

RIGHTRISK™

RIGHTRISK NEWS

DATES TO REMEMBER

- **September 30, 2014:**
 - » Wheat and fall-planted crop Yield Protection or Revenue Protection insurance
 - » Forage Production insurance
- **November 15, 2014:** Pasture, Rangeland, Forage (PRF) sales closing date.

For more information see:
<http://www.rma.usda.gov>

Agricultural Act of 2014 Beginning Farmer and Rancher Crop Insurance Benefits Update

The Agricultural Act of 2014 includes some changes to the beginning farmer and rancher benefits for federal crop insurance. To begin with, the definition of a beginning farmer or rancher for crop insurance is now different from other USDA agencies such as the Farm Service Agency (FSA). To qualify as a beginning farmer or rancher for federal crop insurance, you must be an individual and you must not have operated and managed a farm or ranch anywhere, with an insurable interest in any crop or livestock for more than 5 crop years.

A beginning farmer or rancher may form a business entity and qualify for beginning farmer and rancher status, but only if all substantial beneficial interest holders (10 percent or more) of the business entity qualify as beginning farmers or ranchers. This means that a beginning farmer coming back to the family farm should think twice before joining in with the parents to form a corporation. There are considerable crop insurance benefits available to those that have beginning farmer and rancher status.

Beginning farmer and rancher crop insurance benefits include exemption from paying the administrative fee for policies plus an additional 10 percent premium subsidy for policies that have a premium subsidy. On the coverage side of things, beginning farmers and ranchers receive an increase in the substitute yield adjustment from 60 to 80 percent of the applicable transitional yield (T-Yield) used to replace a low yield due to an insurable loss. They are also able to use the production history of farming operations they were previously involved with to help establish their own production history.

Historically, beginning farmers have been less likely than other farmers to participate in federal crop insurance programs. These changes are all part of the USDA efforts to make crop insurance more affordable to beginning farmers and ranchers and to provide greater support when new farmers experience substantial losses.

HARVEST PRICES FOR 2014 CROP YEAR AVAILABLE

- Barley, winter
- Barley, spring
- Canola, fall
- Canola, spring
- Rapeseed, fall
- Rapeseed, spring
- Wheat, winter
- Wheat, spring

For more information see:
<http://www.rma.usda.gov> >
 Quick Links >
 Price Discovery Report >
 Commodities Recently in Discovery

How Much Risk is Right for You?



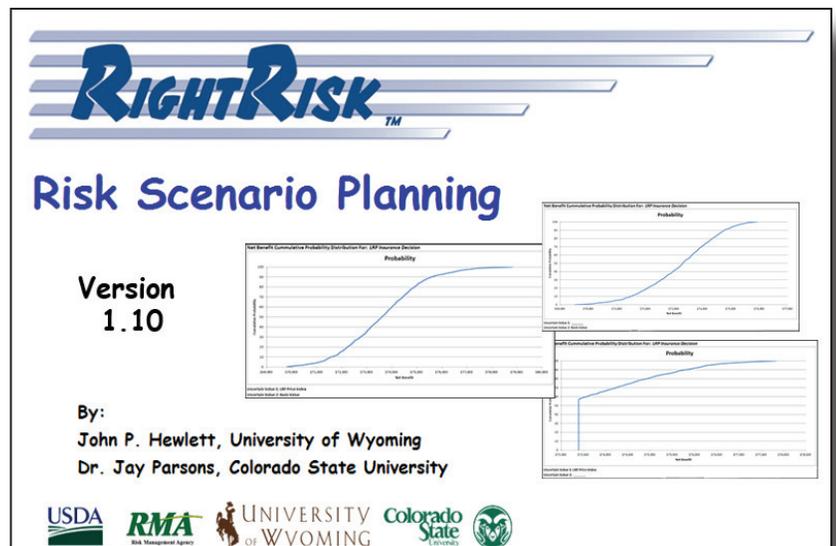
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HIGHLIGHTED TOOL

Recent changes in the number and scope of risk management options under the new Farm Bill leads to a need to compare strategies. The *Risk Scenario Planning* tool is designed to help managers evaluate an uncertain future by thinking in terms of distributions, instead of trying to come up with a best guess for an uncertain number.

The tool relies on a partial-budget framework to capture the financial effects of making proposed changes. It then allows the decision-maker to further refine estimates for up to two input values as uncertain numbers. This produces a more robust analysis of the proposed change and a more thorough understanding of the possible outcomes if one or more changes are implemented.

To access the tool or to read the accompanying guide see: <http://RightRisk.org> > Resources > Risk Management Tools.



The image shows the cover page for the RightRisk Risk Scenario Planning tool, Version 1.10. At the top is the RightRisk logo in blue with horizontal lines. Below it is the title "Risk Scenario Planning" in a large blue font. The version number "Version 1.10" is prominently displayed. The authors are listed as "By: John P. Hewlett, University of Wyoming" and "Dr. Jay Parsons, Colorado State University". There are three small line graphs showing probability distributions. At the bottom, logos for USDA, RMA (Risk Management Agency), University of Wyoming, and Colorado State University are displayed.

AGRICULTURAL ACT OF 2014 CONTINUED FROM PG. 1

Noninsured Crop Disaster Assistance Program (NAP) Update

The Noninsured Crop Disaster Assistance Program (NAP) administered by FSA has been expanded with the 2014 Farm Bill to include buy-up coverage protection similar to the buy-up provisions offered under the federal crop insurance program. Producers may now elect coverage from 50 to 65 percent, in five percent increments, at 100 percent of the average market price.

Two important benefits are now available with NAP coverage for producers who meet the FSA definition of beginning farmers and ranchers. One of those benefits is an exemption from paying the \$300 administrative fee for these catastrophic policies. The other is a 50 percent reduction in the premiums for NAP buy-up coverage. The definition of beginning farmers and ranchers for FSA purposes remains unchanged with the exception that the ownership limitation for beginning producers seeking farm ownership loans is now 30 percent of the county average farm size, rather than 30 percent of the county median farm size. This is important because, in 2013, the national average farm size was 418 acres while the median farm was only 80 acres. This change should make more beginning farmers and ranchers eligible for these loans.

More information on NAP for the 2015 crop year is available at the Farm Service Agency (FSA) website (<http://www.fsa.usda.gov>). According to FSA, additional NAP information will be released later this Fall.



The advertisement features the RightRisk logo on the left. To the right, a quote reads: "RightRisk helps decision-makers discover innovative and effective risk management solutions." Below this, it states "RightRisk News is brought to you by the RightRisk Team" and lists contributing authors: John Hewlett, Jay Parsons, Rod Sharp, and Jeff Tranel, along with their affiliations. It also lists the editing and layout by John Hewlett. At the bottom, it provides contact information: "E-mail: information@RightRisk.org" and "Web: www.RightRisk.org". A footer contains the slogan "How much risk is right for you and your operation?" and logos for Colorado State University Extension, University of Wyoming, and University of Nebraska-Lincoln Extension.