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Current Issues in Crop Insurance

RISK MANAGEMENT AGENCY

Richard Anderson

SCC-76 Conference

March 19-21, 2009

Galveston, TX

RMA



RISK MANAGEMENT AGENCY

United States Department of Agriculture

Current Issues In Crop Insurance

Galveston, TX

March 21, 2009

Richard Anderson

Senior Economist, Risk Management Agency

Topics to be Covered

- Guidance from the FCIC Board
- Program Performance
- Recent Activities
- Farm Bill

FCIC Board Framework for Decision Making

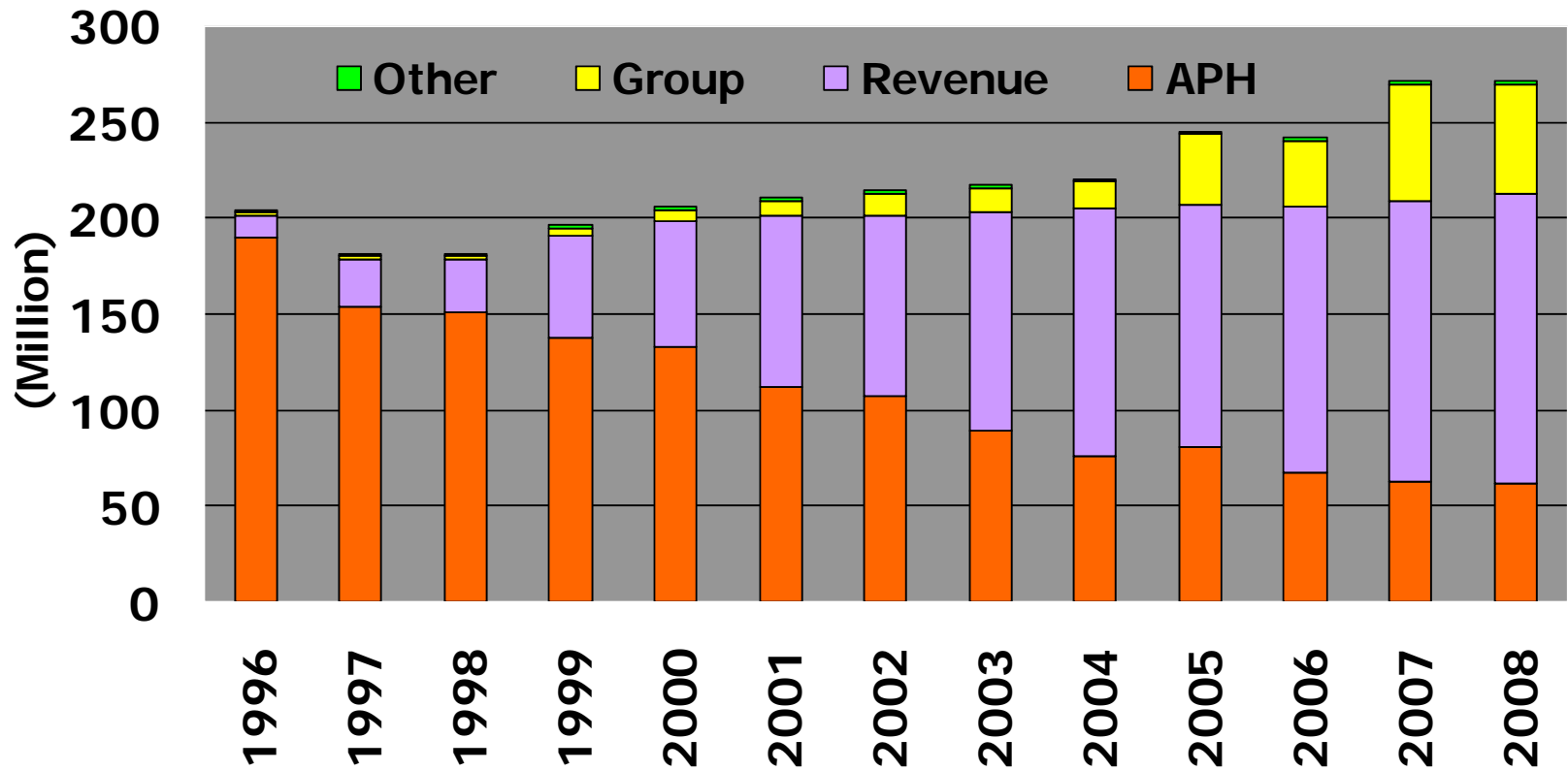
- Prioritize and monitor product development initiatives
- Balance program initiatives with agency IT capacity
- Simplify and streamline where practical and appropriate
- Combat and prevent fraud, waste and abuse with technology and strategic compliance initiatives

Program Performance



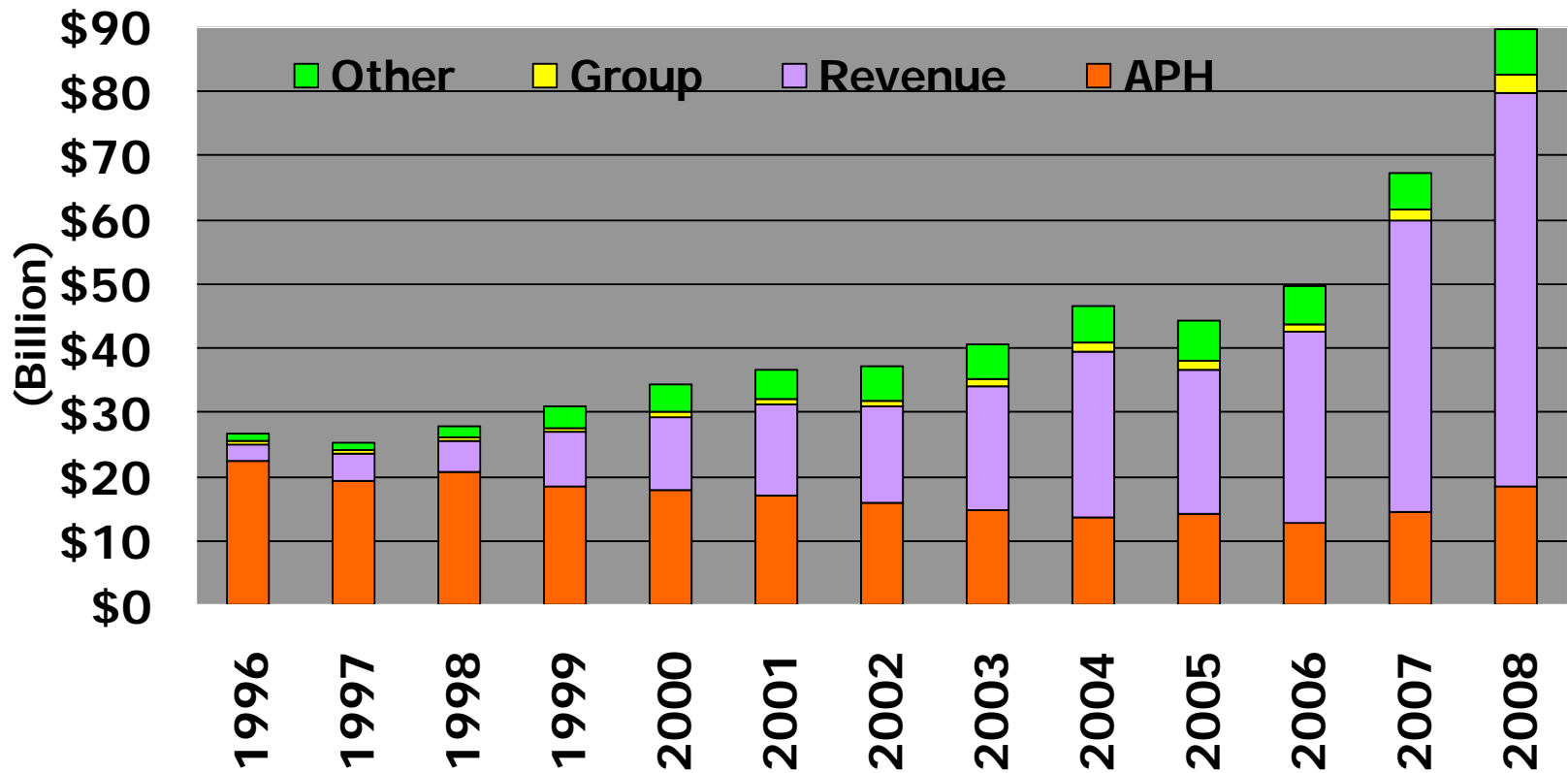
Program Performance

Acres by Plan Type



Program Performance

Liability by Plan Type





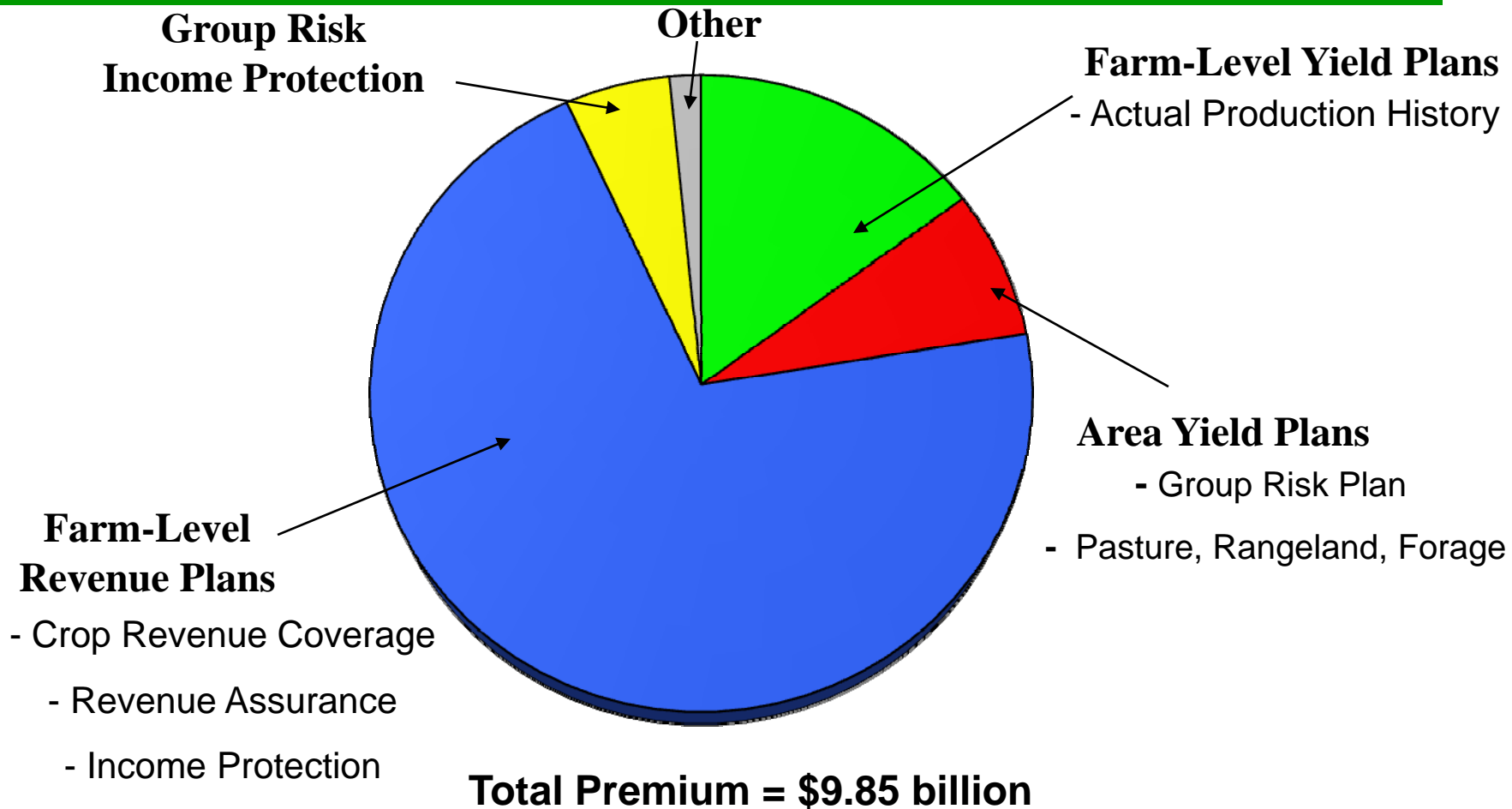
Program Performance

2008 Liability by Crop

Crop	Liability (\$ Mil.)	% of Total
Corn	\$37,573	42%
Soybeans	\$22,227	25%
Wheat	\$8,746	9%
Nursery (FG&C)	\$4,029	5%
Cotton	\$2,427	3%
FL Fruit Trees	\$1,275	1%
Potatoes	\$902	1%
Grain Sorghum	\$975	1%
All Others	\$11,752	13%
Total	\$89,906	100.0%

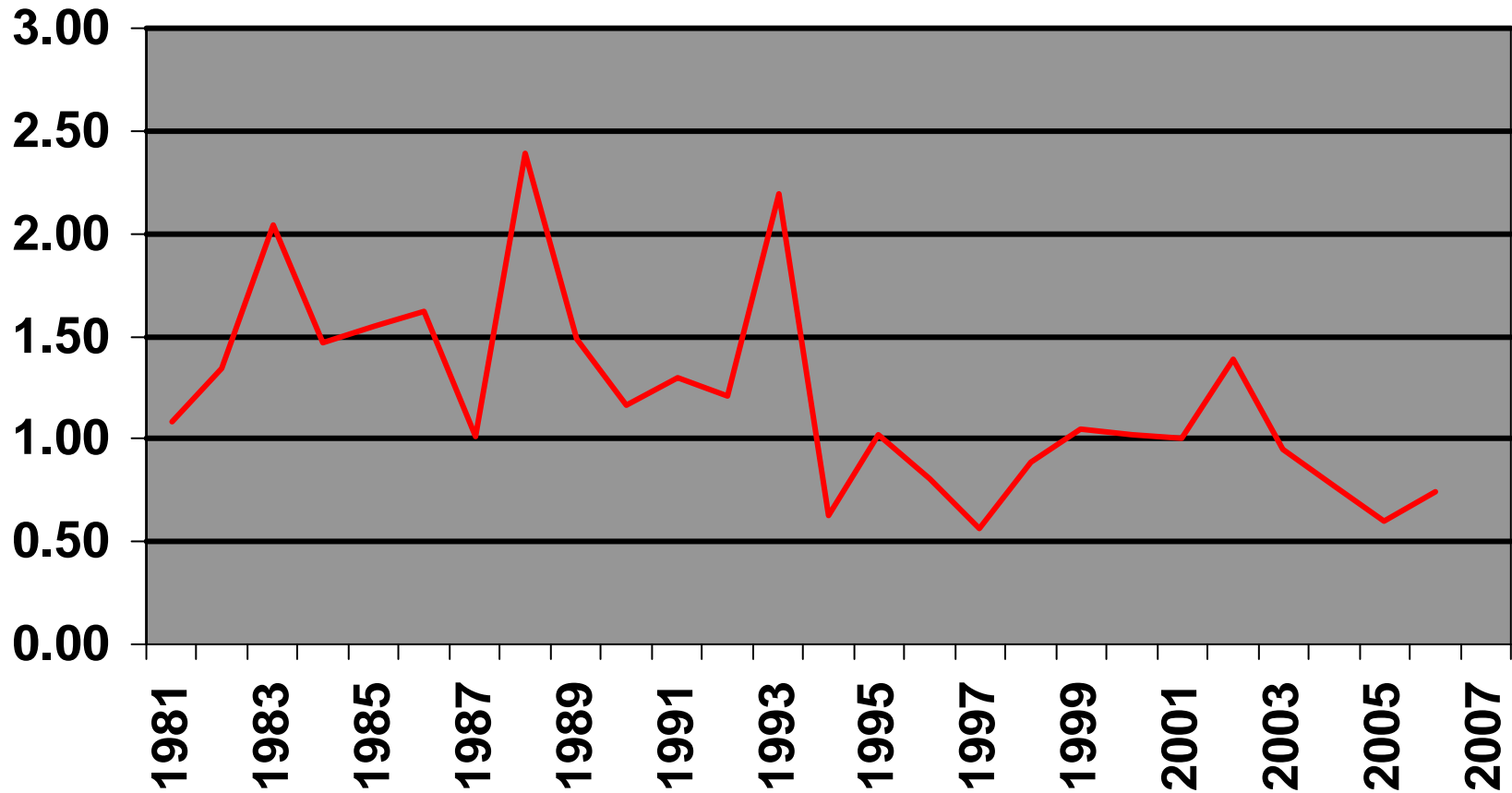
Program Performance

Total Premium by Plan, 2008



Program Performance

Loss Ratio 1981-2007





What's New?

Recent Activities

- Expansion of PRF Products
- Continue Efforts to Streamline Program Offerings
- New IT System
 - ITM
 - Combo
 - CIMS

Recent Activities

New Products

- Apiculture (Vegetative and Rainfall)
- Biotech Endorsement
- Cherries Actual Revenue History
- LGM Dairy
- Processing Pumpkins
- GRP Sugarcane
- 508(h) Concept
- GRP Oysters

Recent Activities

Products on the Horizon

- Dedicated Energy Crops
- Quarantine
- Small Value Crops
- Other Technology Based Discounts
- Named Peril Coverage
- Aquaculture

Farm Bill Update



Farm Bill: Completed

- Administrative Fee Regulation published June, 2008
- Mandatory 2009 SRA Amendment
 - A&O Reductions
 - Rebating
 - Controlled Business
 - CAT Loss Adjustment Expense reduction

Farm Bill: Completed

- Enterprise and Whole Farm Units
 - PM-08-057
- Area Plan Subsidy Rate PM-08-041
- IT Funding
- Reduction in 522(e) Funding
 - New Product Funds
 - Outreach and RME
 - Compliance

Farm Bill

To Do List



Farm Bill 2008

Title XII, Crop Insurance

- Renegotiation of the SRA
- Timing Shifts
 - Premium Billing: 2012 Reinsurance Year
 - A&O: 2012 Reinsurance Year
 - Underwriting Gains: 2011 Reinsurance Year

Farm Bill 2008

Title XII, Crop Insurance

- Required Studies
 - **Organic** production coverage improvement. Unless we find big differences between organic and nonorganic crops, it requires us to eliminate or reduce premium surcharge for organic production.
 - Studies to include development of procedure to offer additional **price election** that reflects actual prices received for organic crops

Farm Bill 2008

Title XII, Crop Insurance

- Required Studies continued
 - Efficacy of Pack Factors
 - Declining Yields
 - pecans
 - PRP (managers Report)
 - AGR for Beginning Farmers

Farm Bill 2008

Title XII, Crop Insurance

- Required Studies continued
 - Energy crops
 - Aquaculture
 - Poultry
 - Apiary (bees)
 - Skip-row cropping practices for corn and sorghum in Central Great Plains

Farm Bill 2008

Title XII, Crop Insurance

- Requires us to establish pilot programs of insurance for:
 - Camelina
 - Sesame (in Texas)
 - Grass seed (in Minnesota and North Dakota)

QUESTIONS?

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