

## **Appendix: USDA Risk Management Agency (RMA)**



FARM PRODUCTION AND CONSERVATION

# Risk Management Agency Crop Insurance Overview

Cody Adkins and Brook Stuart  
Jackson, Mississippi Regional Office

- Risk Management Agency Overview
- Responsibilities of the Parties Involved
- Crop Insurance Today
- Claims and Setting Premiums
- Micro Farm and Whole Farm Update
- Transitional & Organic Grower Assistance (TOGA)
- Jackson Regional Office Overview
- Louisiana By The Numbers

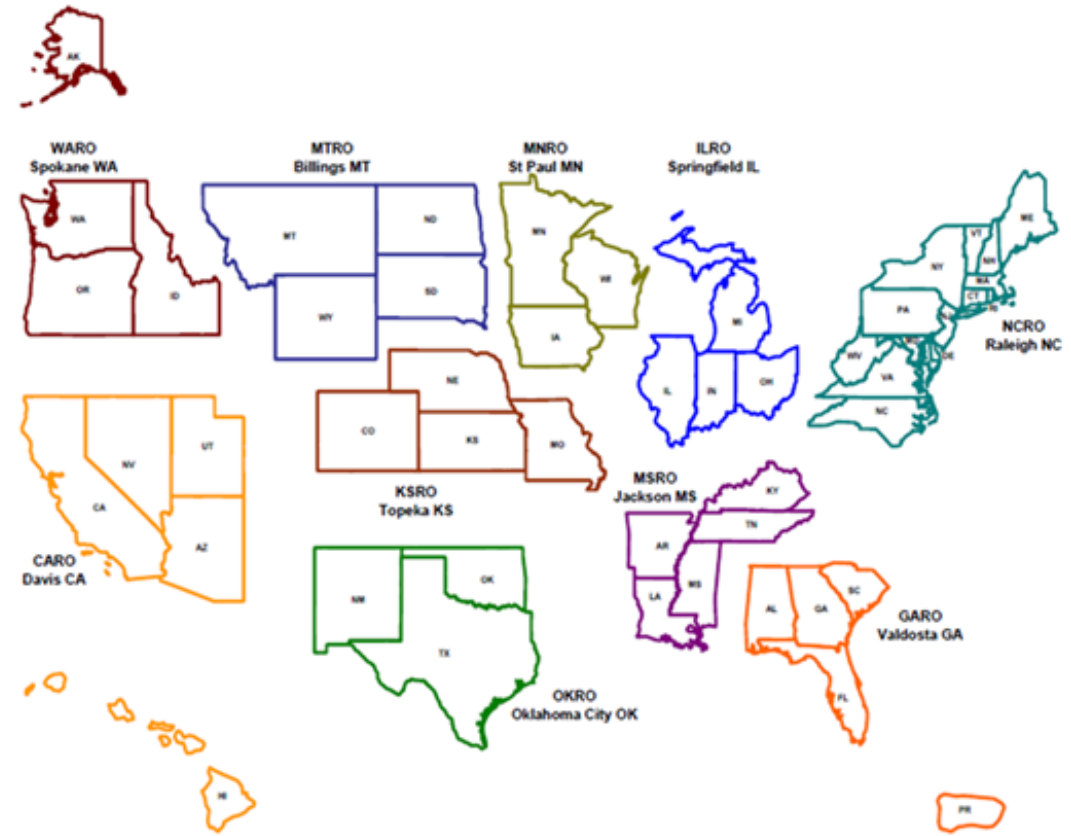
# Brief History of Federal Crop Insurance

- The Dust Bowl, greatly damaged agriculture in America during the 1930s.
- Congress created the Federal Crop Insurance program in 1938 to address the needs of farmers following the Dust Bowl.
- Federal Crop Insurance program was expanded in 1994.
- The Risk Management Agency (RMA) was created in 1996 to administer the Federal Crop Insurance Corporation (FCIC) and risk management and education programs.

# RMA Roles

- **Insurance Services**

- Risk Management Services Division-  
Washington, DC - Company reviews and  
assessments
- Regional oversight of crop insurance  
administration(Regional Offices)
  - Crop insurance oversight at the local level  
through outreach and contact with  
stakeholders.
  - Underwriting responsibilities for  
exceptions (Written Agreements,  
Determined Yields, Added land)
  - Good Farming Practice Determinations
  - Crop Program Reviews
  - Program Expansions and Deletions
  - Planting Date Adjustments
  - Farming practices updates



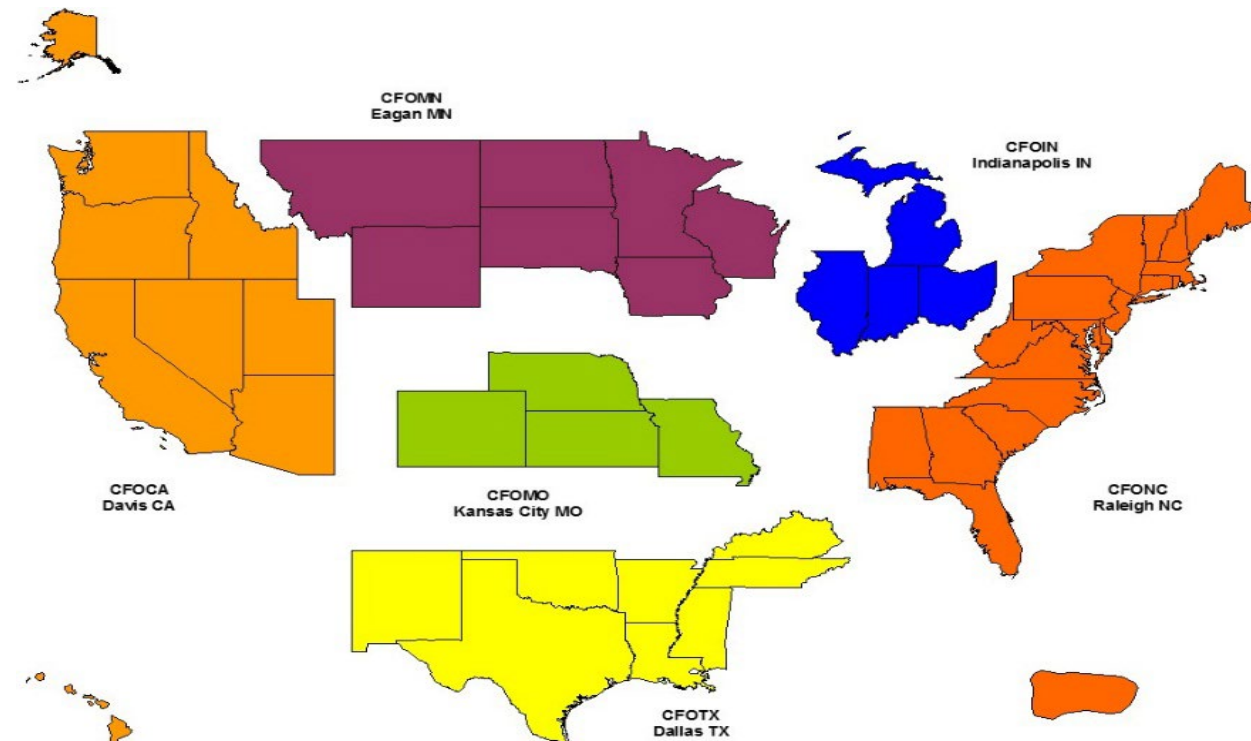
# RMA Roles

- **Compliance**

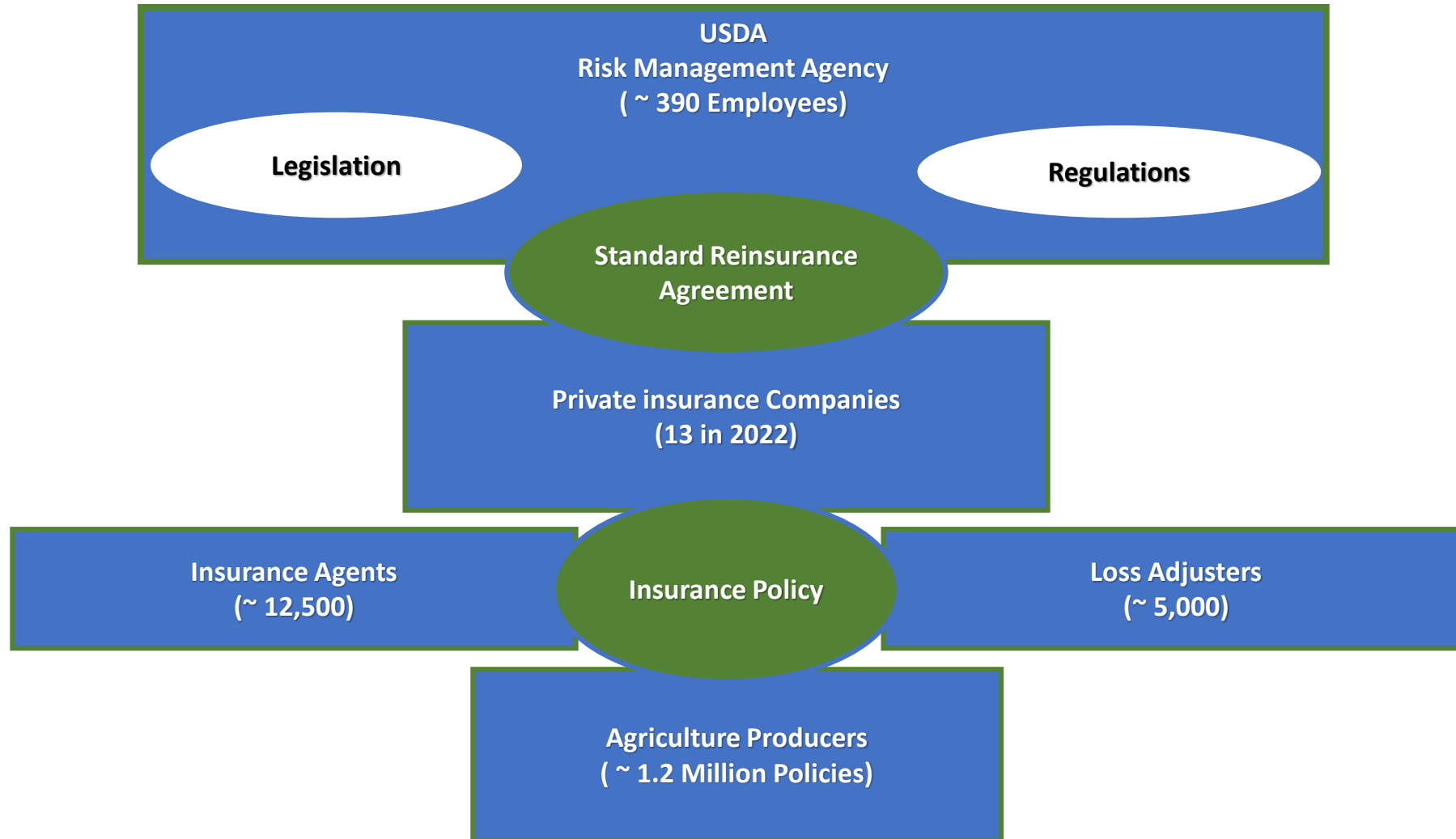
- Evaluation of Companies and Policyholders
- Program reviews, Sanctions, and Investigations
- Special Investigations Branch
- 6 Field Office Locations

- **Product Management**

- Kansas City
- Actuarial Data
- Policies, Procedures, and Regulations
- Analysis and Accounting



# Federal Crop Insurance Delivery System



RMA Website: [RMA.USDA.GOV](https://RMA.USDA.GOV)

Agent Locator Link: [Agent Locator](#) | [RMA \(usda.gov\)](https://RMA.usda.gov)

# Responsibilities of the Parties

## **RMA:**

- Develop policy terms, rates, prices
- Data collection
- Auditing and oversight of finances and market-behavior
- Primary reinsurer
- Compensate insurance companies (expenses, underwriting gains/losses)
- New products and program expansion



# Responsibilities of the Parties

## **Insurance companies:**

- Sales – manage agents, issue policies
- Claims – manage adjusters, pay claims
- Quality control – assure compliance with rules
- Assume risk – incentive structure to safeguard program integrity

## **Crop Insurance Agent:**

- Sale policies and educate producers about policies
- Face of program for most
- Often writes for many companies

# Responsibilities of the Parties

## **Farmer:**

- Buy policy
- Provide production history
- Plant and report acreage
- Pay premium
- Provide notice of loss
- Receive loss payment

## **Coverage available for over 604 varieties of crops**

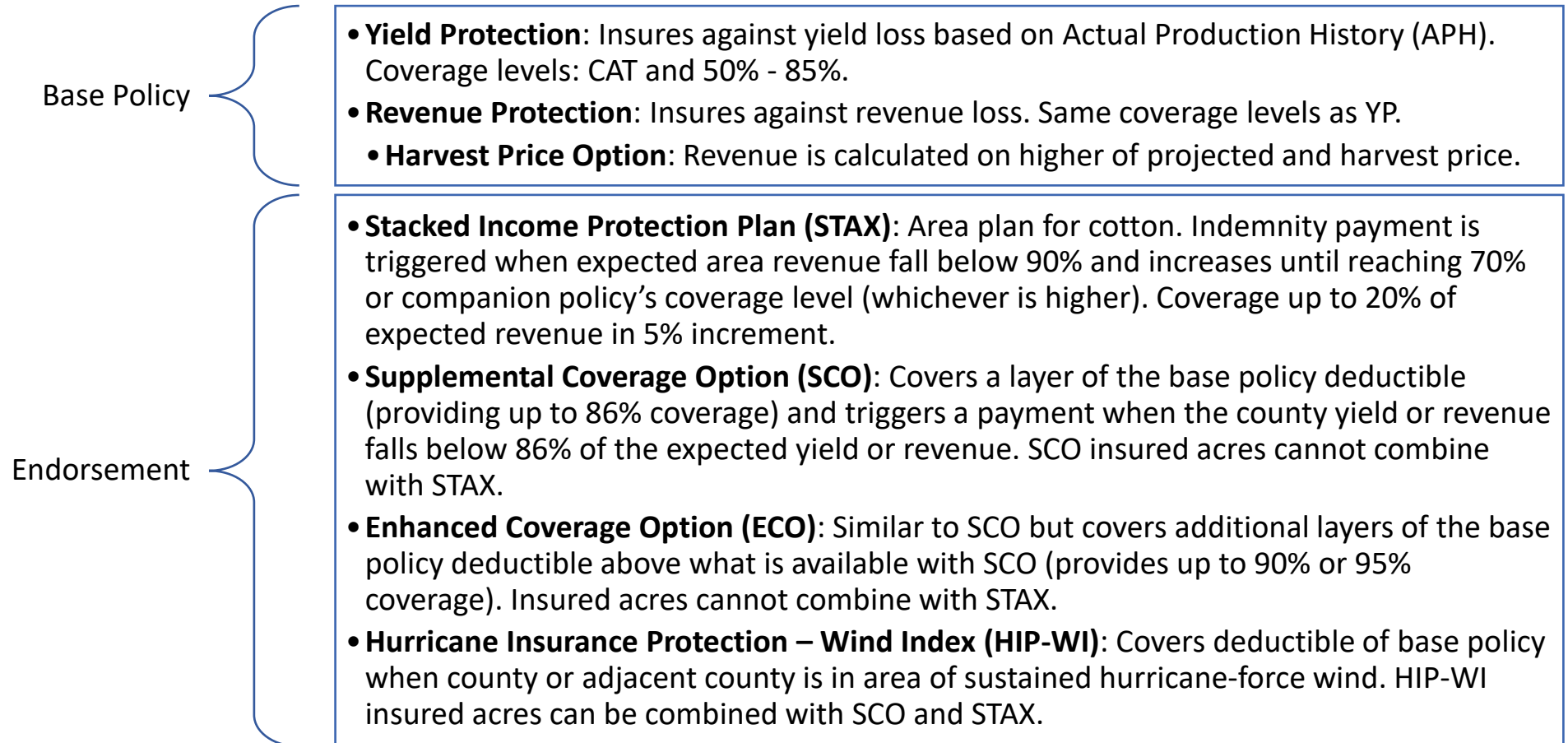
- Up from 340 varieties of crops covered in 2001

## **Products cover production losses due to natural causes**

- Drought, flood, hail, insects, etc.
- Revenue coverage – drops in revenue
- 72% of policies earning premium in 2022 are Revenue Protection (RP) and RP – Harvest Price Exclusion

## **Individual coverage versus area/index**

# Available Plans of Insurance



# Crop Insurance Market Share

## Principle field crops – 87% planted acres insured

- Barley, corn, cotton, grain sorghum, peanuts, potatoes, rice, soybeans, tobacco, and wheat

## Fruit and Nuts – 65% insured

## Vegetables – 81% insured

## Pasture/rangeland/forage/hay – 33%

- Relatively low market penetration but third largest crop based on acres insured



## **Producer reports notice of loss within 72 hours of damage**

- Producer should report this to their agent to assist in paperwork
- Producer cannot destroy crop/evidence w/o permission

## **AIP will send adjuster to calculate damage to determine any indemnity due**

- Producer should work with adjuster to ensure representative samples are taken, understand the details.

# How RMA Determines Premium

## **Premium cost is shared between farmers and government (2022 crop year)**

- Over \$19 billion in premium (crops + livestock)
- \$7.2 billion paid by farmer (38%)

## **Rates based on historical performance**

- Loss Cost method: Premium rates are set equal to projected losses divided by liabilities
- 20-year historical rolling window of experience
- Typically, at county/crop/type/practice level

## **Individualize based on individual production history**

- More productive farmers who have higher than average yield in the county are charged lower premium rates

# Micro Farm and WFRP Update

## **Increase insurance limits:**

- WFRP - from \$8.5 million to \$17 million
- Micro Farm - from \$100,000 to \$350,000

## **Reduce Paperwork:**

- Replace expense reporting procedures with a 40% reduction in expected revenue for commodities which cannot be planted due to insurable causes (similar to prevented planting)
- Adjust yield reporting requirements at the sales closing date to streamline record keeping



# Jackson Regional Office Overview

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- Administer Federal Crop Insurance Program for 5-state region (AR, KY, LA, MS, and TN).
- Insurance Services regular yearly reviews:
  - Crop or County Rates and T-Yields
  - Outreach/Risk Management Education
  - Program Performance Assessments (PPA)
  - Plant Date Reviews
  - Crop Program Reviews
  - Written Agreements
  - Crop Fact Sheets/State Profiles/Press Releases/Disaster Reports

# Jackson Regional Office Overview



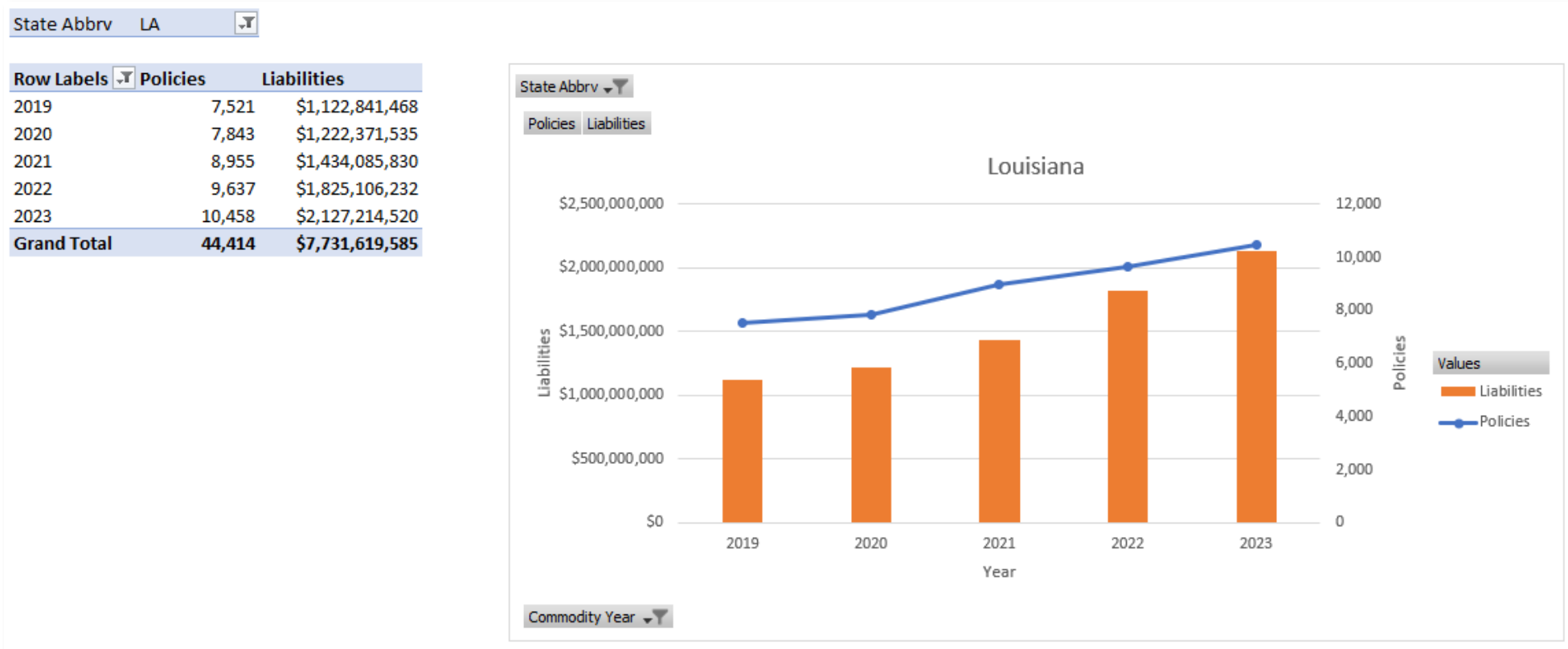
# Jackson Regional Office Overview

- Director – Roddrick Bell – [Roddrick.bell@usda.gov](mailto:Roddrick.bell@usda.gov)
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  - Tennessee
    - Courtney Holmes – [Courtney.holmes@usda.gov](mailto:Courtney.holmes@usda.gov)

# Louisiana Top 10 Summary of Business (2023)

Commodity Name	Policies Earning Premium	Quantity (Acres)	Avg Coverage Level	Liabilities	Loss Ratios
Soybeans	3,524	974,552	71%	\$520,267,911	1.58
Corn	2,527	672,923	71%	\$513,514,547	0.77
Sugarcane	1,009	450,961	71%	\$470,170,667	1.21
Rice	2,122	424,379	71%	\$465,322,021	1.22
Cotton	644	110,742	73%	\$87,475,452	1.08
Nursery (FG&C)	10	0	73%	\$20,188,784	0.00
Wheat	294	64,781	71%	\$15,381,647	0.90
Sweet Potatoes	14	4,657	67%	\$11,187,850	0.08
Apiculture	70	40,622	88%	\$9,103,096	0.90
Pasture,Rangeland,Forage	145	55,872	83%	\$8,751,277	1.14

# Louisiana Policies vs Liabilities Trend



# Louisiana Indemnities (2023)






Crop	Policies w/Losses	Indemnities
Soybeans	1,180	\$75,417,951
Corn	703	\$27,147,243
Rice	362	\$23,809,448
Wheat	158	\$4,312,477
Pasture,Rangeland,Forage	143	\$1,487,353
Cotton	111	\$6,764,074
Apiculture	61	\$1,020,739
Sugarcane	48	\$5,288,945
Grain Sorghum	15	\$455,702
Oats	3	\$72,981
Sweet Potatoes	1	\$123,221
Blueberries	1	\$65,082
Nursery (FG&C)	0	\$0
Pecans	0	\$0
Whole Farm Revenue Protection	0	\$0
Peanuts	0	\$0
<b>Grand Total</b>	<b>2786</b>	<b>\$145,965,216</b>



# Gulf States Hurricane Insurance Protection – Wind Index (HIP-WI)

State/Year	Policies Earning Premium	Acres	Premium	Liability	Indemnity	Loss Ratios
<b>Arkansas</b>	<b>392</b>	<b>140,472</b>	<b>\$1,029,661</b>	<b>\$31,764,564</b>	<b>\$0</b>	<b>0.00</b>
2020	9	2,752	\$9,705	\$367,529	\$0	0.00
2021	35	9,763	\$38,643	\$1,366,574	\$0	0.00
2022	38	8,333	\$47,647	\$1,724,285	\$0	0.00
2023	310	119,624	\$933,666	\$28,306,176	\$0	0.00
<b>Louisiana</b>	<b>7,952</b>	<b>3,680,111</b>	<b>\$122,098,579</b>	<b>\$716,022,381</b>	<b>\$72,004,035</b>	<b>2.11</b>
2020	530	255,816	\$5,976,145	\$39,116,240	\$29,595,910	4.95
2021	1,675	697,778	\$16,872,510	\$113,619,446	\$41,408,871	2.45
2022	2,466	1,154,774	\$35,063,444	\$220,956,302	\$999,254	2.62
2023	3,281	1,571,743	\$64,186,480	\$342,330,393	\$0	0.00
<b>Mississippi</b>	<b>814</b>	<b>370,808</b>	<b>\$5,603,028</b>	<b>\$72,339,877</b>	<b>\$3,108,913</b>	<b>1.19</b>
2020	83	51,661	\$625,055	\$8,600,766	\$2,801,946	4.48
2021	171	75,002	\$1,059,500	\$14,777,707	\$306,967	0.29
2022	219	88,435	\$1,235,458	\$17,250,928	\$0	0.00
2023	341	155,710	\$2,683,015	\$31,710,476	\$0	0.00
<b>Grand Total</b>	<b>9,158</b>	<b>4,191,391</b>	<b>\$128,731,268</b>	<b>\$820,126,822</b>	<b>\$75,112,948</b>	<b>1.24</b>

# Learn More About RMA

Policy & Procedure ▾	RMA Local ▾	Commodities ▾	Tools ▾	Topics ▾
 <p>Summary of Business</p>	 <p>Agent Locator</p>	 <p>Actuarial Info Browser</p>	 <p>RMA Map Viewer</p>	 <p>Cost Estimator</p>
<ul style="list-style-type: none"> <li>Actuarial Information Browser</li> <li>Agent Locator</li> <li>AIP Companies</li> <li>Associated Agencies and Partners</li> <li>Cause of Loss</li> </ul>	<ul style="list-style-type: none"> <li>Cost Estimator</li> <li>County Programs</li> <li>Crop Indemnity Maps</li> <li>Crop Weather</li> <li>FTP File Access</li> </ul>	<ul style="list-style-type: none"> <li>Livestock and Dairy Participation</li> <li>Livestock Reports (LRP and LGM)</li> <li>Nursery Software (EPLPPS)</li> <li>Other Sites</li> <li>PRF Rainfall</li> </ul>	<ul style="list-style-type: none"> <li>Price Discovery Reporting</li> <li>Reinsurance Reports</li> <li>RMA Information Reporting System</li> <li>RMA Map Viewer</li> <li>Summary of Business Reports</li> </ul>	



# Questions/Comments

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