

RIGHTRISK™

RIGHTRISK NEWS

Forage Insurance Tools

DATES TO REMEMBER

Spring-planted crops sales deadline:

- March 15, 2018

Noninsured Crop Disaster Assistance Program (NAP)

Deadline for springseeded forage and all other crops
- April 1, 2018

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

One of the primary strategies for managing risk is transferring the risk outside the farm or ranch through insurance products or other mechanisms. Crop insurance dates back to the 1930s in the United States. However, until the last few years there have not been many insurance options available to forage producers. That has changed considerably in recent years. This article provides a brief summary of the currently available options that can help protect forage producers against production losses.

Forage Seeding and Production Insurance

The United States Department of Agriculture Risk Management Agency (RMA) provides commodity insurance coverage for forage production and forage seeding in all counties of Montana, North Dakota, South Dakota, and Wyoming along with select counties of 19 other states.



Coverage is based on an average production history (APH) for forage production protection. Forage seeding insurance is based on the plant population in the stand established.

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

RI-PRF is a pilot insurance product administered by RMA designed to protect against deficits in precipitation on forage intended for use under livestock grazing or haying. RI-PRF first became available in 2007 in a few selected states but has since been expanded and updated multiple times. It is now available in all 48 contiguous states.

The signup period for RI-PRF ends on November 15 and the resulting coverage is in force for the following calendar year. RI-PRF is based on precipitation data from the National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA-CPC). The insurance provides producers with the opportunity to insure up to 90 percent of expected precipitation for selected two-month intervals within the year. It is a group insurance policy based on grids roughly 17 by 17 square miles. Productive value is determined by county and perennial forage type. Producers can adjust coverage levels to best fit their risk protection needs.



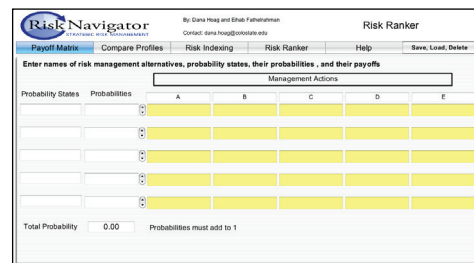
Annual Forage Insurance Plan

The Annual Forage Insurance Plan is another pilot insurance program from RMA based on precipitation index data provided by NOAA-CPC. It is designed to meet the needs of producers planting annual forage crops for use as livestock feed or fodder. The annual forage insurance is available for four different growing seasons, tied to 3-month planting periods that cover the entire year, starting July 16 and running through to July 15 the

How Much Risk is Right for You?

HIGHLIGHTED TOOL

Risk Ranker helps you determine how influential risk is in your decision by computing the Certainty Equivalent (CE) index. Actually 4 tools in one, the Risk Ranker tool allows the user to enter Payoff Matrix information, Compare Profiles for alternative risk management strategies, Risk Indexer evaluates how much the user would be willing to pay to avoid risk, and Risk Ranker allows you to compare risk profiles side-by-side and ranks management alternatives by 7 different risk ranking techniques.



For More Information on the *Risk Ranker* tool, see RightRisk.org > Products > Risk Navigator > Toolbox.

For more *Applied Risk Analytics*, see RightRisk.org > Resources > Applied Risk Analytics.

FORAGE INSURANCE TOOLS CONTINUED FROM PG. 1

following year. Each growing season has a 6-7 month coverage period to insure precipitation levels in selected two-month intervals. The signup deadline is July 15 for all growing seasons in the coming year. The annual forage insurance is currently available in Colorado, Kansas, Nebraska, North Dakota, New Mexico, Oklahoma, South Dakota, and Texas.

Noninsured Crop Disaster Assistance Program (NAP)

NAP is administered by the USDA Farm Service Agency (FSA). It provides producers of non-insurable crops with basic or catastrophic coverage when a low yield, loss of inventory, or prevented planting occurs due to natural disasters. Eligible crops are those for which the catastrophic risk protection level of crop insurance is not available including crops grown for livestock consumption.

When purchasing NAP, producers pay a service fee of \$250 per crop per county for catastrophic coverage which is 50 percent of the approved yield covered at 55 percent of the approved market price. The 2014 Farm Bill provided authorization to offer producers “buy-up coverage” for higher levels of yield protection (55, 60, or 65 percent) with 100 percent price coverage. (Note that buy-up coverage is not available for crops and forages intended for grazing.) NAP coverage is available for alfalfa, alfalfa mixture, native grass rangeland, and other forage acreage. The NAP coverage price for grazing is established nationally on a per-animal-unit basis and stocking rates are established by respective FSA State committees.

Livestock Forage Disaster Program (LFP)

LFP is also administered by FSA. Under LFP, livestock producers can receive compensation for grazing losses when pasture or rangeland under their control has been classified by the U.S. Drought Monitor as a county under a qualifying drought-related event. This is a single peril (drought) disaster assistance program with payment rates established by FSA on a per head basis.



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How much risk is right for you and your operation?

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