



United States Department of Agriculture

Federal Crop Insurance Update

January 11, 2021

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Risk Management Agency
U.S. Department of Agriculture



Agenda

- Pandemic Response
- Crop Insurance Trends
- Prevented Planting Update and Modifications
- Livestock Updates
- Crop Program Highlights



COVID RESPONSE

- RMA added a special COVID link to the RMA homepage on the website that directs everyone to all RMA related guidance on COVID
- MGRs – Updated in December for 2021
 - Temporary Yield Relief
 - Insurance Deadlines and Additional Relief
 - Production Reporting Deadlines
 - Interest Deferral
 - Self Certification on Replant
 - DRP
 - Organic Certification
 - And More!



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Top 10 Products (2019)

<u>Nationally</u>	Acres (Thousands)	Liabilities (millions)	Total Premium (millions)	Indemnities (millions)	Subsidy (millions)	Loss Ratio
Corn	86,952	43,672	3,748	4,030	2,349	1.08
Soybeans	71,436	24,618	1,882	1,972	1,183	1.05
Wheat	38,736	7,227	1,111	945	705	0.85
Cotton	13,110	5,484	959	1,182	661	1.23
PRF	140,239	2,626	582	363	310	0.62
Whole Farm	-	2,340	131	152	95	1.16
Almonds	836	2,147	62	35	37	0.57
Grapes	560	1,724	56	59	34	1.05
Rice	2,812	1,564	98	285	61	2.92
Nursery (FG&C)	-	1,562	32	6	22	0.18

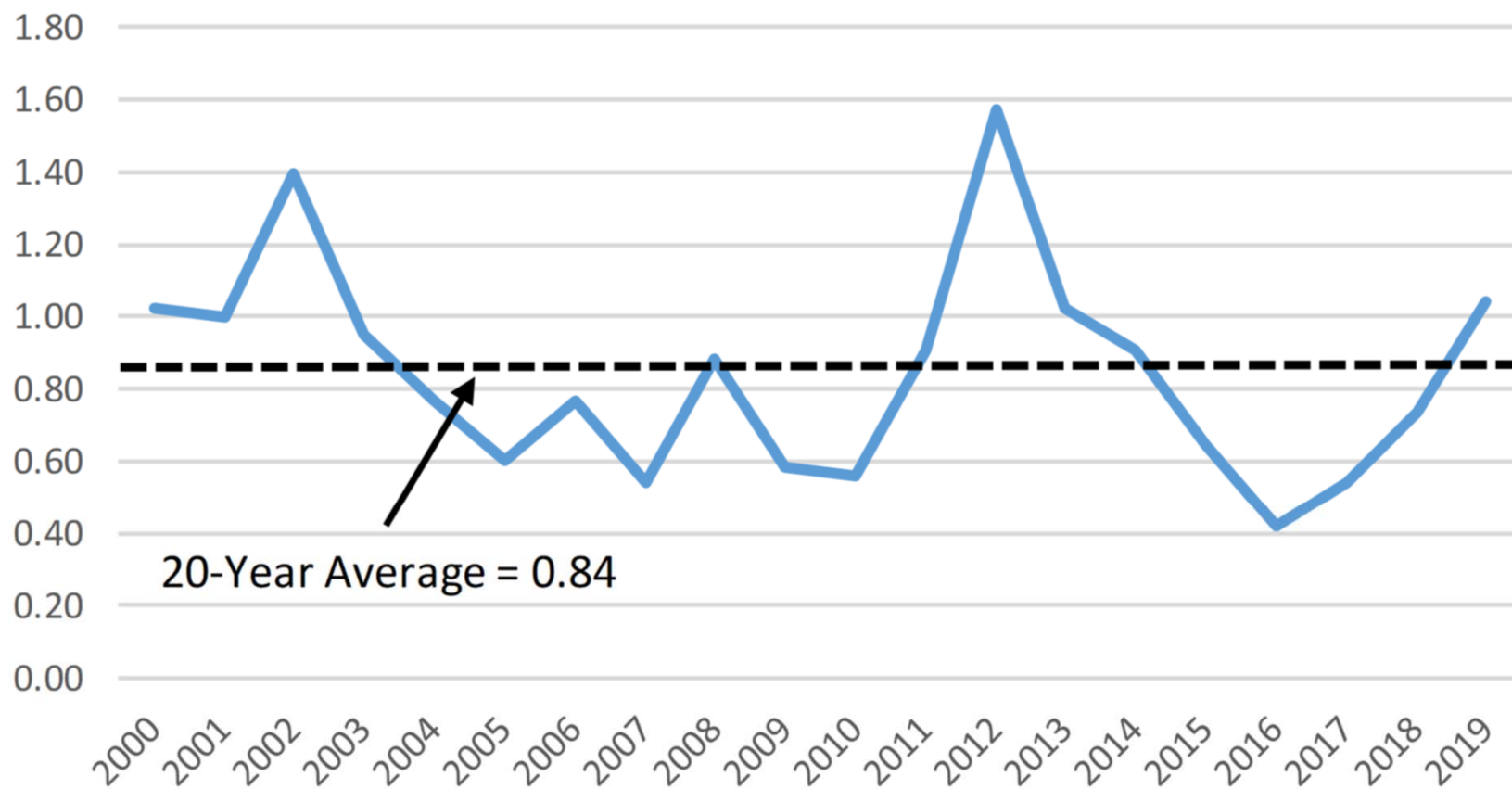
<u>North Dakota</u>	Acres (Thousands)	Liabilities (millions)	Total Premium (millions)	Indemnities (millions)	Subsidy (millions)	Loss Ratio
Wheat	7,307	1,484	236	294	160	1.25
Corn	3,810	1,479	231	235	172	1.02
Soybeans	5,788	1,452	175	163	120	0.93
Canola	1,658	373	66	45	45	0.68



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Actuarial Performance

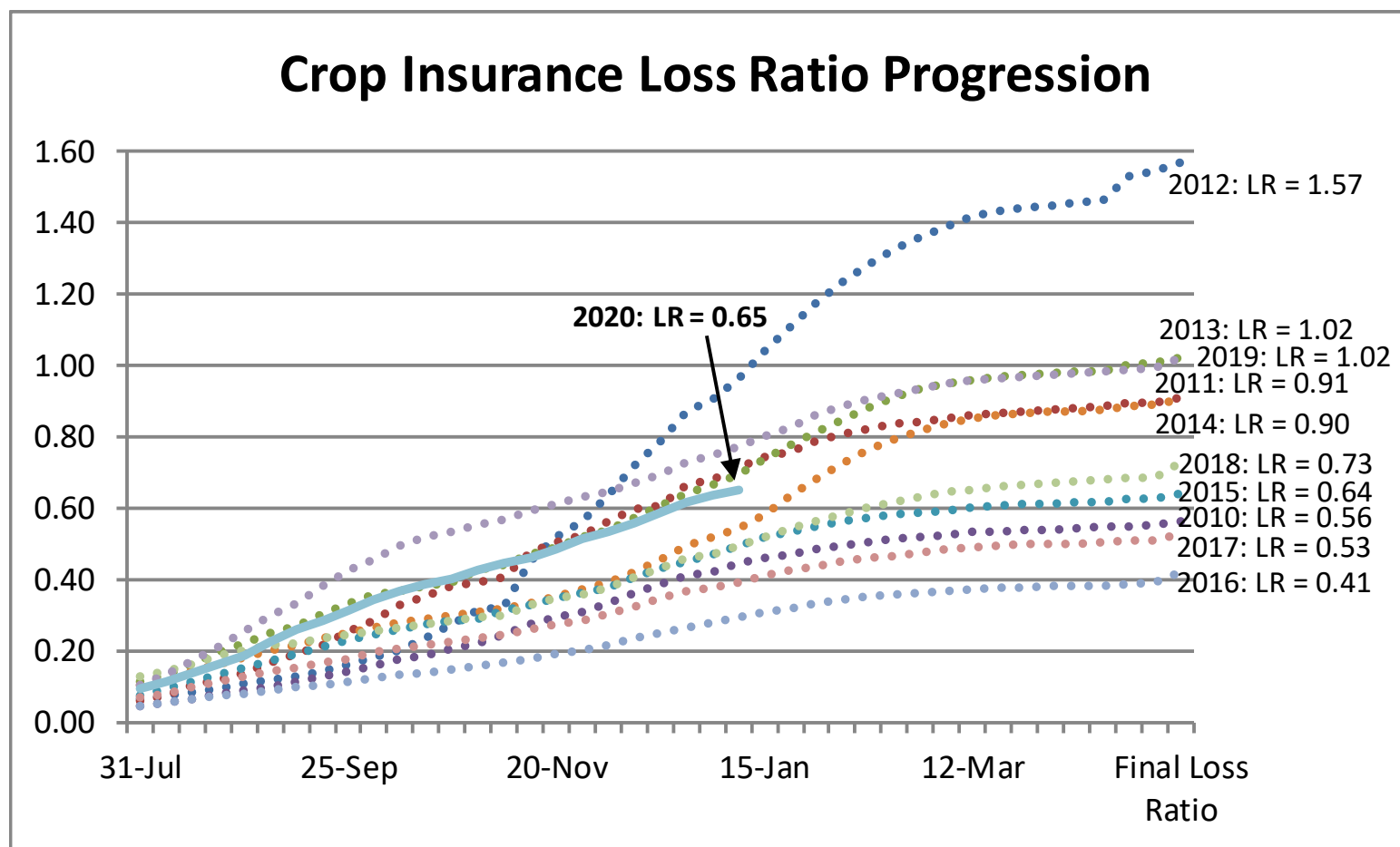
Crop Insurance Program Loss Ratio





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Loss Ratio for 2020



*Total Indemnities = \$6.5 Billion

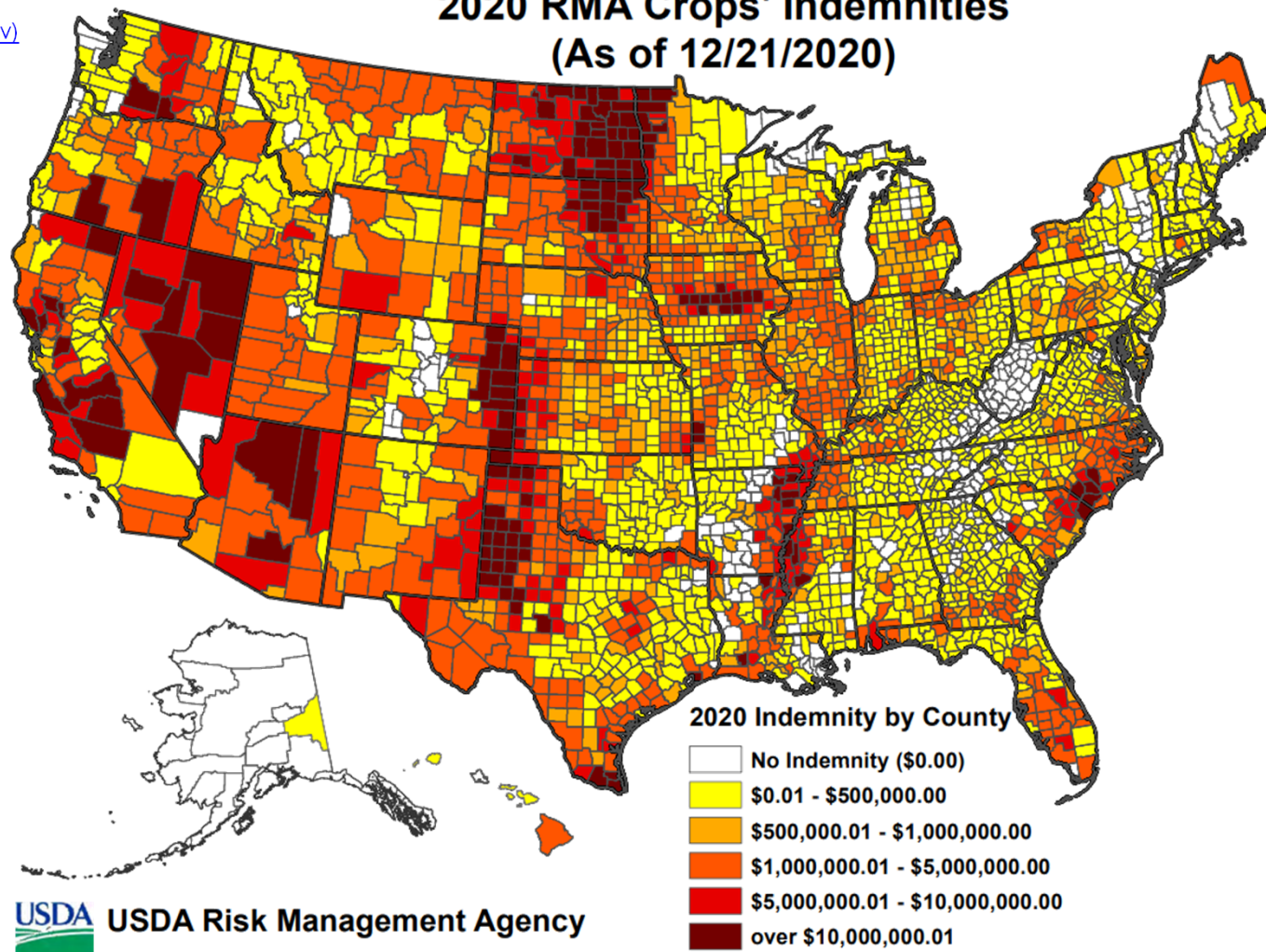


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Indemnities Map

[Crop Indemnity Maps | RMA \(usda.gov\)](#)

2020 RMA Crops' Indemnities (As of 12/21/2020)

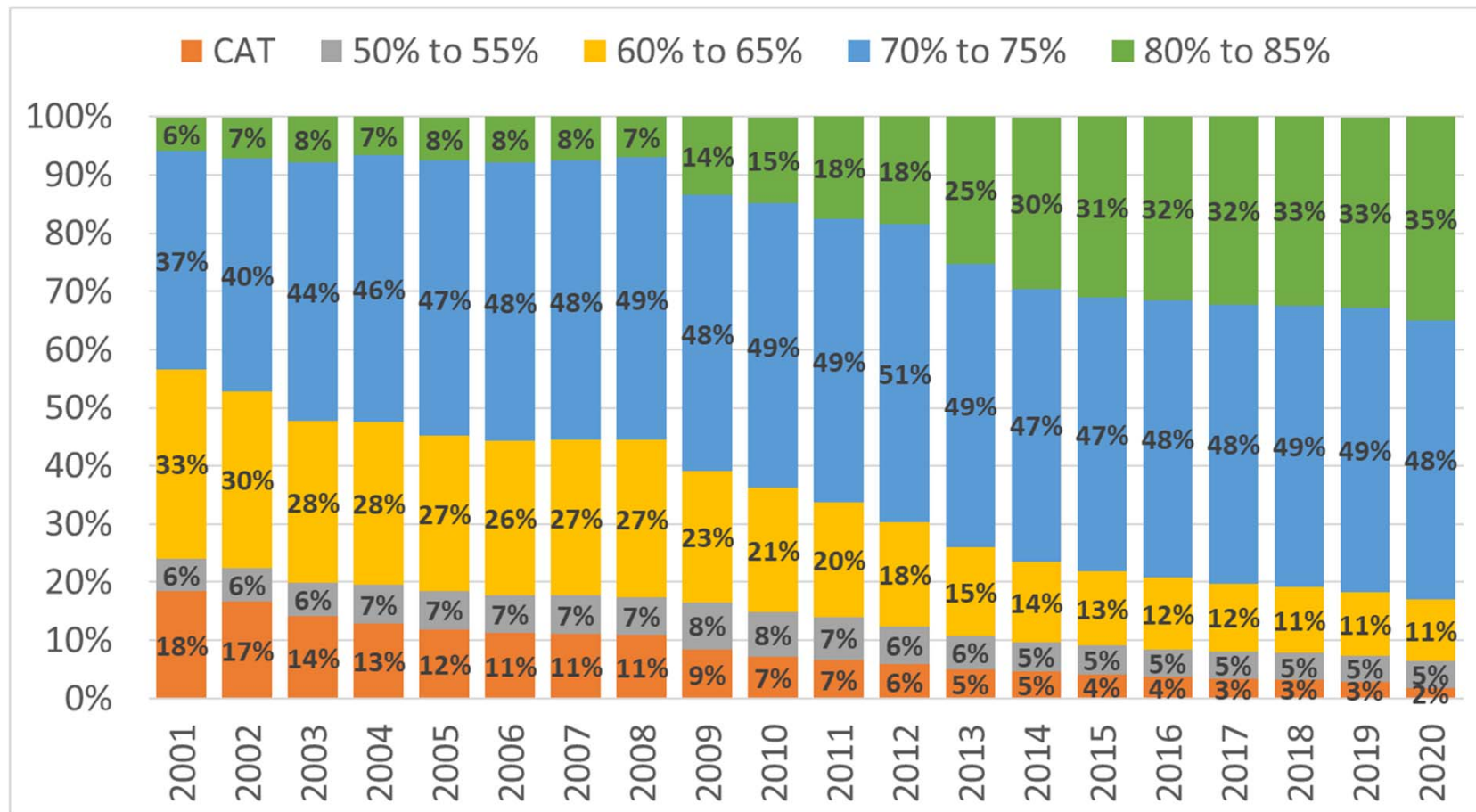




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Coverage Levels

Change in Coverage Levels

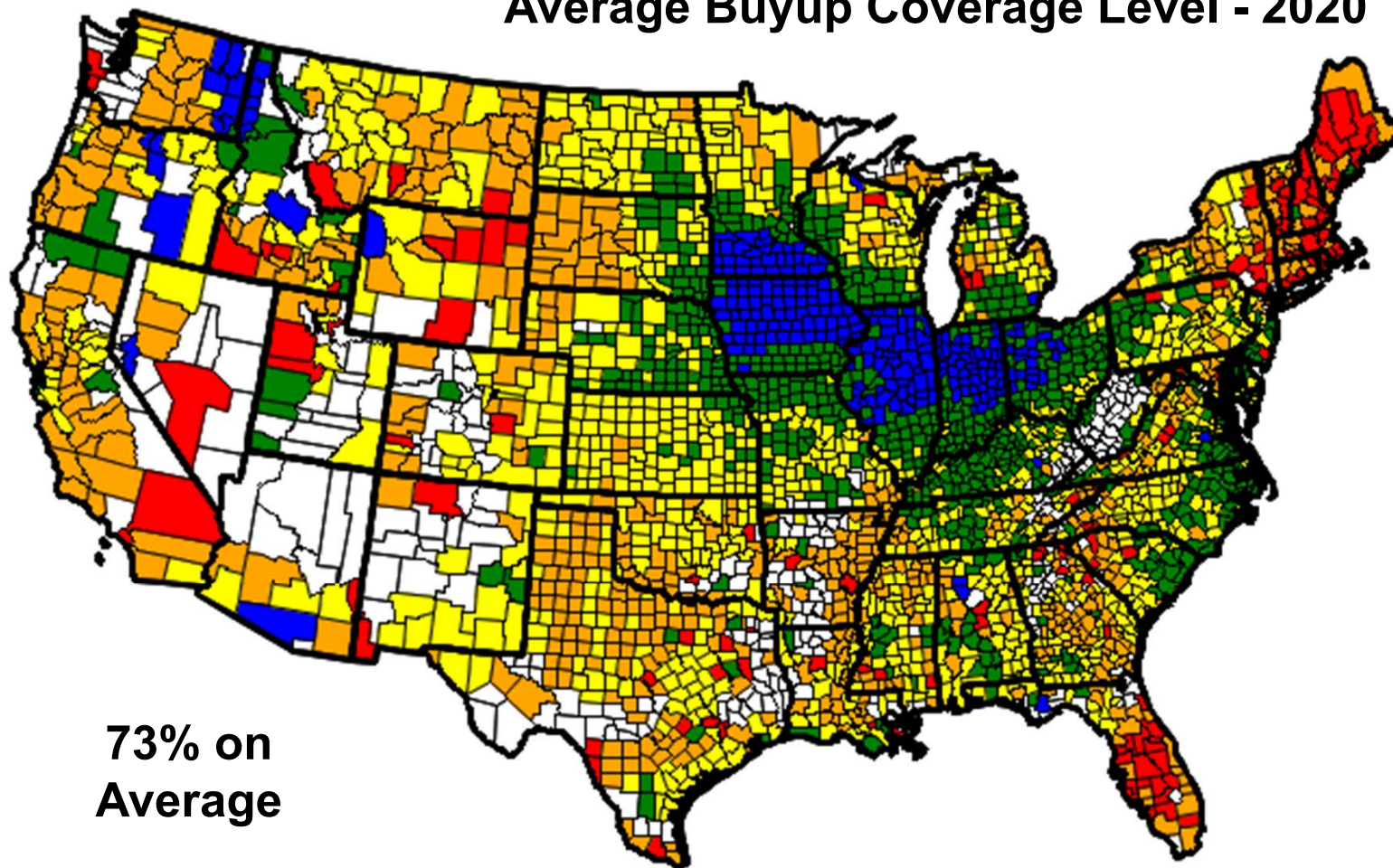




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Coverage Levels

Average Buyup Coverage Level - 2020



Average Coverage Level:

- 50% to 60%
- 60% to 70%
- 70% to 75%
- 75% to 80%
- 80% to 85%

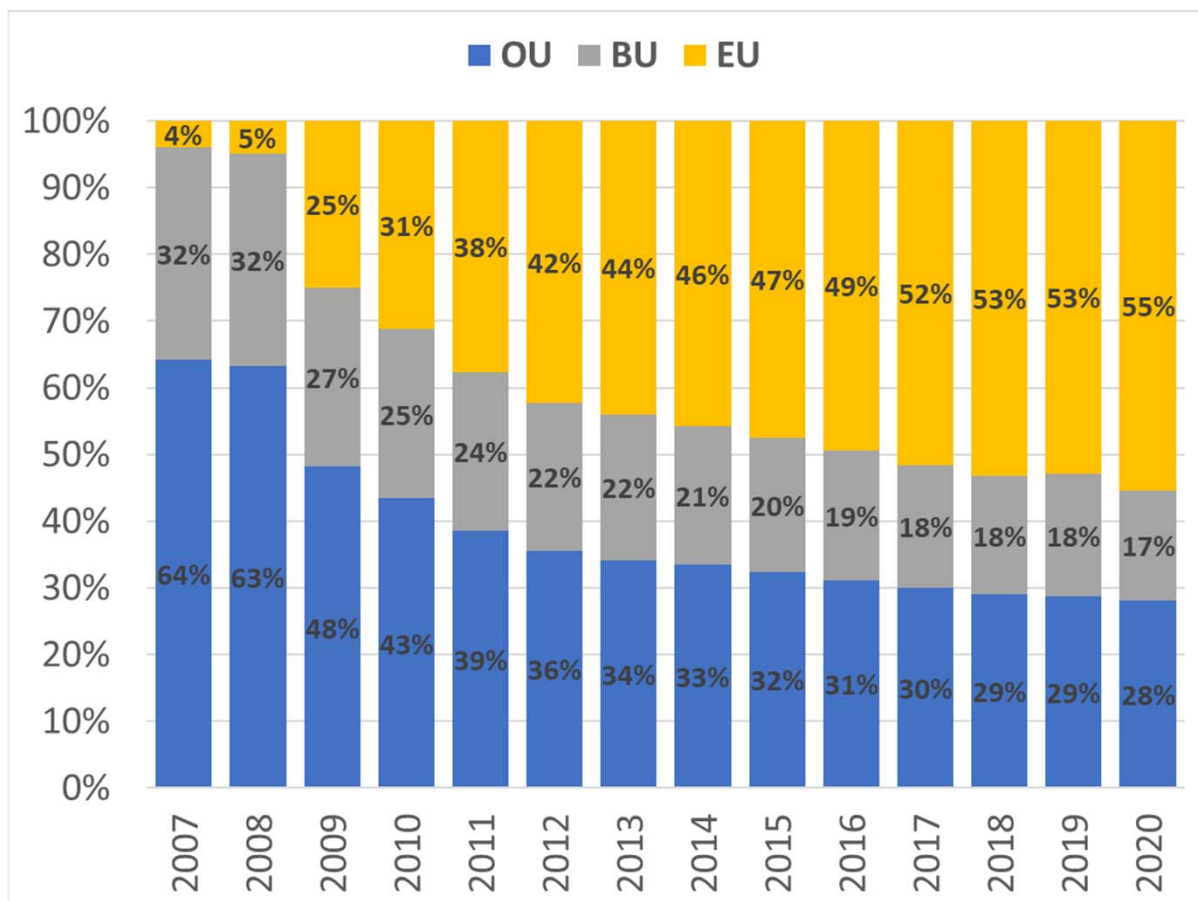
**73% on
Average**



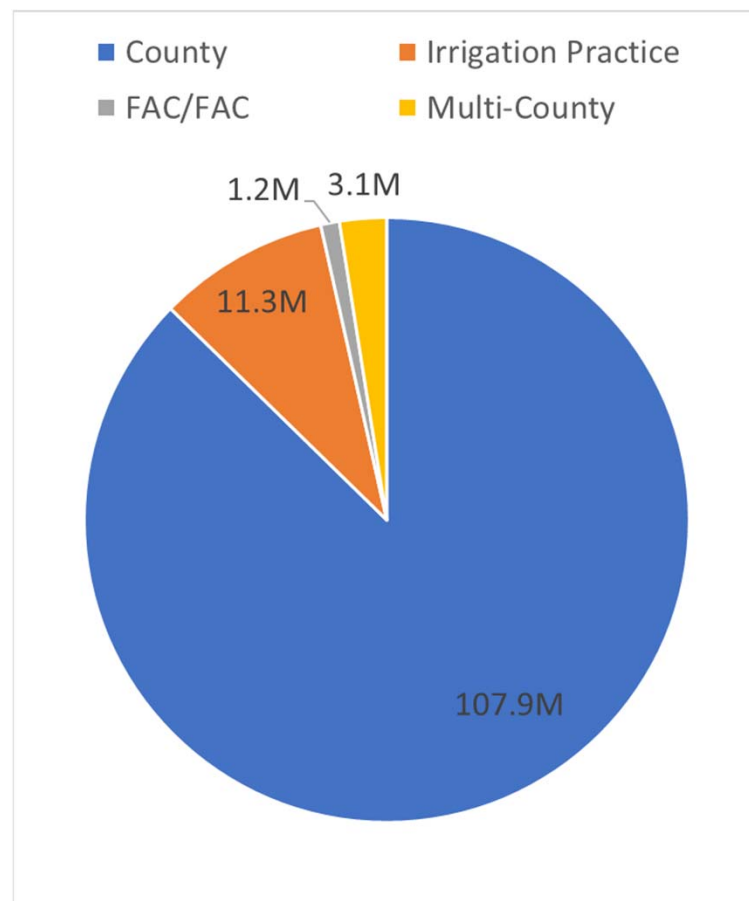
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Enterprise Units

EU Percent of Acreage Insured



2020 Acreage by Type of EU

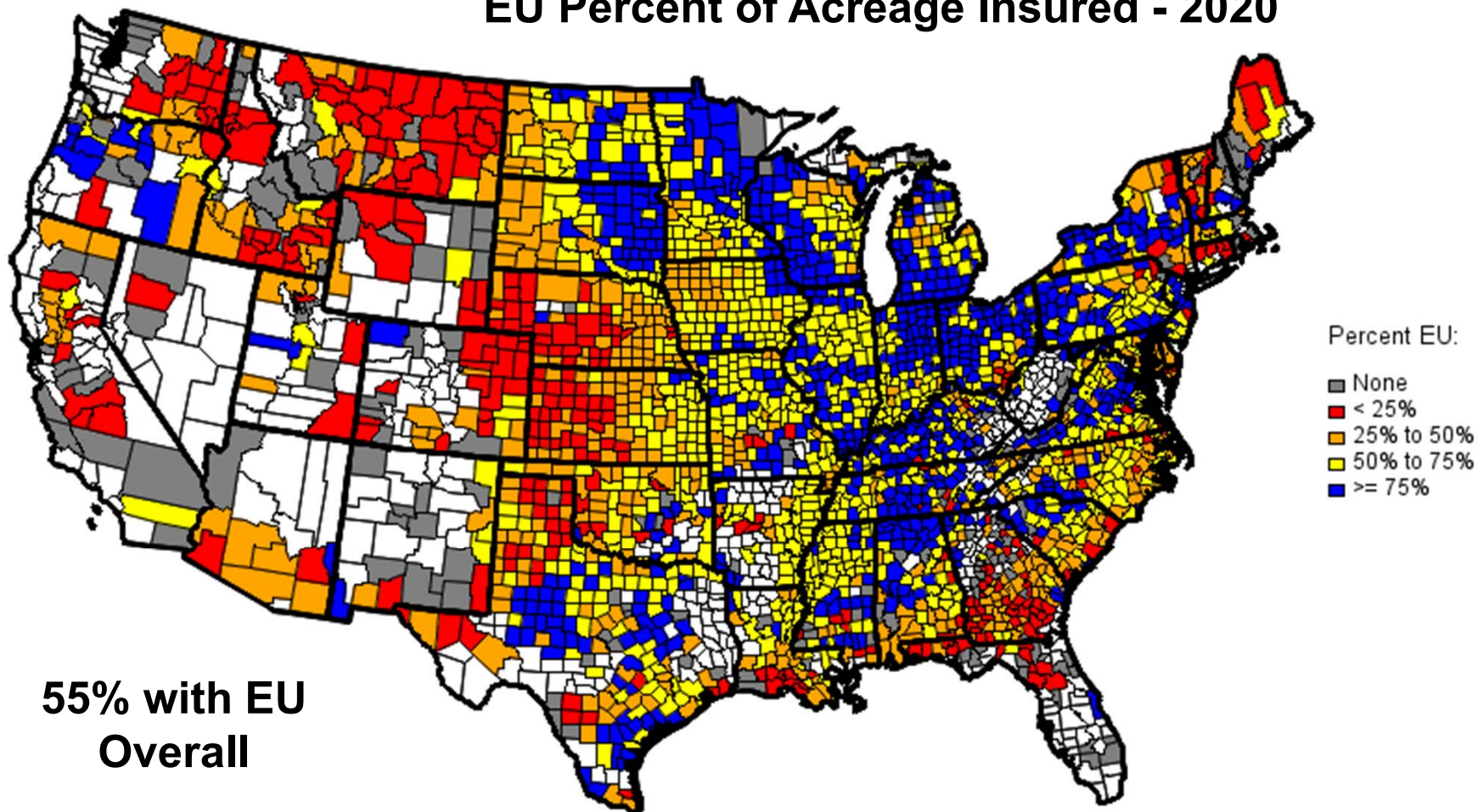




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Enterprise Units

EU Percent of Acreage Insured - 2020





Multi-County Enterprise Unit

• Potential Impact of MCEU

–Summary of entities with EU in one county and OU/BU in neighboring county for the same crop in 2018.

Crop	Entity Count*	Primary County Acreage	Contiguous County Acreage
Soybeans	18,308	6,802,260	2,362,780
Corn	17,877	6,702,128	2,193,578
Wheat	3,204	1,458,482	831,448
Cotton	1,741	1,079,541	440,783
Grain Sorghum	451	172,420	65,841
Rice	340	199,367	59,190
Canola	207	83,210	46,622
Peanuts	194	49,208	21,218
Sunflowers	117	54,093	29,134
Barley	92	31,523	18,989
Dry Beans	90	35,491	23,608
Dry Peas	66	23,523	23,920
Popcorn	23	6,885	2,602
Total	42,710	16,698,133	6,119,713

State	Entity Count*	Primary County Acreage	Contiguous County Acreage
IL	6,639	2,076,156	651,889
IA	6,045	1,950,312	679,254
MN	3,435	1,334,868	453,375
NE	2,714	971,112	419,752
KS	2,631	955,571	358,436
IN	2,570	923,415	257,787
SD	2,422	1,138,746	457,508
OH	2,297	727,984	185,968
MO	2,251	781,049	295,904
ND	2,112	1,163,506	675,505
TX	1,717	1,077,636	460,550
WI	1,204	342,549	102,234
All Others	6,673	3,255,229	1,121,552
Total	42,710	16,698,133	6,119,713

*Count by crop, state, county, entity.



APH Yield Exclusion

2020	Insured Acres	Acres in Units Eligible for YE	% Eligible	Acres with YE Elected	% of Eligible Acres with YE
Corn	83.47 M	21.26 M	25%	15.28 M	72%
Wheat	36.11 M	15.33 M	42%	6.18 M	40%
Soybeans	74.90 M	7.12 M	10%	3.91 M	55%
Cotton	11.73 M	6.32 M	54%	2.86 M	45%
Grain Sorghum	4.48 M	2.26 M	50%	0.97 M	43%
All Others	21.17 M	3.71 M	18%	0.89 M	24%
Total	231.87 M	56.00 M	24%	30.10 M	54%



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APH Yield Exclusion - ND

2020 ND Only	Insured Acres	Acres in Units Eligible for YE	% Eligible	Acres with YE Elected	% of Eligible Acres with YE
Wheat	6.72 M	1.96 M	29%	0.93 M	48%
Corn	3.62 M	0.40 M	11%	0.23 M	57%
Soybeans	6.43 M	0.26 M	4%	0.09 M	36%
Canola	1.58 M	0.12 M	7%	0.05 M	42%
Sunflowers	0.70 M	0.10 M	14%	0.05 M	45%
All Others	2.56 M	0.53 M	21%	0.12 M	23%
Total	21.62 M	3.36 M	16%	1.47 M	44%



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Prevented Planting 2019 vs 2020

Acres	2019	2020 YTD	2010-19 Avg	2009-18 Avg
<i>US Total</i>	<i>19.31 M</i>	<i>10.27 M</i>	<i>6.66 M</i>	<i>5.21 M</i>
<i>ND Total</i>	<i>0.93 M</i>	<i>3.27 M</i>	<i>1.47 M</i>	<i>1.58 M</i>



2019 “Top Up” Payment

- Additional payment delivered by AIPs
 - Fast/responsive implementation
- Payment tied to prevented planting due to wet weather/related causes
- 15% additional payment for Revenue Protection (10% for other)
- \$596 million in payments
 - Almost all payments were made in first 60 days of program
 - Program Finalized/Closed Out in Oct 2020



Prevent Plant Task Force

- Spring/Summer 2020 RMA created the PP Task Force to look at possible flexibilities for producers for future crop years.
 - Task Force consisted of RMA, producer associations, and industry representatives
- The Task Force made recommendations for changes to PP that were implemented through the CCIP Basic Provisions for the 11/30 CCD:
 - Reducing eligible PP acres by insured and uninsured acres
 - PP acreage within a field containing planted acreage
 - Establishing eligible PP acres in a new county
 - 1 in 4 requirement nationwide



PRF Contract Study

- PRF study and recommendations published on Sept 21
 - Comment Period went through December 21
- Several ideas include:
 - Changes to geographic and interval availability
 - Changes to CBVs
 - Disappearing deductibles
 - Alternate program structure
- RMA will implement the PRF changes for the 2022 Crop Year
 - Decision this spring with outreach in summer/fall
 - May also affect other Rainfall Index products



Livestock

- Livestock Gross Margin

- Added subsidies to swine and cattle
- Moved premium billing date to end of endorsement
- Approved change to weekly offers instead of monthly

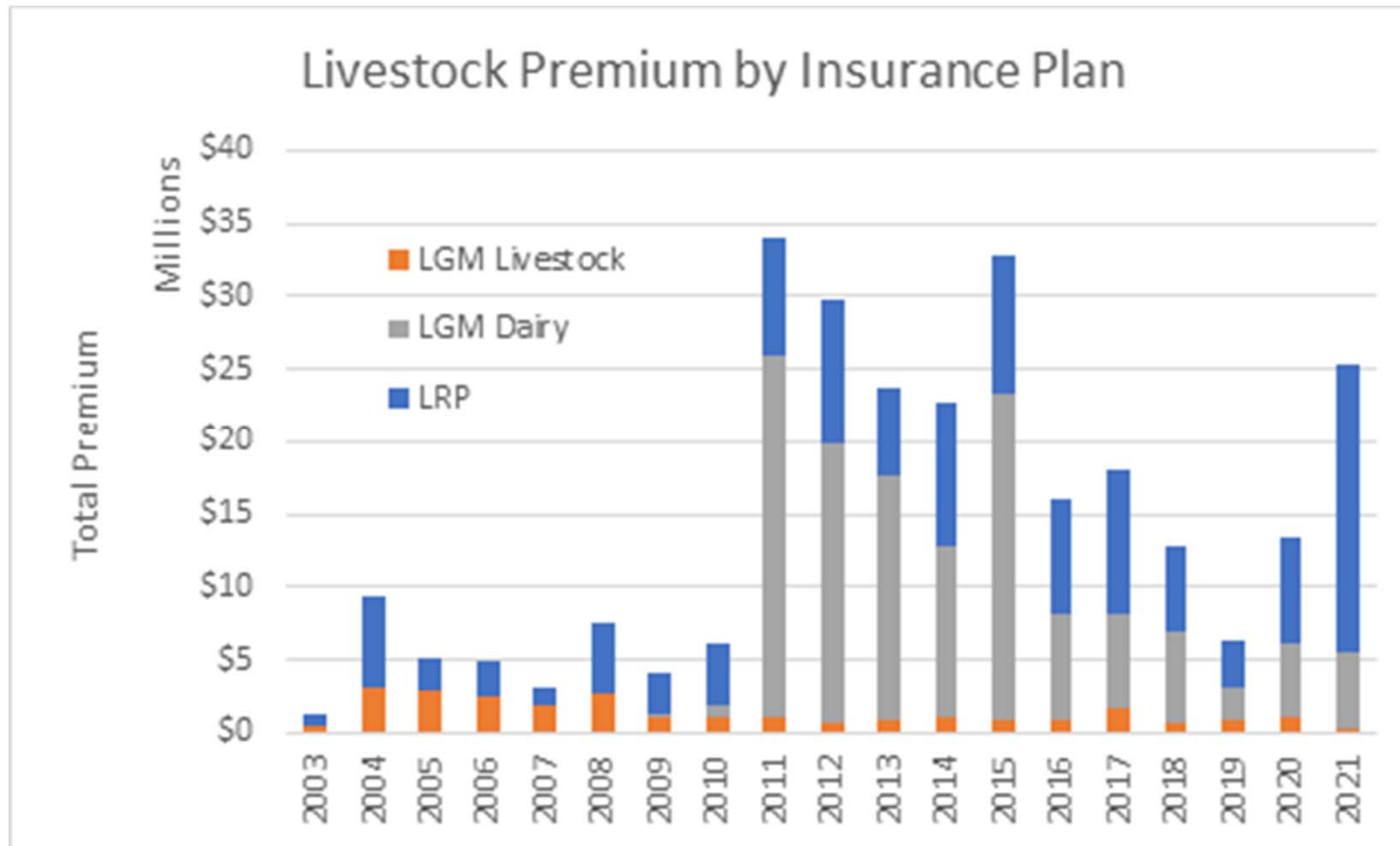
- Livestock Risk Protection

- Increased subsidies consistent with other livestock products
- Moved premium billing date to end of endorsement
- Increased head limits
- Changes the 30-day ownership requirement to 60 days
- Swine up to 52-weeks added
- Can now insure unborn livestock

Coverage Level (Percent)	Revised Subsidy Rate (Percent)
95-100	35
90-94.99	40
85-89.99	45
80-84.99	50
70-79.99	55



Livestock





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DRP Performance

Largest Livestock Product by Liability in RMA Portfolio



Commodity Year	Policies Earning Premium	Pounds of Milk (Millions)	Liabilities (Millions)	Indemnity (Millions)	Loss Ratio
2019	2,496	30.0	\$5,873	\$68	0.72
2020	3,091	64.6	\$13,014	\$337	0.86
2021	2,341	26.3	\$5,340	*	*

(As of 1/4/2021)
* The 2021 crop year is not complete.



Whole-Farm Revenue Protection

Whole-Farm Revenue Protection provides protection against loss of revenue that you expect to earn or will obtain from commodities you produce or purchase for resale during the insurance period. *Board approved changes for 2021 are:*

- Changes for direct marketed commodities
 - Combined Direct Marketing Commodity Code
 - Total Revenue from Total Acres
 - Expected value equals total acres/total revenue of combined direct marketing commodities
 - Updated record requirements in Handbook
- Revised provisions to only premium remittance from current or subsequent claim
- Updated Expanded Operation calculation



Malt Barley Endorsement

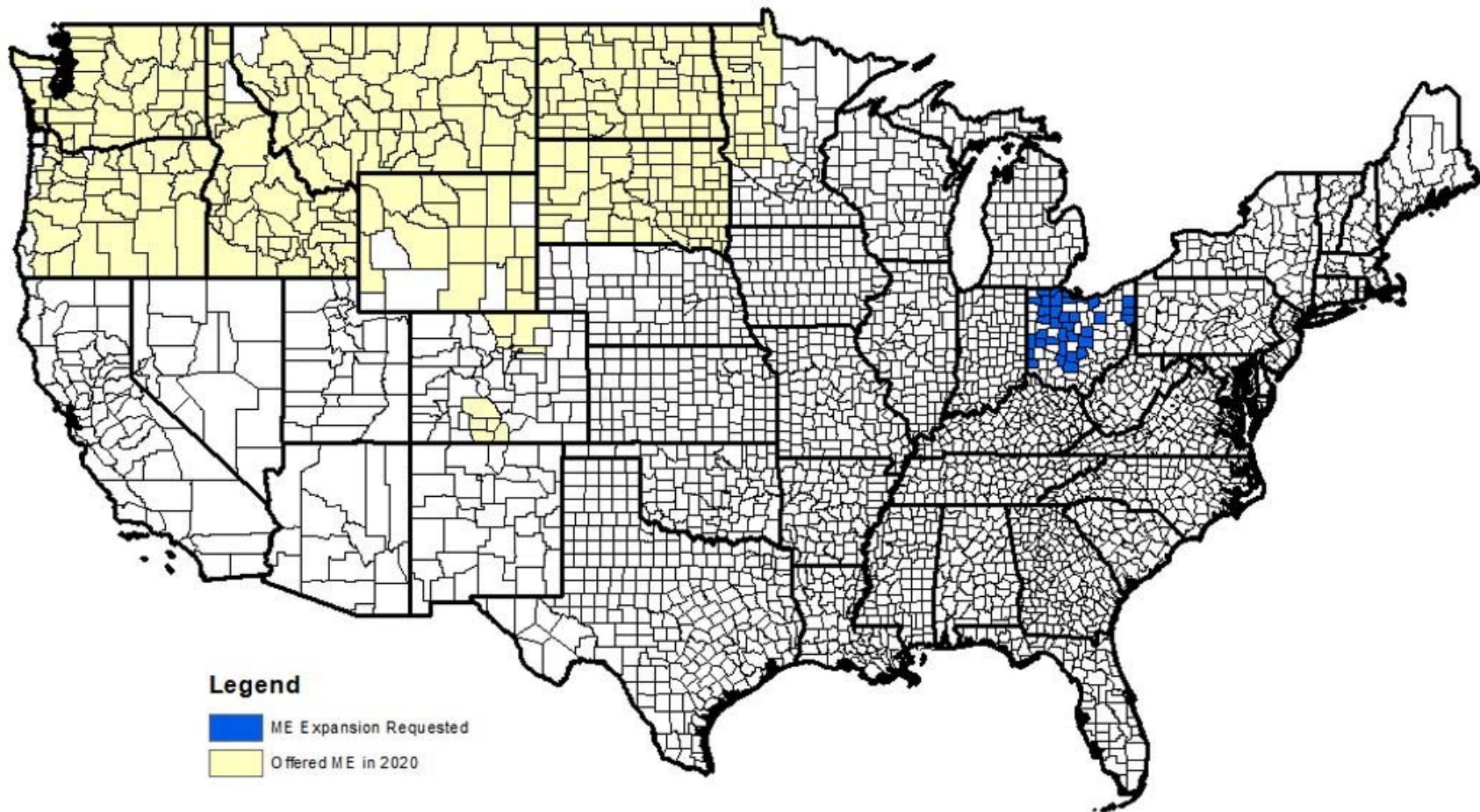
Malt Barley Endorsement (MBE) is an endorsement to the Small Grains Crop Provisions that provides revenue protection based on contract price and quality adjustment for malting barley that fails to meet contract specifications.

- In February 2020, the Board approved three changes for 2021 crop year:
 - Expand to 35 Ohio counties
 - Revise quality adjustment calculation to include “local market price”
 - Require reductions in production to count under MBE to impact APH determinations



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Malt Barley Endorsement





Malt Barley Endorsement

Quality Adjustment Change

- Previous calculation relied on a nationally-based price to reduce rejected production; a locally-based price (local market price) is more reflective of the prices received by insureds
- If production fails to meet specs in contract and is rejected by buyer, then production is reduced as follows:
 - Previous calculation –
 - $\text{CEPP barley harvest price} / \text{MBE harvest price}$
 - Board-approved calculation –
 - $\text{Local market price} / \text{MBE harvest price}$



Malt Barley Endorsement

APH Impact

- Prior to 2021 crop year, reductions in production to count under MBE were not used in APH determinations
- Beginning with 2021 crop year, APH will be impacted



Enhanced Coverage Option (ECO)

ECO provides area-based coverage for a portion of the deductible of an underlying MPCl policy (i.e. Yield Protection or Revenue Protection)

- Coverage from 86% to 90% or 95% of expected crop value
- Similar to Supplemental Coverage Option (SCO) which covers up to 86%
- Initially it will cover 31 crops
 - Barley, Buckwheat, Burley Tobacco, Canola, Cigar Binder Tobacco, Corn, Cotton, Cotton Ex Long Staple, Cultivated Wild Rice, Dark Air Tobacco, Dry Beans, Dry Peas, Fire Cured Tobacco, Flax, Flue Cured Tobacco, Grain Sorghum, Hybrid Corn Seed, Hybrid Seed Rice, Hybrid Sorghum Seed, Millet, Oats, Peanuts, Popcorn, Rice, Safflower, Sesame, Silage Sorghum, Soybeans, Sugar Beets, Sunflowers, Wheat



ECO (Continued)

- ECO functions like SCO, but with additional coverage levels of 90% and 95%
- ECO uses same actuarial parameters as SCO
 - Same expected area yield, rating process, and payment yields
- ECO has same program dates as SCO
- ECO liability is determined in same manner as SCO
- ECO may be purchased regardless of whether a farmer purchases SCO or has enrolled in ARC



Quality Loss Option

- QL is an option that replaces post-quality production amount with the pre-quality production amount
- Only applies when notice of loss was filed:
 - Crop had quality adjusted production
 - Regardless of occurrence of indemnity payment
- Must elect option by the sales closing date
- Election by APH Database and by Crop Year
- Insured can consider Cups, TA, YA, YE, and/or the QE for the applicable APH database
- Can elect for prior crop years for quality losses that occurred prior to this change, with supporting documentation

Crop Year	Pre – QA PTC	Post – QA PTC
2015	80 bu/ac	80 bu/ac
2016	120 bu/ac	120 bu/ac
2017	100 bu/ac	30 bu/ac
2018	110 bu/ac	110 bu/ac
2019	90 bu/ac	60 bu/ac
Average	100 bu/ac	80 bu/ac

Example:

When the QL is elected, the insured can choose to substitute their Pre-QA PTC amount for both 2017 and 2019 crop years.

This example increases the APH to 100 bu/ac.



6/30 Basic Provisions Changes

- Broaden the authority given to RMA's Administrator to reinstate producers that inadvertently failed to pay a debt timely
- AIPs allow reinstatement up to 15 days after due date for payment received during a previously executed payment agreement
- Changes to Double Crop history:
 - ✓ **OLD:** The second highest number of acres DC in two of the last four crop years.
 - ✓ **NEW:** Greatest (highest) number of acres for which the insured has DC in two of the last four crop years.



6/30 Basic Provisions Changes

- Premium Offsets
 - Revised the Basic Provisions and the ARPI Basic Provisions to clarify how loss credits are applied if paying a claim on a loss by policy by describing the following

	Before Billing Date	After Billing Date
Policy with Loss	AIP must take amount owed	AIP must take amount owed
Different Policy	AIP may take amount owed with producer consent	AIP must take amount owed



11/30 Basic Provisions Changes

- Beginning or Veteran Farmer Changes
 - Use of the previous producer's production history, with permission, for the specific acreage transferred to you if you were previously involved in the decision making or physical activities on any farm that produced the crop or livestock.
 - Previously the provisions specified that the APH history of the acreage could only be used if the BFR or VRF was previously involved on the specific acreage acquired.



11/30 Basic Provisions Changes

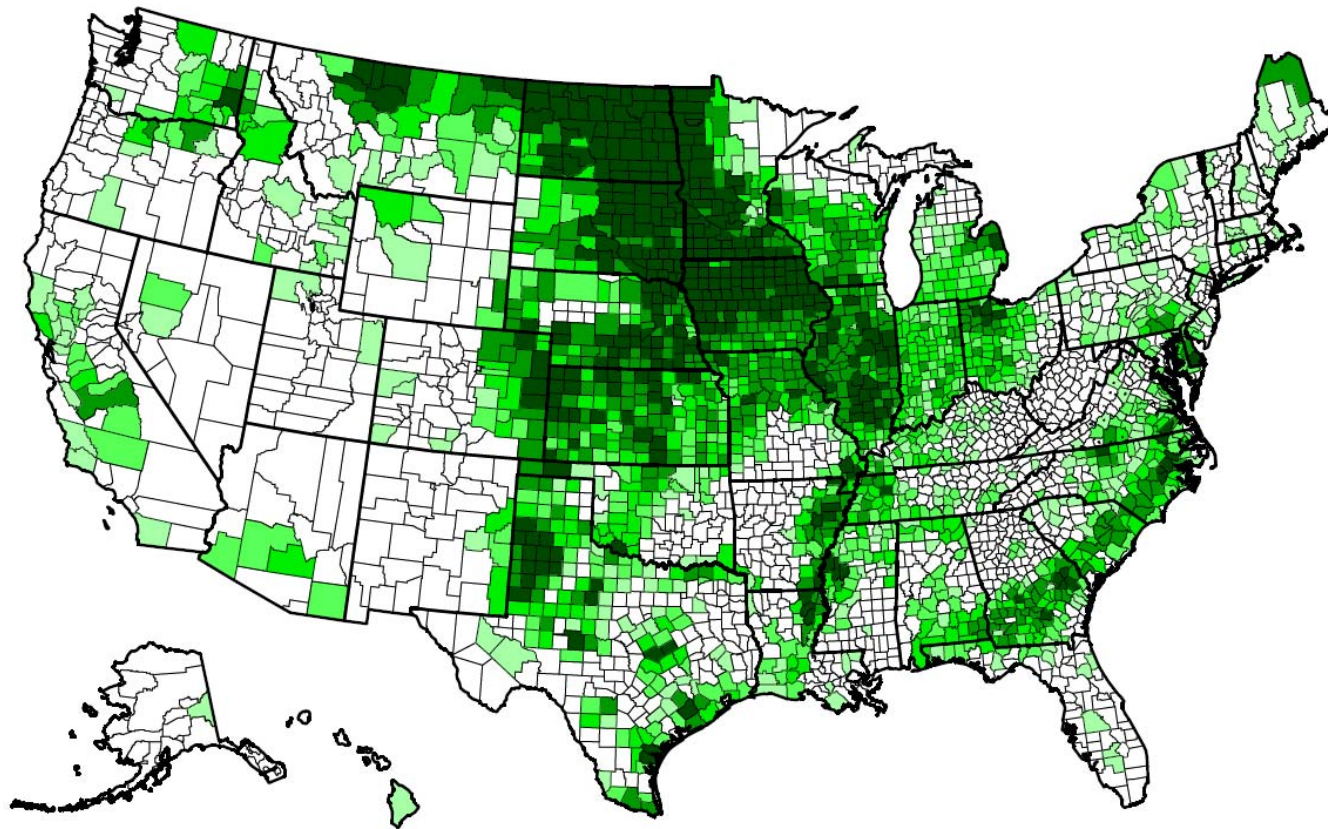
Common Crop Insurance Basic Provisions 11/30/20

- Final Rule with Request for Public Comment
 - Final Rule published for the 11/30/20 CCD
 - Accepting comments through COB 01/29/2021 at [regulations.gov](https://www.regulations.gov)
 - Effective for 2021 crop year for crops with a CCD on or after 11/30/2020, for all other crops the rule is applicable for the 2022 and succeeding crop years



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Beginning Farmer and Rancher 2017 Policies by County



Policy Count: 1 - 3 4 - 10 11 - 25 26 - 50 51 - 615

**\$47+ Million in
Producer Savings
(2015-2017)**

**16+ Thousand
Producers**

4+ Million Acres



Hemp 508(h) Pilot

- Program Overview
 - Privately developed 508(h) pilot program initially approved by Federal Crop Insurance Corporation for 2020 crop year
 - Provides Actual Production History (APH) coverage for hemp growers
 - Insurable types include fiber, grain, and cannabidiol (CBD)
 - 50% - 75% coverage levels available



Hemp 508(h) Pilot

- Producer Eligibility Requirements:
 - Must comply with applicable state, tribal, or federal regulations for hemp production
 - Must have at least one year of history producing the crop
 - Must have a contract for the sale of the insured crop
 - Must have a license or certification from applicable governing authority
 - Section 7606 state or university research pilot under 2014 Farm Bill (authority currently continues through 09/30/21)
 - State, tribal, or federal program approved under 2019 AMS rule



Hemp 508(h) Pilot

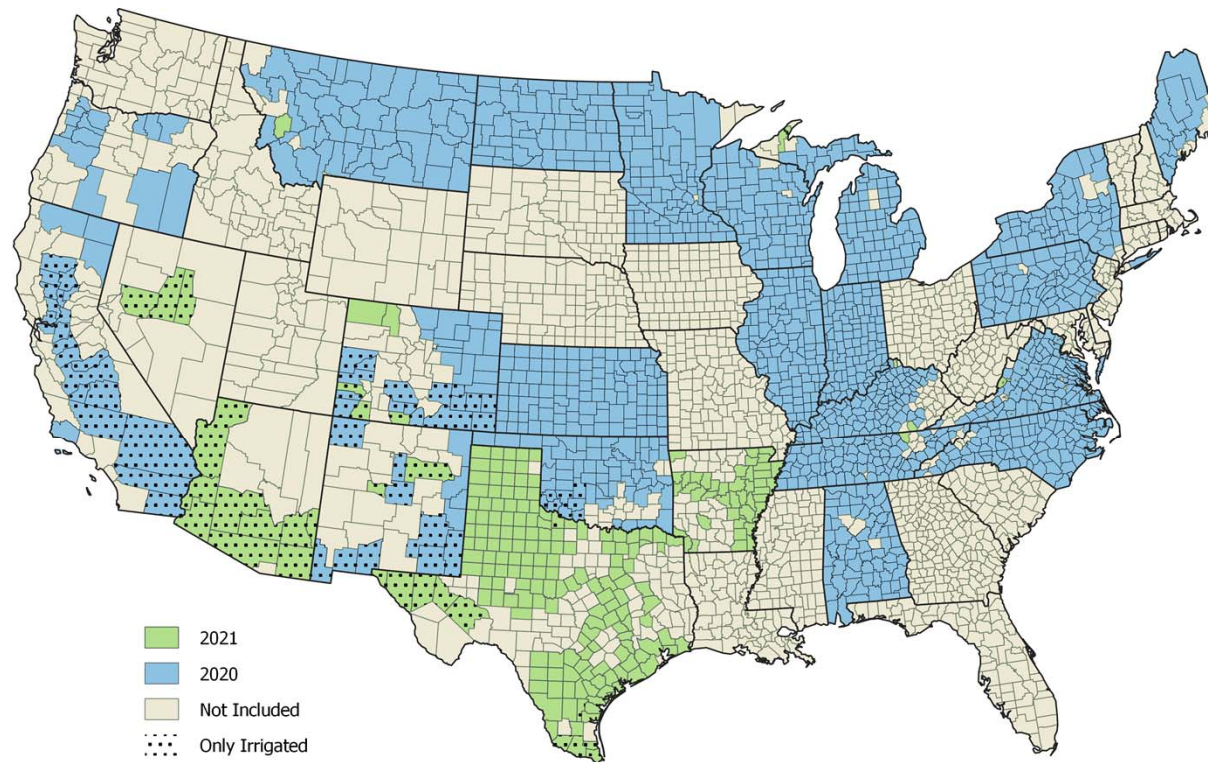
- Key Policy Features:
 - Guarantees for all types are in pounds of production
 - Variable T-Yields for insureds without 4 years of production history
 - Minimum acreage requirement
 - 5 acres for CBD
 - 20 for grain and fiber
 - No replant payments
 - No prevent plant payments
 - No Written Agreements
 - No contract pricing



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Hemp 508(h) Pilot

2021 Crop Year Hemp 508(h) Pilot Availability





ACRSI/Common Reporting

All about producer choice!

- 10,000's of acreage reports now taken by agents and shared with FSA offices nationwide
- FSA investing millions in new map-based acreage reporting software
 - Should further allow Crop Insurance data to be integrated into a 578
 - Includes ability to process custom/precision ag based mapping by overlaying it with CLUs
 - Faster and more precise when starting with your FSA office
- Continuing 3rd party options so you with can submit data to the USDA directly, and we will pass it along to your AIP and FSA office



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QUESTIONS?