

RIGHT RISK™

How Much Risk is Right for You?

DATES TO REMEMBER

Fall crops:

- sales closing date
- September 30, 2015
- final acreage reporting
- November 15, 2015
- final planting
- dates are county specific

Forage Insurance:

- sales closing date
- September 30, 2015
- acreage reporting
- November 15, 2015

Margin Protection Policy on corn, soybeans, and spring wheat

- September 30, 2015

Pasture, Rangeland, Forage (PRF) sales closing date

- November 15, 2015

For more information see:

<http://www.rma.usda.gov>

<http://www.fsa.usda.gov>

RIGHT RISK NEWS

Updated Risk Management Tools for Forage Production

Crop insurance in the United States dates back to the 1930s, but it hasn't been until the last 15-20 years that livestock producers have seen significant forage risk management products developed. The USDA – Risk Management Agency (RMA) was created in 1996 to administer the Federal Crop Insurance Corporation (FCIC) programs and other non-insurance-related risk management and education programs in support of U.S. agriculture. In addition to RMA, certain insurance and disaster program assistance for forage production is available through the USDA Farm Service Agency (FSA).

PASTURE, RANGELAND, AND FORAGE INSURANCE

Pasture, Rangeland, and Forage insurance (PRF) is a pilot insurance product administered by RMA designed to protect against precipitation risk. Land under PRF must be intended for use as livestock grazing or haying. PRF first became available in 2007 in a few selected states, but has been expanded and updated multiple times since.

The sign up period for PRF ends November 15, with coverage in force over the following calendar year. The insurance coverage attaches to multi-month time periods within the year. In the past, PRF has been available in both a Rainfall Index (RI-PRF) version and a Vegetation Index (VI-PRF) version. Beginning 2016, PRF will be available as a Rainfall Index product in all 48 contiguous states.

With RI-PRF, the producer insures an Expected Grid Index that represents the expected precipitation for a specific Grid ID during a two month interval. The Grid Index is based on National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA-CPC) data from 1948 to present.

The Grids are roughly 17 miles by 17 miles. The Expected Grid Index is based on National Oceanic and Atmospheric Administration

Climate Prediction Center (NOAA-CPC) precipitation data dating back to 1948. RI-PRF insurance provides producers an opportunity to insure up to 90 percent of the Expected Grid Index for chosen intervals. If the Actual Grid Index for an insured interval falls below the insured level, the producer could receive an indemnity payment.

RAINFALL INDEX – ANNUAL FORAGE INSURANCE PLAN

The Rainfall Index – Annual Forage Insurance Plan is a new pilot insurance program from RMA first offered for 2015 in Nebraska, North Dakota, South Dakota, Kansas, Oklahoma, Texas and expanded to Colorado for 2016. Like RI-PRF, the Annual Forage Insurance Plan is based on rainfall index data provided by NOAA-CPC. However, it is designed to meet the needs of producers planting **annual** forage crops for use as livestock feed or fodder. This includes but is not limited to grazing, haying, grazing/haying, grain/grazing, green chop, grazing/green chop, or silage.

The Annual Forage Insurance Plan is available for two growing seasons: Sign up for **fall-planted** forage (planted between July 15 and November 15) is July 15 of each year, and provides coverage from September 1 to March 31. Sign up for **spring-planted** forage (planted between December 15 and July 15) is December 15 of each year, and provides coverage from March 1 to September 30.

Producers interested in using RI-PRF or the Annual Forage Insurance Plan are encouraged to visit the RMA website to access more information about each, including a grid locator, decision support tools and historical rainfall indices.





NON-INSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

The Non-insured Crop Disaster Assistance Program (NAP) is administered by the USDA's Farm Service Agency (FSA). NAP provides producers of non-insurable crops with at least catastrophic coverage (CAT) when a low yield, loss of inventory, or prevented planting occurs due to natural disasters.

Eligible crops include those for which the CAT level of crop insurance is not available and includes crops planted and grown for livestock consumption. When purchasing NAP, producers pay a service fee which is \$250 per crop or \$750 per producer per administrative county for CAT coverage. Catastrophic coverage provides protection for losses greater than 50 percent of the approved yield at 55 percent of the approved market price.

The 2014 Farm Bill allows FSA to offer producers buy-up coverage which offers producers higher levels of yield protection (55, 60, or 65 percent) at 100 percent of the approved price. Unfortunately, buy-up coverage is not available for those crops and grasses intended for grazing. Limited resource producers, beginning farmers, and socially disadvantaged farmers may request a waiver of service fees and reduction of buy-up premiums.

NAP coverage is available for alfalfa, alfalfa mixture, native grass rangeland, and other forage acreage *intended to be grazed*. Leased land is only eligible if the lessee participates in the risk of the production of the crop acreage or where the lease conveys control of the crop acreage to the lessee. The NAP price for grazing is established nationally on an animal unit basis and stocking rates are established on a state-by-state basis by FSA State Committees.

LIVESTOCK FORAGE DISASTER PROGRAM (LFP)

The Livestock Forage Disaster Program (LFP) is administered by USDA's FSA. Under LFP, livestock producers can receive financial compensation for grazing losses when pasture or rangeland under their control has been classified by the U.S. Drought Monitor as being in a county with a qualifying drought-related event for the designated period required under the guidelines of the program. This is a single peril (drought) disaster assistance program with payment rates established by FSA on a per head basis. The 2014 Farm Bill made LFP a permanent program, along with the Livestock Indemnity Program (LIP) and Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP) program.

More information about RI-PRF and the Rainfall Index – Annual Forage Insurance Plan may be found at the RMA website or by contacting a crop insurance agent. Information on NAP and LFP can be found at the FSA website or by contacting a local FSA office.



RightRisk helps decision-makers discover innovative and effective risk management solutions.

- *Education*
- *Coaching*
- *Research*

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How much risk is right for you and your operation?

