



RMA Update: Annual Forage & Livestock Programs

Collin Olsen
Director,
Topeka Region Office

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This presentation highlights features of the Risk Management Agency Programs and is not intended to be comprehensive. The information presented neither modifies nor replaces terms and conditions of RMA policies or county actuarial documents.

*****DISCLAIMER*****

Overview

- Risk Management Agency
- Annual Forage
- Livestock Programs
- Q & A's

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What Is the Risk Management Agency

USDA agency – manages the Federal Crop Insurance Corporation.

RMA, via the FCIC provides crop insurance to American producers.

13 companies have Standard Reinsurance Agreements & 10 have Livestock Price Reinsurance Agreements with RMA.

The companies provide agents that sell the crop insurance to producers.

The companies manage loss adjusters and pay all claims.

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Name	Primary	Title
Collin Olsen	All	Director
Jeff Darrow	All	Deputy Director
Akilah Johnson	MO	Sr. Risk Management Specialist
Paul Gallagher	CO, KS, NE	Sr. Risk Management Specialist
Tyler Tenbrink	CO, NE	Risk Management Specialist
David Schepp	CO, KS	Risk Management Specialist
Derrick Johnson	NE	Risk Management Specialist
Angie Staiert	NE	Risk Management Specialist
Sarah Falk	KS	Risk Management Specialist
Amanda Whitehurst	KS, MO	Risk Management Specialist
Patrick Laird	MO	Risk Management Specialist
Mitchell Stringer	MO	Risk Management Specialist



Summary of Changes

- **12 growing seasons;**
 - New acreage reporting dates and planting dates to correspond with the new growing seasons;
- **Expanded the “50% rule” to all counties in Kansas and Nebraska;**
- **Producers are no longer required to insure 100% of insurable acres;**
- **Revised the Dual Use Option availability for new growing seasons;**
- **Incorporated FAD-301 into the Rainfall Index Basic Provisions.**

Where are the changes located?

- **Rainfall Index (RI) Basic Provisions**
 - 24.1-RI (Released August 2023)
- **Annual Forage (AF) Crop Provisions**
 - 24-RI-AF (Released April 2023)
- **Special Provisions (SP) Statements**
 - County Actuarial Documents
- **RI Handbook – Exhibit 8**

12 Growing Seasons

- **Growing season based on the month of planting.**
 - All twelve growing seasons have six intervals available.
 - Growing season insurability dependent on the month of planting.
- **Earliest and Final plant dates added to the AIB.**
 - Follows the first day and last day of each month.*
 - * Exception is GS 1 of the 2024 CY – starts July 16th.
 - Will be August 1st in following years.
- **Acreage reporting is 5 days after the month of planting.**
 - Example: Producer plants August 24th for GS 1. The ARD for GS 1 is September 5th.

Exhibit 8 B

Growing Season	Planting Month	Intervals and Months																
		S/O	O/N	N/D	D/J	J/F	F/M	M/A	A/M	M/J	J/J	J/A	A/S	S/O	O/N	N/D	D/J	J/F
1	August																	
2	September																	
3	October																	
4	November																	
5	December																	
6	January																	
7	February																	
8	March																	
9	April																	
10	May																	
11	June																	
12	July																	

Growing Season Availability

- **Not all planting months/growing seasons are available in every state.**
- **CO, KS, and NE:**
 - Excluded planting months include December and January.
- **ND and SD:**
 - Excluded planting months include December, January, and February.

Acreage Reporting

- **Producers are no longer required to insure 100% of their acreage.**
 - Annual Forage Crop Provisions 4(a)
- **Can choose which growing seasons to insure at SCD.**
 - Producers have the option to pick and choose which growing seasons to have coverage in.
 - If acres are not reported by the ARD or the growing season was not selected, then no coverage is provided.
 - Annual Forage Crop Provisions 4(b) and (c)

When can a second AF crop be planted?

- A second AF crop can be planted once the last interval of the insured growing season begins.
- The same acreage cannot be planted and insured in a growing season with the same index intervals in the same crop year.
 - Annual Forage Crop Provisions 3(b) and 4(e).
- The RI Handbook also contains a chart for easy identification.

Exhibit 8 E

Growing Season	Planting Month	Eligible Second Annual Forage Planting					
1	August	February	March	April	May	June	July
2	September		March	April	May	June	July
3	October			April	May	June	July
4	November				May	June	July
5	December					June	July
6	January						July
7	February						
8	March						
9	April						
10	May						
11	June						
12	July						

Example of a Second AF Planting

- Producer plants cereal rye on October 11th for forage and reports the acres by the GS 3 ARD of November 5th.
- GS 3 has intervals available through the month of May – last interval available is April – May.
- The producer then wants to plant another annual forage crop for summer.
- The earliest month in which the producer could plant the second annual forage crop would be April.

50% Rule – Expansion

- Allows producers to allocate 50% in first two intervals of one of the last growing seasons.
- Prevents overlapping of intervals in the next crop year.
- Expanded to Kansas and Nebraska.
- Language is a special provision statement.

50% Rule – Additional Info

- **TX, OK, NM:**
 - Growing seasons 09, 10, 11, and 12.
- **KS & NE:**
 - Growing seasons 10, 11, and 12.
- **Example:**
 - Producer plants a hay grazer in June (GS 11), insures 50% in intervals Jul-Aug and Sep-Oct. The producer could then plant a small grain in September for GS 2 and insure 40% in the first interval Oct-Nov.

Dual Use Option

- **Language located in the SP statements.**
 - Offered in states/counties with a short rate date.

By the Acreage Reporting Date, Producers may elect to insure their crop using the dual use option which allows the producer to purchase both an Annual Forage Policy and a Small Grains Crop Policy. Annual Forage Commodities covered under the Small Grains Crop Provisions that offer a short rate and that is planted with the intent of grazing the crop first and then later harvesting the crop for grain will be eligible for the dual use option and producers will be able to retain both benefits.

- **New growing seasons and an opportunity to expand the DU option**
 - Expanded the timeframe/months in which the DU option was available.
 - Based on final plant dates for the small grains crop.
 - Growing season availability found in CBV tab.

RI Handbook Exhibit 8

- **Charts showing growing seasons and eligible second growing seasons.**
 - Exhibit 8 E and B
- **Examples**
 - Acreage reporting – 8 D
 - Eligible growing seasons for second annual forage planted after first annual forage – 8 E
 - Double cropping – 8 F

Annual Forage and Cover Crops

- **Are cover crops insurable under Annual Forage?**
 - No, cover crops are not insurable.
 - Annual Forage Crop Provisions
 - Annual forage - Annual plants seeded on planted acreage for forage or fodder
 - RI Basic Provisions
 - Cover crop - A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement
- **Is it a cover crop or is it annual forage?**
 - What's the primary intended use?

AF & Double Cropping

Final Agency Determination (FAD) 301

- “FCIC agrees....double cropping rules to allow for policyholders to collect a full indemnity if both crops meet certain requirements outlined in the Act.
- Double-cropping rules are generally contained in individual basic provisions and crop policies. However, grazed crops, such as crops planted and insured under the Annual Forage Crop Provisions, do not require production history because it is unreasonable to expect the policyholder to have production records showing that crops were grazed or livestock were present on specific acres for grazing. There is no practical way to measure production for a crop grazed by livestock; therefore, the Annual Forage Crop Provisions waives the acreage and production records requirements.
- However, producers will still need to meet the other applicable double-cropping requirements of the [RI Basic Provisions] to receive a full indemnity on both crops...”

Exhibit 8 F

- **FAD – 301 included in RI Basic Provisions and in the handbook.**
- **Added Exhibit 8 F to address double cropping and the inclusion of FAD – 301.**
 - Also provides some examples of double cropping scenarios.

CCIP Crops and Annual Forage

- **When there is a double cropping situation involving Annual Forage and the CCIP:**
 - The CCIP crop and the Annual Forage crop will only follow the double cropping requirements of Annual Forage
 - 6(k)(1)-(3) of the RI Basic Provisions
- **6(k)(1)-(3):**
 - It is a practice generally recognized by agricultural experts or organic agricultural experts for the area to plant two or more crops for harvest in the same crop year;
 - The second crop is customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
 - Additional coverage offered under the authority of the Act is available in the county on the two or more crops that are double cropped;

RI Basic Provisions – FAD 301

- **Incorporated FAD 301 which clarified the record requirements in double cropping situations when one of the crops double cropped follows a different plan of insurance.**
- **Section 6(k)(5)**
 - If the crops a producer has double cropped are insured under different plans of insurance and the double cropping provisions for one crop does not require double crop history including records of acreage and production, then that crop's provisions should be followed.

CCIP and ARPI Basic Provisions- FAD 301

- If the two crops you have double cropped are insured under policies with different double crop history records requirements, (e.g., records of acreage and production), the less restrictive requirements may be followed to satisfy double cropping requirements for both crops.
- **CCIP Section 15(h)(7) & ARPI 13(c)(6)**
 - Incorporates FAD-301 consistent with RI 6(k)(5)

CCIP Basic Provisions- FAD 301

For example:

- A producer has 20 acres of annual forage wheat for grazing.
- On the same acreage they plant and insure cotton.
- The annual forage double cropping provisions do not include double cropping record history requirements.
- If the annual forage double cropping provisions are met, the producer is eligible for a full indemnity payment on both the annual forage wheat and the cotton.

Can a producer who plants an annual forage crop (i.e. wheat for grazing) and follows it with a spring or summer crop (i.e. cotton) receive a full indemnity on both crops?

Yes, **IF** the requirements in 6(k) (1)-(3) are met:

RI Basic Provisions 6(k):

- (1) It is a practice that is generally recognized by agricultural experts or organic agricultural experts for the area to plant two or more crops for harvest in the same crop year;
- (2) The second crop is customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
- (3) Additional coverage offered under the authority of the Act is available in the county on the two or more crops that are double cropped;

It is generally possible to utilize annual forage crops and follow it with cotton in the same crop year. Answers could vary depending on whether the practice is generally recognized by ag experts for the area.

Can a producer who has a failed winter crop for grain (i.e. wheat) and follows it with an annual forage crop (i.e. corn for silage) receive a full indemnity on both crops?

Yes, **IF** the requirements in 6(k) (1)-(3) are met:

RI Basic Provisions 6(k):

- (1) It is a practice that is generally recognized by agricultural experts or organic agricultural experts for the area to plant two or more crops for harvest in the same crop year;
- (2) The second crop is customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
- (3) Additional coverage offered under the authority of the Act is available in the county on the two or more crops that are double cropped;

This scenario may meet the requirements because it may be possible to take wheat to harvest and follow it with corn for silage in the same crop year, if it is customary and a practice generally recognized by ag experts for the area.

Can a producer who has a failed spring or summer crop (i.e. cotton) and follows it with an annual forage crop (i.e. haygrazer) receive a full indemnity on both crops?

No, this scenario does not meet the requirements in 6(k) (1)-(3):

RI Basic Provisions 6(k):

- (1) It is a practice that is generally recognized by agricultural experts or organic agricultural experts for the area to plant two or more crops for harvest in the same crop year;
- (2) The second crop is customarily planted after the first insured crop for harvest on the same acreage in the same crop year in the area;
- (3) Additional coverage offered under the authority of the Act is available in the county on the two or more crops that are double cropped;

It is not customary to plant haygrazer on the same acres of cotton that are taken to harvest in the same crop year. (Refer to COM-20-003)

Can a producer who has a failed winter wheat crop that was covered under both a wheat policy and an annual forage dual use policy, follow it with a spring or summer crop (i.e. soybeans) and receive a full indemnity on three policies?

In this scenario you have two different situations:

MPCI wheat policy followed by soybeans

Both crops follow the CCIP Basic Provisions and would need to meet the double cropping requirements of those provisions.

Annual Forage DU policy followed by soybeans

Would need to meet the requirements of RI Basic Provision 6(k) (1)-(3).

Questions

rma.kcviri@usda.gov

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RMA - Livestock Programs



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What's Available for Livestock Producers?

- Dairy Revenue Protection (DRP)
- Livestock Gross Margin (LGM)
 - Cattle
 - Dairy
 - Swine
- Livestock Risk Protection (LRP)
 - Fed Cattle
 - Feeder Cattle
 - Swine

Dairy Revenue Protection (DRP)

- Area-Based Revenue Insurance Product for Dairy Producers
- Protection against milk price, milk yield and revenue declines
- Quarterly coverage, coverage available for the 5 nearby quarters
- LGM Dairy and DRP
 - Only one can have endorsements in effect for the quarterly insurance period

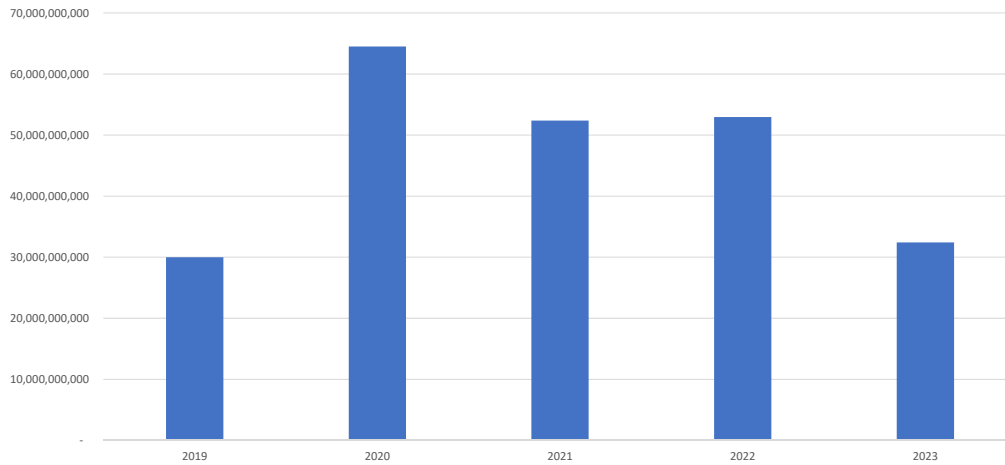
Dairy Revenue Protection (DRP)

- **Two pricing options (class price and component)**
 - Class Price- combination of Class III and Class IV milk
 - Component-combination of milk components (butterfat, protein, milk solids)
- **Daily Offers**
 - Sales period ends 9:00AM CT

Dairy Revenue Protection (DRP)

- **Indemnities**
 - Notice of probable loss sent approximately 10 days after data for quarter is released
 - Producer must submit claim form within 60 days of notice
 - Must also provide milk production worksheet
 - Producer must market at least 85% of declared covered milk production
 - **DRP Policy 7(d)(2)**

Dairy Revenue Protection Participation



Data as of 6/13/23

Questions

Livestock:

- rma.kc.livestock@usda.gov

2018 Impact for Livestock Programs

- February 2018 the Bipartisan Budget Act of 2018
- \$20 million capacity limit for livestock programs removed
- Allowed for expansions and improvements to increase participation.

Improvements to the Livestock Program

- **Head limit increases**
 - 2,000 Head -> 25,000 Head – LRP Fed and Feeder Cattle
 - 32,000 -> 750,000 Head – LRP Swine
- **Subsidy increases**
 - 0% -> 50% - LGM
 - 13% -> 55% - LRP
- **Expansions of programs to all 50 states**
- **Coverage for unborn livestock - LRP**

Livestock Gross Margin (LGM)

- **Provides protection against the loss of gross margin (market value of livestock or milk minus feed costs) on livestock.**
 - Dairy, Cattle, Swine
- **Uses CME to establish margins**
- **Indemnity is difference between gross margin guarantee and actual gross margin**
- **No head limits**
- **Weekly Offers**

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LGM Changes for 2024

- **Ability to obtain insured's signature up to 14 calendar days prior to the end of the sales period.**
 - Procedure contained in the LGM Handbook Para. 21 D
- **Sales period end time**
 - Cattle and Swine sales end at 8:25AM CT
- **New terms and clarifications**
 - SCE; premium billing for each SCE

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LGM - Cattle

- **Provides protection against the loss of gross margin on cattle.**
 - Market value of livestock minus feeder cattle and feed costs.
- **Subsidy based on the dollar deductible that you choose**
 - Deductible ranges from \$0-\$150 in \$10 increments.
 - Subsidy ranges from 18% - 50%.
- **11-month insurance period**
 - Each sales month, a producer can purchase coverage once per week.

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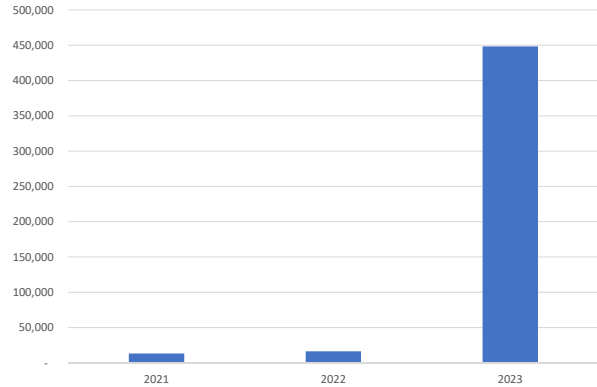
LGM – Cattle (continued)

- **Producer selects target marketing months in which cattle will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual cattle marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least 75% of target marketings

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LGM Cattle Participation

- 2006 ~ 25,655 Head
- 2014 ~ 1,732 Head
- 2023 ~ 448,319 Head



Data as of 6/13/23

LGM - Dairy

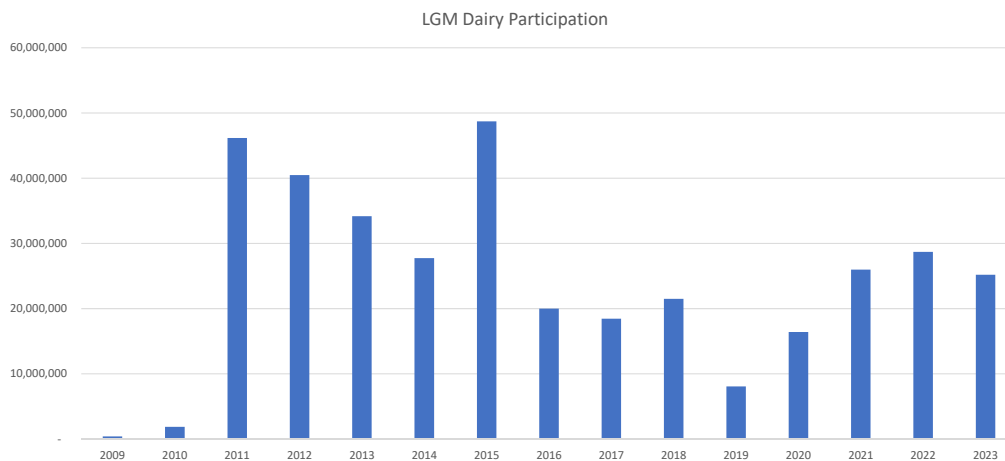
- Provides protection against the loss of gross margin on milk.
 - Market value of milk minus feed costs.
- Subsidy based on the dollar deductible that you choose
 - Deductible ranges from \$0-\$2 in \$0.10 increments.
 - Subsidy ranges from 18% - 50%.
- 11-month insurance period
 - Each sales month, a producer can purchase coverage once per week.

LGM – Dairy (continued)

- **Producer selects target marketing months in which milk will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual cwt of milk marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least **85%** of cumulative marketings

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LGM Dairy Participation



Data as of 6/13/23

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LGM - Swine

- **Provides protection against the loss of gross margin on swine.**
 - Market value of swine minus feed costs.
- **Subsidy based on the dollar deductible that you choose**
 - Deductible ranges from \$0-\$20 in \$2 increments.
 - Subsidy ranges from 18% - 50%.
- **6-month insurance period**
 - Each sales month, a producer can purchase coverage once per week.

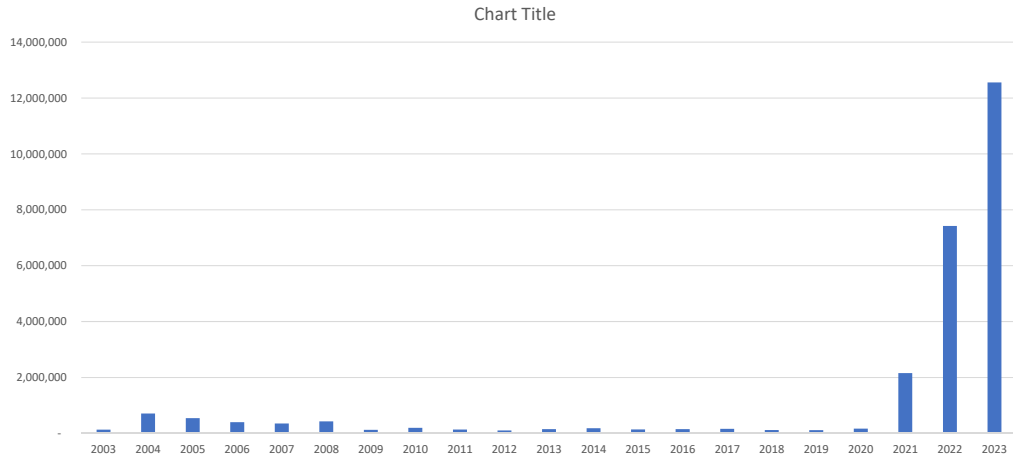
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LGM – Swine (continued)

- **Producer selects target marketing months in which swine will be marketed**
- **At the end of the insurance period the producer will:**
 - Submit a marketing report showing number of actual swine marketed
 - Provide sales receipts along with marketing report
- **Indemnity will be received if the actual total gross margin is less than the gross margin guarantee.**
 - Actual marketings must be at least 75% of target marketings

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LGM Swine Participation



Data as of 6/13/23

Questions

Livestock:

- rma.kc.livestock@usda.gov

Livestock Risk Protection (LRP)

- Protects producers against a decline in market prices below a producer's selected coverage price.
- Uses CME futures and option prices to determine offer
- Coverage should correspond to the timeframe when livestock would normally be marketed and sold.
- Daily Offers
 - Sales end at 8:25AM CT

Livestock Risk Protection (continued)

- Premium due at the end of the endorsement period.
- Coverage available for unborn livestock

LRP – Feeder Cattle

- Available for unborn calves, steers, heifers, brahman and dairy cattle.
 - Two weight ranges – 100-599 pounds and 600-1,000 pounds
- Subsidy ranges from 35% to 55% based on the coverage level selected.
- Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.
- Head Limits of 12,000 head per endorsement and 25,000 head annually

LRP – Feeder Cattle (continued)

- Indemnity based on if the actual ending value is below the coverage price.
- Actual ending value determined by CME Feeder Cattle Reported Index
- Price Adjustment Factors

Weight Range	Steers	Heifers	Unborn Steers and Heifers	Predominantly Brahman	Unborn Predominantly Brahman	Predominantly Dairy	Unborn Predominantly Dairy
1.0-5.99 cwt	110	100	105	100	100	50	50
6.0-10.0 cwt	100	90	N/A	90	N/A	50	N/A

LRP – Fed Cattle

- **Available for cattle expected to:**
 - Quality grade select or higher
 - Yield grade 1-3
 - Slaughter weight of 1,000-1,600 pounds.
- **Subsidy ranges from 35% to 55% based on the coverage level selected.**
- **Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.**
- **Head Limits of 12,000 head per endorsement and 25,000 head annually**

LRP – Fed Cattle (continued)

- **Indemnity based on if the actual ending value is below the coverage price.**
- **Actual ending value determined by the AMS 5 Area Weekly Weighted Average Direct Slaughter Cattle report.**
 - The price series is the Live Basis Sales, Steers, **“Over 80% Choice”** category.

LRP - Swine

- **Available for unborn swine, and no type specified (born swine).**
 - Target weights from about 189 lbs. to 351 lbs.
- **Subsidy ranges from 35% to 55% based on the coverage level selected.**
- **Endorsement lengths: 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.**
 - Unborn swine minimum of 30 weeks
 - All other swine maximum of 30 weeks
- **Head Limits of 70,000 head per endorsement and 750,000 head annually**

LRP – Swine (continued)

- **Indemnity based on if the actual ending value is below the coverage price.**
- **Actual ending value determined by the AMS price series used to settle lean hog futures contracts at the CME.**
 - Weighted average price calculated using “Producer Sold” data in the “Negotiated” and the “Swine or Pork Market Formula” categories.

Livestock Reports Page

- Reports for LGM and LRP
 - Expecteds and Actuals posted
 - <https://public.rma.usda.gov/livestockreports/main.aspx>

LRP Coverage Prices, Rates, and Actual Ending Values - Report for 09/09/2022

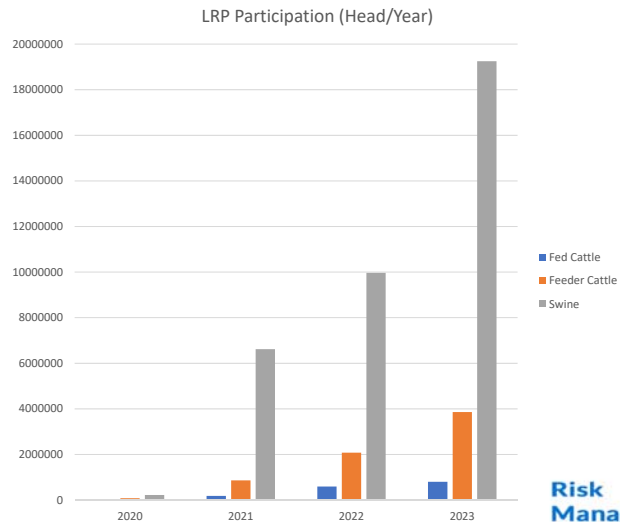
* See notes at bottom of page

State	County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	Producer Premium Per CWT	End Date	Actual End Value
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$204.300	0.982500	0.030092	6.148	4.00	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$202.100	0.981800	0.024781	5.088	3.26	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$199.900	0.971100	0.020145	4.027	2.62	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$197.700	0.960400	0.016230	3.209	2.09	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$195.500	0.949800	0.012823	2.508	1.50	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$193.300	0.939100	0.010089	1.950	1.17	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$191.100	0.928400	0.007863	1.503	0.90	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$188.900	0.917700	0.006004	1.134	0.68	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$186.700	0.907000	0.004489	0.838	0.50	12/09/2022	
35 New Mexico	998 All Counties	13	0001 Feeder Cattle	809 Steers Weight 1	212 Endorsement Ending in December Yr1	2023	205.843	\$184.500	0.896300	0.003404	0.628	0.35	12/09/2022	

LRP Participation

Year	Fed Cattle	Feeder Cattle	Swine
2004	175,290	94,899	143,904
2014	19,923	307,358	9,476
2023	800,527	3,859,950	19,249,147

Data as of 6/12/23



Questions

Livestock:

- rma.kc.livestock@usda.gov

Weaned Calf Risk Protection

- New for 2024 that offers Actual Production History (APH) coverage for beef cow-calf producers to insure revenue from their spring calving operations.
- Privately developed product available only in four pilot program states – CO, NE, SD and TX in 2024
- **More information**
 - News Release: *USDA's Insurance Option Offers First of Its Kind Risk Management Tool for Cow-Calf Producers*
 - rma.kc.livestock@usda.gov