

“Risky Business”



27th Women in Ag Conference

Kearney, Nebraska - February 23/24, 2012



Farming today takes
more than a tractor &
a plow....

This workshop will explore different programs USDA offers that can help you manage risk on your operation.

The BIG Picture

“Total Risk Management”

Getting Started:

- Crop Insurance
- SURE Crop Disaster
- NAP Crop Insurance
- Livestock Disaster Programs
- ACRE Program

Crop Insurance

- Risk Management Agency (RMA)
- Sold through private crop insurance agents
- Many FSA disaster programs require crops being insured
- Many different types, but most common are:
 - Yield & Revenue policies

Crop Insurance

FSA doesn't administer crop insurance,
but for more information, visit:

www.rma.usda.gov

2008 USDA Farm Service Agency Disaster Assistance Programs

PROGRAM	DESCRIPTION	ELIGIBILITY REQUIREMENT	RISK MGMT REQUIREMENT	PAYMENT METHOD	PAYMENT LIMITATION
SURE (Supplemental Revenue Assistance Payments)	Provides benefits for farm revenue losses	Farm must either: 1) be in a county with a USDA Secretarial Disaster Designation or contiguous county 2) have an overall 50% production loss due to adverse weather	All crops in all counties must be covered by crop insurance or NAP	80% of the difference between the SURE guarantee and farm revenue	\$100,000 combined
LFP (Livestock Forage Disaster Program)	Provides benefits for grazing land affected by drought; public grazing land affected by wildfire or drought	Grazed land must be in county designated severely affected (Drought Monitor D2 status or higher) for minimum of 8 consecutive weeks during grazing period	Grazed land must be covered by crop insurance or NAP	80% x monthly feed cost; multiplied (1x, 2x, or 3x) by severity of drought; 50% x monthly feed cost for wildfires	
LIP (Livestock Indemnity Payments)	Provides benefits for livestock death losses due to adverse weather	Losses in excess of normal mortality	None	75% of the national market value of the livestock	
ELAP (Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish)	Provides emergency relief to producers of livestock, honey bees, and farm-raised fish	As determined by USDA Secretary	All crops in all counties must be covered by crop insurance or NAP	As determined by USDA Secretary	
TAP (Tree Assistance Program)	Provides assistance for tree, vine, and bush losses due to adverse weather	Losses must exceed 15%.		Up to 70% reimbursement for replanting; 50% reimbursement for other eligible costs; assistance limited to 500 acres	\$100,000
NAP (Noninsured Crop Disaster Assistance Program)	Provides minimal coverage for uninsurable crops.	Application with service fee must be filed prior to NAP application closing date	n/a	55% of the historical price for losses in excess of 50%.	\$100,000
EM (Emergency Loans)	Provides loans to borrowers who are unable to obtain financing for emergency losses	Applicant must be in a county with Presidential or USDA Secretarial Disaster Designation , or contiguous county; USDA Administrator may also qualify quarantine losses or physical loss loans only	May be required as condition for loan approval	Provides low interest loans to qualified applicants with eligible disaster losses	Principal not to exceed \$500,000

SURE

Supplemental Revenue
Assistance Payments Program

SURE

- SURE looks at “Total Farm Revenue”
 - All farms, in all counties & in all states
- All “economically significant” crops must be insured
 - 5% or more of crop income
- Looks at total estimated revenue & compares to expected
 - Pays on 60% of any differences
- Must meet RMPR

RMPR Requirements

- Producers must be insured or enroll in:
 - CAT level or higher for insurable crops
 - NAP for uninsurable crops
 - Forage crops intended for grazing don't require insurance
 - Producers are not required to purchase a Pilot Program level of insurance, but can, or buy NAP
 - Waiver available for socially disadvantaged, limited resource & beginning farmers and ranchers
 - Effective level – CAT policy (50% coverage, 55% price)

How do I become eligible for SURE?

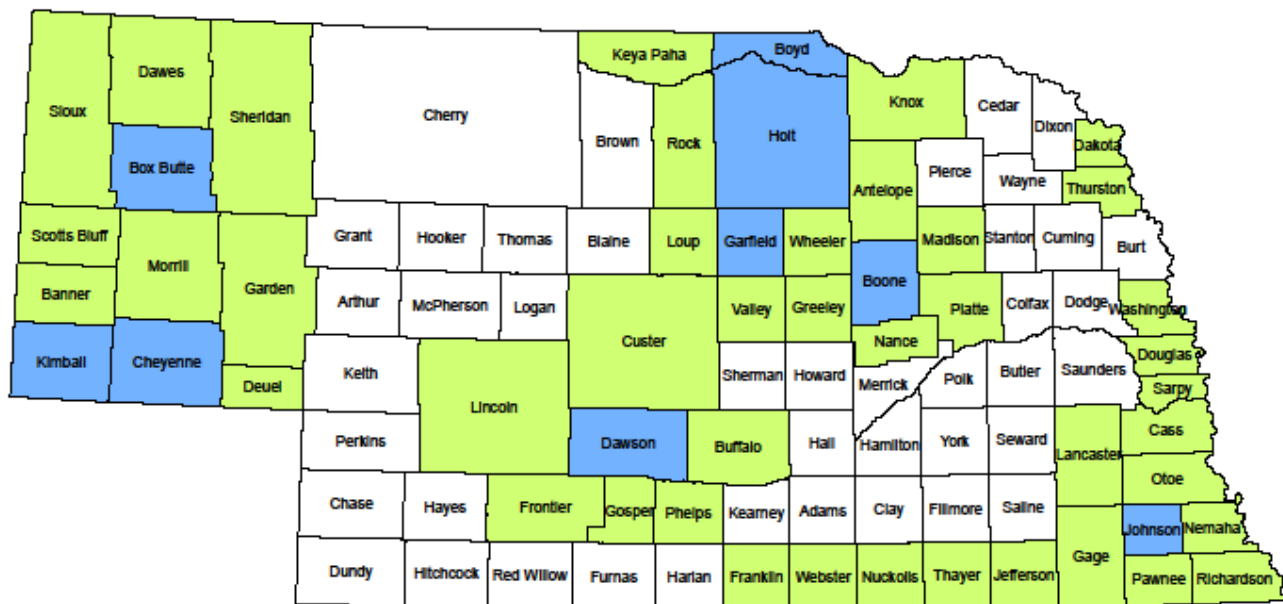
- A “farm” is eligible when:
 - A portion of the farm is located in a county covered by a qualifying USDA Secretarial Disaster Designation *and* has a 10% loss on one or more crops of economic significance
 - or*
 - The actual production is 50% less than normal production.

2010 SURE

- Sign up for 2010 SURE is now open!
- Deadline to sign up is June 1, 2012
- Call your local FSA office to make an appointment!



Nebraska 2010 Approved Secretarial Disaster Declarations For SURE Purposes*



Nebraska

- County
- Secretarial Disaster Declarations for 2010
 - Disaster Declared County
 - Contiguous County

*Additional Counties may be added as all requested secretarial declarations are approved.

Your coverage level matters!

- For crops that are insurable, your level of coverage affects your SURE Guarantee



SURE Questions?

Next....NAP!

NAP

Non-insurable Crop Disaster
Assistance Program

NAP

- Noninsured Crop Disaster Assistance Program (NAP)
 - Covers weather related losses
- Insures all crops in a county where traditional crop insurance isn't offered
 - Grazing, hay, etc.
- 50% coverage, 55% price protection
 - Very similar to a CAT policy (crop insurance)

NAP

- NAP is required for:
 - SURE eligibility on crops that produce 5%+ crop income & aren't eligible for crop insurance
 - LFP
 - ELAP or TAP
 - TAP is for orchards, vineyards, berry vines, etc.

How do I buy NAP?

- \$250 per crop, not to exceed \$750 per county
- 2012 Crop Year Deadlines:
 - 9/1/11 – Value loss crops, sod, nursery
 - 9/30/11 – Fall seeded small grains
 - 12/1/11 – Honey, apples, cherries, plums, strawberries, asparagus & grapes
 - 3/15/12 – Grass, mixed forage, sorghum forage, alfalfa, spring seeded crops (oats, etc.)

NAP Reporting Requirements

- Annual acreage report (FSA-578)
 - By June 30 or July 15
- Annual production report (tons, bushels, etc.)
 - By June 30 (small grains) or July 15 (all other) of the following crop year
 - Ex. 2010 alfalfa tonnage is certified by July 15, 2012
- Notice of Loss
 - Within 15 days of realizing a loss

NAP Example – Hay Crops

- In 2011 I am a producer in Buffalo Co. and I planted 100 acres of alfalfa, that I put up for hay.
- The first year (2011), my alfalfa isn't eligible for NAP. But in 2012 (second growing season) my crop is eligible.
- I purchase NAP by March 15, 2012

NAP Example Cont.

- I have never grown alfalfa before, so I get a “new producer” APH which is 4.97 t/acre.
- On June 1, 2012, a wildfire caused by lightning begins and burns my entire field of alfalfa. I believe the entire field has been killed.
- What are my options?

NAP Example Cont.

1. Call the FSA office w/in 15 days of realizing your loss.
2. We'll start a Notice of Loss, and if you feel like the entire crop has been destroyed, the FSA office will send, and pay for, an adjustor to adjust any/all losses.
3. If losses exceed 50%, a payment may be made.

Example Results?

- 100 acres x 4.97 t/ac
 - Expected production = 497 tons
 - Actual production = 0 tons
- 50% + loss = 249 tons
- \$93/t x 55% price = \$51
- \$51 x 249 tons = \$12,699 NAP Payment
 - Policy cost = \$250

NAP Takeaway

- NAP is catastrophic level coverage

but

- NAP also qualifies you for other FSA disaster programs

Livestock Disaster Programs

- LIP
 - Livestock killed by natural disasters
- LFP
 - Grazing losses due to drought and/or wildfire
- ELAP
 - Losses not covered by other disaster programs

LIP

Livestock Indemnity Program

LIP

- Provides payments to producers with a farming/ranching interest who have had an eligible livestock death loss due to adverse weather
- Producers must notify FSA office within 30 days of realizing a loss
 - Telephone call, email, fax, mail, in person, etc.

LIP

- What records should I keep?
 - Verifiable vs. Reliable
 - Beginning and ending inventories
 - Bank or other loan documents, veterinary records, brand inspection records, written contracts, etc.
 - Proof of death
 - Rendering truck receipts, veterinary records, etc.
 - Producer records, pictures w/ a date, etc. can be used, but must be supported w/ verifiable inventories

**United States Department of Agriculture
Farm Service Agency**



Kind	Type	Weight Range	2011 LIP Payment Per Head
Beef	Non-adult	Less than 400 lbs	\$336.04
Beef	Non-adult	400 to 799 lbs	\$490.68
Beef	Non-adult	800 lbs or more	\$766.03
Beef	Adult	Cow	\$746.95
Beef	Adult	Bull	\$971.03
Dairy	Non-adult	Less than 400 lbs	\$249.38
Dairy	Adult	Cow/Bull	\$997.50
Swine	Boar/Sow	Over 450 lbs	\$201.03
Swine	Feeder Pigs	50 lbs and under	\$48.12
Sheep	Ram		\$116.04
Sheep	Ewe		\$117.39
Sheep	Lamb		\$126.84

*All rates can be found in 1-LDAP

LFP

Livestock Forage Program

LFP

- Provides financial assistance to eligible livestock producers who suffered grazing losses due to a qualifying drought on private lands, or fire on federally managed lands
- Producers must have NAP or equivalent crop insurance on their grazing

LFP

Grazing losses due to drought are monitored at the national level and must:

1. Have reached a D2 level for 8 consecutive weeks during the grazing season

Or

2. Reached a D3 or D4 level

**United States Department of Agriculture
Farm Service Agency**



Kind	Type	Weight Range	2010 LFP Monthly Payment Rate Per Head
Beef	Adult	Cows/Bulls	\$34.57
Beef	Non-adult	500 lbs or more	\$25.93
Dairy	Adult	Cows/Bulls	\$89.89
Dairy	Non-adult	500 lbs or more	\$25.93
Sheep	All		\$8.64
Goats	All		\$8.64

*All rates can be found in 1-LDAP

ACRE

Average Crop Revenue Election

ACRE

- Not technically a “disaster program” but helps protect risk
- Payments are based on:
 - National Prices
 - State Yields
 - *Also requires farm level yield trigger

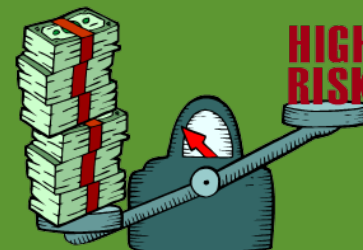
ACRE Details

- ACRE provides protection on crops planted, not on farms historical plantings (base acreage).
- Can be elected in any year through 2012; irrevocable election.
- ACRE Elections are farm specific.
- Participants in ACRE agree to a 30% decrease in loan rate and 20% decrease in the direct payment rate.

ACRE Requirements

- May report production to establish the historical benchmark yield
- Must annually report production beginning with the 1st year of election
- Deadline is July 15th of following crop year
- Producers can use RMA data for reporting

Farming can be risky business...



- But at FSA, we're here to help you manage that risk!
- Questions about programs or eligibility?
 - Talk to your County Office staff!



Questions?

