Farming After the Flood
Multi-Agency Webinar
(Handout)

Risk Management Agency
Topeka and St Paul Regional Offices
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Discussion Items

- What is the Risk Management Agency?
- Crop Insurance and the 2011 Missouri River Flood
- Prevented Planting
- What to Expect for 2012...
- High Risk Land Exclusion Option
- For More Information...
What Is the Risk Management Agency?

- USDA agency – manages the Federal Crop Insurance Corporation.
- RMA, via the FCIC, provides crop insurance to American producers.
- 15 companies have Standard Reinsurance Agreements with RMA.
- The companies provide agents that sell the crop insurance to producers.
- The companies manage loss adjusters and pay all claims.
What Is the Risk Management Agency?

- We, along with Insurance Companies, have effectively and efficiently addressed large-scale disaster events in the past.

- And we will continue to do so for this flood event that has impacted perhaps three-quarters of a million acres.
Crop Insurance and the 2011 Missouri River Flood

Types of Loss Compensation:

- Indemnity Payment

- Replant Payments (except CAT)
  - Pays when insurable event causes loss to planted acres and it is still practical to replant to the same crop.

- Prevented Planting Payment
  - Pays when planting is prevented due to an insurable cause of loss
Crop Insurance and the 2011 Missouri River Flood

- High participation rate in crop insurance along the Missouri River:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Participation Rate*</th>
<th>Coverage Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>80%+</td>
<td>65%+</td>
</tr>
<tr>
<td>Soybeans</td>
<td>70%+</td>
<td>65%+</td>
</tr>
</tbody>
</table>
Crop Insurance and the 2011 Missouri River Flood

• If you had insurance for the crop in 2011, you were covered for damages caused by the 2011 flood!!

• Also, you **WILL** be covered for 2012 if you are unable to plant (prevented planting) due to damages caused by this 2011 flood event **IF** you had insurance on the crop in 2011.

Example: Indemnity Payment

<table>
<thead>
<tr>
<th>Buy-Up Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>130 APH Corn Yield</td>
</tr>
<tr>
<td>$6.32 Harvest Price*</td>
</tr>
<tr>
<td>$822 Total Revenue</td>
</tr>
<tr>
<td>65% Coverage</td>
</tr>
<tr>
<td>$534 Indemnity Payment/Acre</td>
</tr>
</tbody>
</table>

• 2011 harvest price used as a proxy for this example.
Prevented Planting
Additional Information

A Couple of Key Points:

- To receive a prevented planting payment, you must demonstrate/document why the acreage could not be planted.

- In general, only 1 prevented planting payment is allowed on the same acreage in the same crop year.
Prevented Planting Payment:

- Payment is 60% (for most crops) of the production guarantee
  - 65% or 70% if options were selected...

- Payments are based on the Projected Price on both Yield & Revenue plans and CAT.

### Example:

<table>
<thead>
<tr>
<th>Prev. Planting Payment Buy-Up Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>130 APH Corn Yield</td>
</tr>
<tr>
<td>$6.01 Projected Price*</td>
</tr>
<tr>
<td>$781 Total Revenue</td>
</tr>
<tr>
<td>65% Coverage</td>
</tr>
<tr>
<td>$508 Guarantee</td>
</tr>
<tr>
<td>60% PP Guarantee</td>
</tr>
<tr>
<td>$305 PP Pmt/Acre</td>
</tr>
</tbody>
</table>

- 2011 projected price used as a proxy for this example
What to Expect for 2012 ...

For Spring Crops:

- March 15 - Sales Closing Date
  - Last day to make changes to your crop insurance policy.

- 2012 insurance rates, T-Yields, and high risk maps were published on November 30.

- A breached levee statement, which applies only to land flooded by a breach, was also published as a special provision of insurance on November 30.
Breached Levee Statement:

“Land flooded due to a breach in a levee resulting from prior year(s) flooding is insurable. The applicable rate will be assigned based on conditions of the levee and soils on the latter of the sales closing date or earliest planting date. If, by that date, the levee has not been repaired to prior specifications, or if damaged soil (if any) has not been restored to at least the same crop yield potential as prior to the flood event, the land will be classified as high risk and will have the highest rate classification in the county. However, if the levee has been repaired to prior specifications and the soil has at least the same crop yield potential as before the flood, the land will be classified as shown on the current crop year Actuarial Map.”
Breached Levee Statement:

- If your land was flooded in 2011 due to a breached levee:
  - It is still insurable in 2012
  - Expect to pay the highest rate classification in the county unless the breach is fixed to prior specs by latter of Sales Closing Date/Earliest Planting Date

- Breached levee statement has been used the past several years to ensure crop insurance rates reflect additional flood risk caused by breach.

- RMA will monitor levee repairs in conjunction with the USACE
In lieu of paying higher premiums on high risk land, you can choose a High Risk Land Exclusion Option for 2012.

- Excludes land that has a high risk classification from your buy-up coverage policy
- High risk land can be covered under a Catastrophic Risk Policy (CAT)
  - If not insured under CAT, then planted acreage must be reported as uninsured.
  - CAT has a lower level of insurance protection than buy-up coverage policies.
- Your non-high risk land can remain in your buy-up coverage policy.

You must select High Risk Land Exclusion Option by Sales Closing Date (March 15, 2012)

- Consult your agent for more information on this option.
As you prepare for 2012 plantings:

- We recommend that you contact your crop insurance agent to discuss:
  - your plans to restore your flood damaged land, and
  - crop insurance policies, provisions, coverage options, coverage levels, etc.

- March 15, 2012 is the last day any changes can be made to your crop insurance policy.
For More Information

- Contact your Crop Insurance Agent
- RMA Website
  http://www.rma.usda.gov
- RMA Regional Office
  Topeka:  785-228-5512
  rsoks@rma.usda.gov
  St Paul:  651-290-3304
  rsomn@rma.usda.gov