP EXPERIENCE

POLICIES SOLD	POLICIES EARNING PREMIUM	POLICIES INDEMNIFIED	LIABILITIES	TOTAL PREMIUM	SUBSIDY	INDEMNITY
1,130	1,103	5	\$1.04 Billion	\$51.4 Million	\$36.6 Million	\$48.1 Million

Participation for 2014 AGR & AGR-Lite Combined

POLICIES SOLD	POLICIES EARNING PREMIUM	POLICIES INDEMNIFIED	LIABILITIES	TOTAL PREMIUM	SUBSIDY	INDEMNITY
837	790	145	\$522.3 Million	\$19.5 Million	\$10.6 Million	\$22.9 Million

What Does Whole-Farm Cover?

- Revenue from all commodities produced on the farm:
 - Including animals and animal products
 - Commodities purchased for resale (up to 50% of total)
 - Excluding timber, forest, forest products, and animals for sport, show or pets
- Replant costs (with approval).

What Kinds of Farms Benefit from Whole-Farm?

- WFRP is well-suited for:
 - Highly diverse farms
 - Farms with specialty commodities
 - Farms selling to direct markets, specialty markets, regional or local markets, and farm-identity preserved markets
- Available to all farms or ranches that qualify.
- There are some limits for qualification.

Features of Whole-Farm

- Coverage levels 50-85%
 - 5% increments
 - Diversification of 3 commodities (commodity count) required for 80% and 85%
 - No catastrophic level of WFRP available
- Historic revenue is adjusted to reflect farm expansion.
 - Automatic indexing process accounts for farm growth historically (Insured may opt out of Indexing).
 - Expanding operations provision allows for up to 35% growth over historic average with insurance company approval.

Features of Whole-Farm

- Costs for market readiness operations may be left in the approved revenue.
 - Minimum required to make commodity market ready.
 - On farm, in-field or close proximity to field.
 - No added value costs may be included.

- You may also purchase other federal crop insurance policies covering individual commodities:
 - Must be at buy-up coverage levels.
 - Any indemnities from these policies will count as revenue earned under WFRP.

Features of Whole-Farm

- All farm revenue is insured together under one policy.
 - Individual commodity losses are not considered, it is the overall farm revenue that determines losses.
- Premium subsidy is available and depends on farm diversification.
 - Farms with 2 or more commodities (commodity count) receive Whole-farm premium subsidy.
 - Farms with 1 commodity receive basic premium subsidy.

Whole-Farm Premium Subsidy

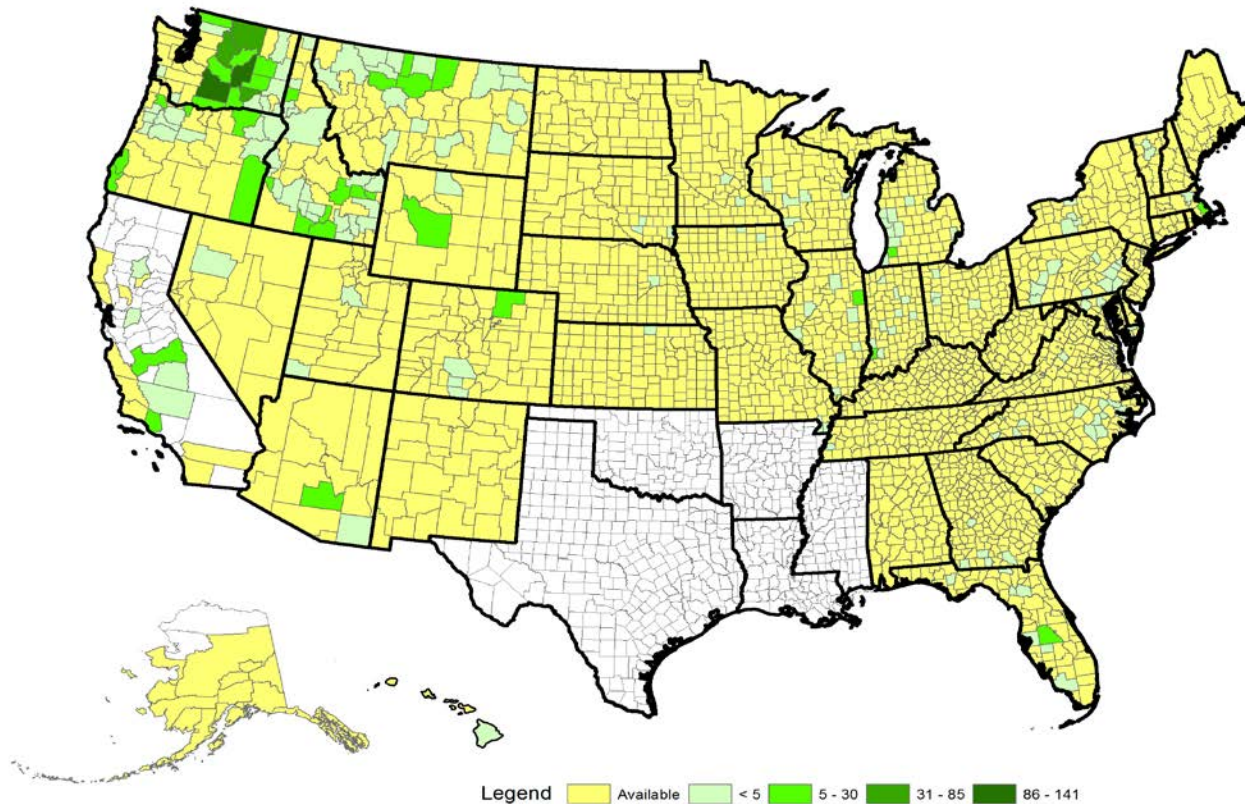
WFRP Subsidy: Percentage of Total Premium Paid by Government								
Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Basic Subsidy-Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 2	80%	80%	80%	80%	80%	80%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more	80%	80%	80%	80%	80%	80%	71%	56%

Whole-Farm Revenue Protection

Changes for 2016

- Contemporaneous marketing records for directly marketed commodities are acceptable records.
- Animal & Animal Product - Limit \$1 million (Removed 35% limit).
- Greenhouse/Nursery - Limit \$1 million (Removed 35% limit).
- Allow Increase Up To 35% of Expected Revenue for Expanding Operations.
 - Physical expansion –includes production capacity.
- Farms qualifying for indexing may choose to use it or not.
- Farmer's missing a year in history may use lag year to meet requirements.
 - Must be due to circumstances outside their control (illness/deployment, etc.).

WFRP Participation by Policies



Acreage Crop Reporting Streamlining Initiative (ACRSI)

- For many years, agricultural producers have questioned the duplicative paperwork involved with crop insurance and the crop reporting process.
- Even Congress heard from producers regarding the duplication and burden with crop reporting, and directed USDA to simplify the process.
- Since 2009, the RMA has been working with the Farm Service Agency to simplify that process and make it more efficient through the Acreage Crop Reporting Streamlining Initiative. It has been challenging to align key program differences and change practices that have existed for many years.

Acreage Crop Reporting Streamlining Initiative (ACRSI)

- But at the end of this May, the USDA announced RMA and FSA now electronically share common acreage report information. So producers can report their common information once to either their crop insurance agent or FSA and the other can use that.
- More than 93 percent of all annual reported acres to FSA and RMA now are eligible for the common data reporting, and USDA is exploring adding more crops.
- This improvement should save time and potentially reduce inadvertent data reporting differences between the crop insurance and FSA programs.
- Capturing the accurate acres planted or prevented from being planted is key to an efficient and accurate crop insurance program.

Acreage Crop Reporting Streamlining Initiative (ACRSI)

- This change is a significant effort for USDA in making itself better for those it serves.
- In addition to crops, ACRSI hopes to expand improvements to include the use of precision agriculture, better sharing of maps for identification of plantings, and the use of third-party providers.

Double Cropping

- Under the old rule, if a farmer that has historically double cropped 300 acres but added an additional 100 acres, the farmer was only eligible for 300 acres of double cropping.
- But under changes announced in June 2016, since the policyholder has historically double cropped 100 percent of the first crop acres, the farmer now will qualify to insure 400 acres as eligible double cropping acreage.
- These changes will be in effect for the 2017 crop year for most crops, starting with winter wheat.
- This change will address land added to an operation as well as account for multiple crop rotations.

Beginning Farmer/Rancher Analysis – All States Reinsurance Year 2015 Synopsis

Count of Total RMA Producers	555,644
Count of Primary Producers with BFR	13,614
Count of BFR Crop Policies	49,376
BFR Additional Premium Subsidy	\$12,790,966
Administrative Fees Waived	\$1,650,240
Count of BFR Producers using Yields from Previous Operator	1,234
Count of BFR Policies using Yields from Previous Operator	2,868
BFR Net Acres	3,498,550

Beginning Farmer/Rancher Maryland

Reinsurance Year 2015 Synopsis

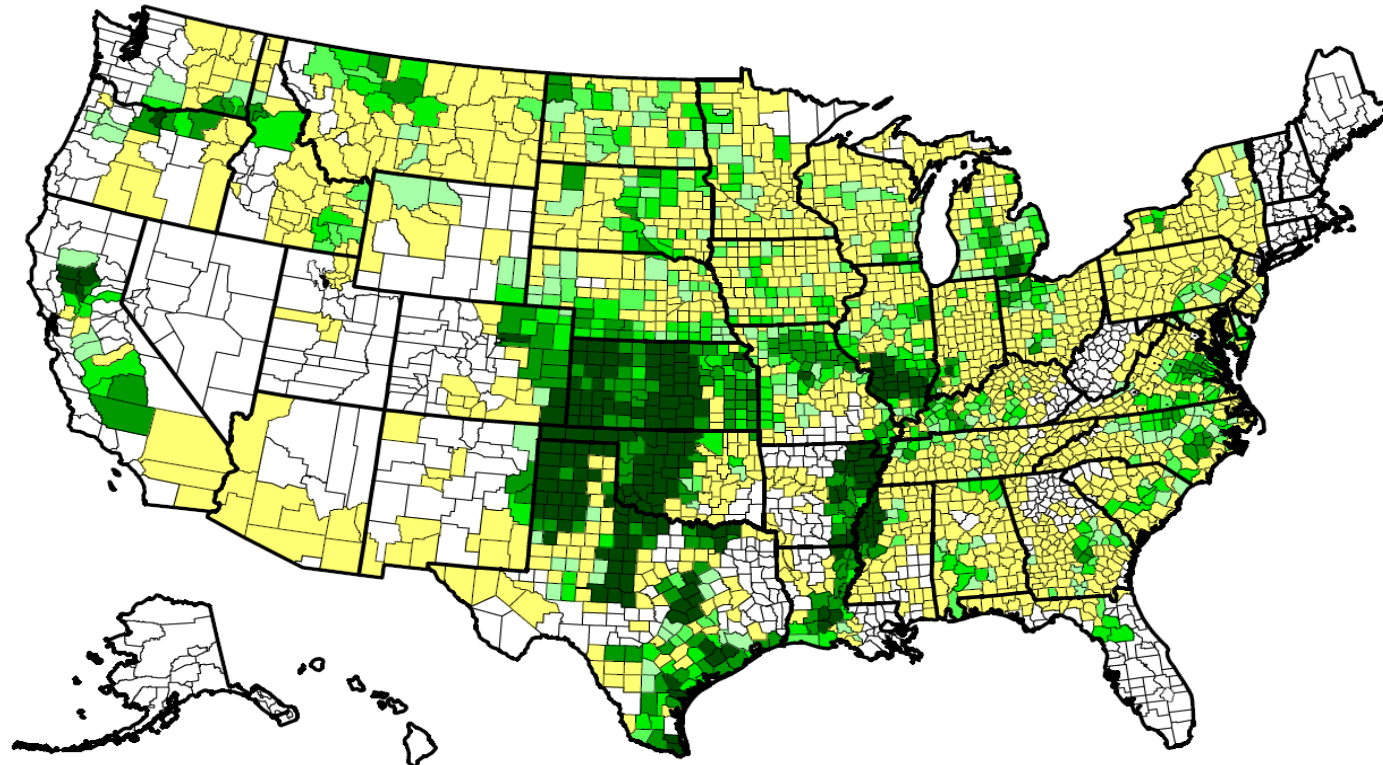
• Count of Total RMA Producers	2,052
• Count of Primary Producers with BFR	35
• Count of BFR Crop Policies	95
• BFR Additional Premium Subsidy	\$27,364
• Administrative Fees Waived	\$3,390
• Count of BFR Producers using Yields from a Previous Operator	1
• Count of BFR Policies using Yields from a Previous Operator	2
• Count of BFR Producers with YA	13
• Count of BFR Policies with YA	19
• BFR Net Acres	4,483

Supplemental Coverage Option – Actuarial Performance

2015 SCO Indemnity Estimates				
Crop	Liability	Premium	Indemnity	Loss Ratio
Barley	\$1.1m	\$0.3m	\$0.3m	1.07
Corn	\$20.0m	\$5.9m	\$1.5m	0.26
Grain Sorghum	\$6.7m	\$2.2m	\$0.5m	0.23
Rice	\$84.1m	\$0.4m	\$1.4m	3.52
Soybeans	\$17.2m	\$3.6m	\$1.2m	0.34
Wheat	\$76.0m	\$23.3m	\$21.3m	0.91
Total	\$205.0m	\$35.7m	\$26.2m	0.73

Supplemental Coverage Option Analysis

Reinsurance Year 2015 Total SCO Policies Sold



Legend: Available 1 - 1 2 - 2 3 - 7 8 - 30 31 - 631

Pasture, Rangeland, Forage – Rainfall Index (PRF-RI)

Program Overview

- Area plan only.
 - Losses cover an area called a grid.
- No individual coverage.
 - Does **NOT** measure actual individual production.
- Index – based on deviation from normal/historical.
- No loss adjustments, records, etc.
- Timely payments.
- Does not reward poor management practices.
 - Producer cannot influence outcome/losses.

PRF-RI Key Points for Producers

- VERY IMPORTANT for producers to elect time periods when precipitation is critical for their particular forage species, not necessarily when animals are grazing.
- Producer should use the Historical Indices Tool found at the RMA web site: <http://www.rma.usda.gov/policies/pasturerangeforage/> along with their hay or gain records to determine which time period correlates best to their forage production in past years.
- Review year/s when production was below average and compare to the historical indices for that year. Which months matched your reduced production? Those are likely the months that provide the best coverage for your forage species.

Pasture, Rangeland and Forage – Rainfall Index

Additional RMA Website Information

- PRF General Program Overview:
<http://www.rma.usda.gov/policies/pasturerangeforage/generalrivi.pdf>
- PRF Tools (RI):
<http://maps.agforceusa.com/prf/ri/>
- RI-PRF Technology:
<http://www.rma.usda.gov/policies/pasturerangeforage/ritechnology.pdf>
- PRF Share:
<http://www.rma.usda.gov/policies/pasturerangeforage/shares.pdf>

Organic Experience

- Organic agriculture is experiencing remarkable growth in the United States, seeing \$39 billion in retail sales last year.
- RMA oversaw \$649.7 million in federal insurance coverage provided nationwide in 2015 for certified organic crops and those transitioning to certified organic.

Expanding Options for Organic Producers

- **Organic Price Elections** have grown from four crops in crop year 2011 to 57 crops in crop years 2016 and 2017.
- **Contract Price Option** allows producers who receive a contract price for their crop to get a guarantee that is more reflective of the actual value of their crop and is available for 73 crop types.
- **Simple Average T-Yields:** Plan to authorize for added land for organic practices in CY 2017.

Organic Price Elections Over the Years

From 4 to 57 Crops

- 2011** **Corn; Cotton; Soybeans; Processing Tomatoes (CA)**
- 2012** **Corn; Cotton; Soybeans; Processing Tomatoes (CA)**
- 2013** **ADDED: Avocados (CA); Fresh Freestone Peaches (CA); Fresh Nectarines (CA); Fresh Plums (CA)**
- 2014** **ADDED: Almonds (CA); Blueberries (CA, OR, WA); Peppermint; Juice Grapes (WA); Oats; Fresh and Processing Apples (WA); Pears (WA, OR); Stonefruit - Fresh Apricots (CA, ID, OR, WA); Fresh Nectarines; Plums; Freestone Peaches (ID, OR, WA)**
- 2015** **ADDED: Millet; Figs; Walnuts; Flax; Popcorn; Corn Silage; Grain Sorghum; Raisins; Hybrid Sorghum Seed; Hybrid Corn Seed, Silage Sorghum.**
- 2016** **ADDED: Barley, Burley Tobacco, Cabbage, Cigar Binder Tobacco, Cranberries, Cultivated Wild Rice, Dry Air Tobacco, Dry Peas (select states), Flue Cured Tobacco, Forage Production (with the inclusion of Alfalfa in select states), Fresh Market Sweet Corn, Hybrid Sweet Corn Seed, Maryland Tobacco, Onions (fresh Onions in select states), Pinto Beans, Potatoes, Processing Clingstone Peaches, Rice, Rye, Safflower, Sugarcane, Sunflower, Table Grapes, and Wheat. The availability of organic price elections has been expanded for: Avocadoes in Florida, Blueberries in all remaining states, and Pears in California**
- 2017** **ADDED so far: Citrus (AZ, CA, FL): Grapefruit; Lemons; Mandarins; Oranges; Tangelos**

Maryland: ORGANIC EXPERIENCE RMA Summary of Business, 2005-2015

Acres	Liability	Premium	Indemnity	Loss Ratio
12,053	\$6,008,595	\$657,454	\$681,863	1.04

Maryland: Conventional Experience Where Organic Insured RMA Summary of Business, 2005 – 2015

Acres	Liability	Premium	Indemnity	Loss Ratio
1,339,448	\$509,477,091	\$53,803,483	\$31,688,706	.59

Maryland Summary of Business 2005 - 2015

Year	Acres	Liability	Premium	Indemnity	Loss Ratio
2005	749,723	\$175,576,930	\$15,005,332	\$4,371,124	0.29
2006	735,210	\$188,044,967	\$16,985,976	\$5,177,590	0.30
2007	731,598	\$249,247,155	\$23,973,166	\$35,906,901	1.50
2008	782,408	\$329,014,175	\$36,876,815	\$30,323,845	0.82
2009	885,836	\$313,149,455	\$31,656,063	\$10,612,388	0.34
2010	846,977	\$270,434,276	\$28,378,694	\$36,264,004	1.28
2011	911,222	\$398,456,194	\$45,925,617	\$30,131,982	0.66
2012	920,203	\$401,992,180	\$40,271,537	\$28,791,202	0.71
2013	943,911	\$432,614,232	\$40,015,390	\$13,923,426	0.35
2014	930,837	\$364,606,036	\$33,780,548	\$7,021,493	0.21

Late Payment of Debt

- Ability to reinstate policy for current crop year, instead of ineligibility in certain cases.
- Request no later than 60 days after termination or other applicable date.
- No evidence of fraud/misrepresentation.
- Two situations for reinstatement:
 - Administrator discretion (exhausts all Administrative remedies) - unavoidable or unforeseeable event, or active duty obligation prevented timely payment.
 - AIP discretion – Producer omitted small amount of payment.



PLEASE NOTE:

**The data in this presentation is accurate as of Aug. 22, 2016.
All data contained herein are subject to change as additional data are reported.**

**The RMA Summary of Business may be consulted for periodic updates to business
at: <http://www.rma.usda.gov/data/sob.html>**



RMA Website Information

Please visit the RMA Website at:

WWW.RMA.USDA.GOV



THANKS!

**If you have any questions,
I am happy to help.**

**RMA Associate Administrator
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