

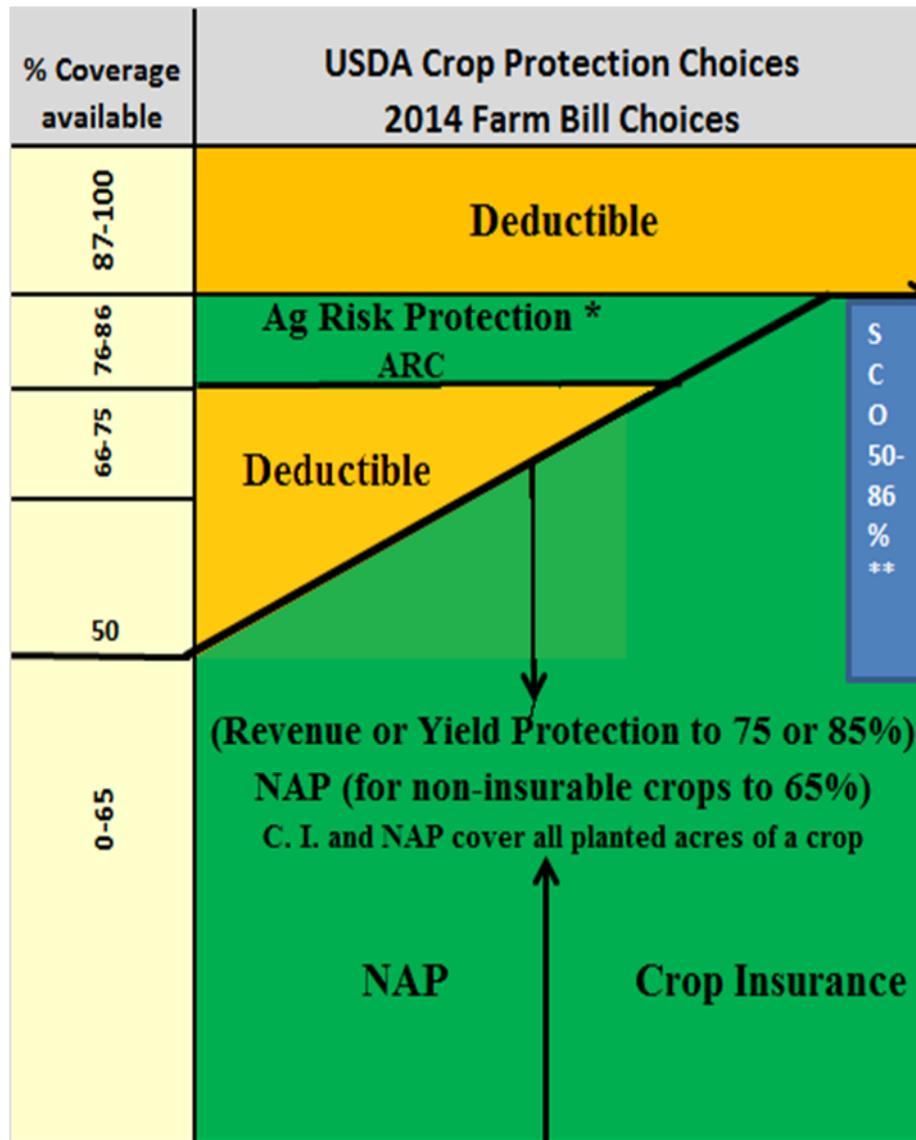
The "Sum of the Parts" - Protection for YOUR Farm

Each producer is personally responsible to develop a risk management plan for their farm(s) before enrollment deadlines. USDA provides tools for YOUR consideration.

* Price Loss Coverage (PLC) available in lieu of ARC on Program crops with base acres at FSA

* Comparison of PLC and CCP Price Support Levels

Covered Commodity	2014 Farm Bill Reference Prices Statutory	2008 Farm Bill Target Prices
Wheat	\$5.50	\$4.17
Barley	\$4.95	\$2.63
Oats	\$2.40	\$1.79
Corn	\$3.70	\$2.63
Grain Sorghum	\$3.95	\$2.63
Soybeans	\$8.40	\$6.00



** Supplemental Coverage Option (SCO) available on an expanding number of crops (not available on crops enrolled in ARC). SCO provides area loss coverage between 86% and the individual policy coverage @65% premium subsidy.

Is YOUR Risk Management Plan Adequate to Manage a Disaster Related Business Interruption?

Manage Your Crop Risks

Each producer is personally responsible for developing a risk management plan for their farm(s) before the enrollment deadlines.

Information is available from:

Crop insurance Agents

<http://www.rma.usda.gov/tools/agent.html>

<http://www.fsa.usda.gov/>

❖ Protection Plans for general field crops with FSA base acres:

◆ County and Individual Area Revenue Coverage (ARC)

- Provides up to 65% or 85% of revenue losses between 76% and 86% of historical revenue for eligible crop losses for crops with FSA base acres (maximum payment of 6.5% or 8.5% respectively).
- This protection is available at no cost to you.

◆ Price Loss Coverage (PLC)

- Provides protection when market prices are less than reference prices for crops with FSA base acres.
- This foundation protection is available at no cost to you.

❖ Protection Plans for almost all crops and some livestock:

- Provide protection not covered by the ARC or PLC programs.
- Can significantly reduce risk exposures to manageable levels to minimize financial interruptions when disasters occur.
- Provided with federal cost sharing to make the protection more affordable.

◆ Crop Insurance Protection is available

- For up to 75% of your yield history (85% for some crops) on many crops and some livestock.
- Whole Farm Revenue Protection also available.
- New Farm Bill has added improvements, including benefits for new/beginning and organic producers.

◆ Non-insured Crop Assistance Program (NAP)

- New Farm Bill has added improvements
- Provides similar protection as crop insurance for most crops, at up to 65% of your yield history when a crop insurance policy is not available. (NAP coverage is available from your county FSA office.)

Claim Calculation – Yield vs. Revenue Protection for Field Crops
*per acre 100% ownership share illustration for educational purposes

Field Crops (barley, grain corn, grain sorghum, soybeans and wheat)		Revenue Protection Lower Price@	
Yield Protection		Lower Price at Harvest Time	Higher Price at Harvest Time
148	Approved Yield	148	148
75%	Coverage % Level	75%	75%
111	←Yield guarantee/ Yield base for revenue calculation→	111	111
	Projected Price	\$4.60	\$4.60
	Revenue Guarantee (minimum)	\$510.60	\$510.60
	Est. Harvest Time Price **	4	5.05
	Est. Harvest Time Guarantee **	N/A	560.55
40	Yield Produced	40	40
71	Yield Loss		
\$4.60	←Projected Price/ Value of Yield Produced→	\$160.00	\$202.00
\$326.60	Estimated Loss Payment	\$350.60	\$358.55

** Harvest time typically determined from the monthly average of the daily closing prices from the appropriate Board of Trade harvest time contract, just prior to the harvesting completion of the crop, see insurance policy for details.

Information Sources: FSA and RMA Fact Sheets

Claim Calculation Illustration
*per acre 100% ownership share
for educational purposes

Yield Protection	Hybrid Tomatoes
170	Approved Yield – Cwts
65%	Coverage % Level
110.50	Yield Guarantee
10.75	Yield Produced
99.75	Yield Loss
\$78.00	Projected Price
100%	Price Percentage
\$7,780.50	Loss Payment

Information Sources: FSA and RMA Fact Sheets



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**Comparative Reference Table:
Key Parameters by Crop Program Option, 2014 U.S. Farm Bill**

Item	PLC (Price Loss Coverage)	County ARC (Ag Risk Coverage)	Individual ARC (Ag Risk Coverage)
Decision Framework	Same For All 3 Options: (1) One option elected for 5 years covering 2014 -18 crop years; (2) Election made in 2014; (3) All FSA farm payment entities must make same choice or lose payment for 2014 crop and forced into PLC in 2015		
Decision Unit	individual program crop on individual FSA farm	individual program crop on individual FSA farm	all program crops on an individual FSA farm
Payment Acres (generic base is former cotton base)	85% of program crop base acres on a FSA farm plus generic base acres planted to program crop	85% of program crop base acres on a FSA farm plus generic base acres planted to program crop	65% of all program crop base acres on all FSA farms the payment entity elected for individual ARC in the state plus generic base acres planted to any program crop
Base Acres	Same For All 3 Options: participants may reallocate base acres and update yield		
Payment Made When	for a program crop, U.S. market year average price is less than reference price	for a program crop, actual revenue is less than ARC revenue guarantee	for whole program crop farm of payment entity, actual revenue is less than all farm ARC revenue guarantee
Payment Yield	FSA farm current counter- cyclical yield OR 90% of FSA farm average plant yield for 2008-12 crops	XXXXXX	XXXXXX
Reference Price	(see table 1)	XXXXXX	XXXXXX
Revenue Guarantee	XXXXXX	86% of program crop revenue benchmark [equals prior 5 year Olympic average (remove high and low) of county yield times prior 5 year Olympic average US crop year price x 85% x 10%]	86% of whole program crop farm revenue benchmark [equals sum of revenue benchmark for each program crop on all FSA farms in the state of operator weighted by crop's share of total program acres x 65% x 10%]
Payment Range	reference price minus loan rate	Maximum of 10% of program crop revenue benchmark	Maximum of 10% of whole program crop farm revenue benchmark
Loan Rate	Same For All 3 Options: current rates (see table 1)		
Supplemental Insurance Coverage Option	SCO if available is option to buy county insurance to cover yield or revenue loss between 86% and coverage of individual policy; 65% subsidy (covers all planted acres/no payment limitation)	SCO not available	SCO not available
Payment Limit	Same For All 3 Options: \$125,000 per legal entity; \$250,000 for person and spouse; limit excludes gains from forfeiting nonrecourse loans; separate limit for peanuts		
AGI Limit	Same For All 3 Options: benefits denied to payment entities with an AGI (adjusted gross income from farm and nonfarm sources) over \$900,000		

Information Source: <http://farmdocdaily.illinois.edu/2014/02/2014-crop-safety-net-decision-key-considerations.html>

Table 1. Comparison of CCP and PLC Price Support Levels

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Is Your Risk Management Plan Adequate to Manage a Disaster?



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