

Southern Agricultural Cover
Crops Conference
October 28-29, 2014
Jonesboro, Arkansas

What Is the Risk Management Agency?

- USDA agency that manages the Federal Crop Insurance Corporation (FCIC).
- RMA, via the FCIC, provides crop insurance to producers.
- 18 companies have Standard Reinsurance Agreements with RMA. These 18 companies are also referred to as Approved Insurance Providers (AIP)
- The companies provide agents that sell the crop insurance to producers.
- The companies manage loss adjusters.

What Is the Risk Management Agency?

2013 Crop Insurance by the Numbers:

| | |
|----------------------------------|-------------------|
| Total Policies Earning a Premium | 1,224,153 |
| Total Policies Indemnified | 482,501 |
| Net Acres Insured | 296,116,173 acres |
| Total Premium | \$ 11,805,884,980 |
| Subsidy | \$ 7,295,579,578 |
| Indemnity | \$ 12,061,342,802 |

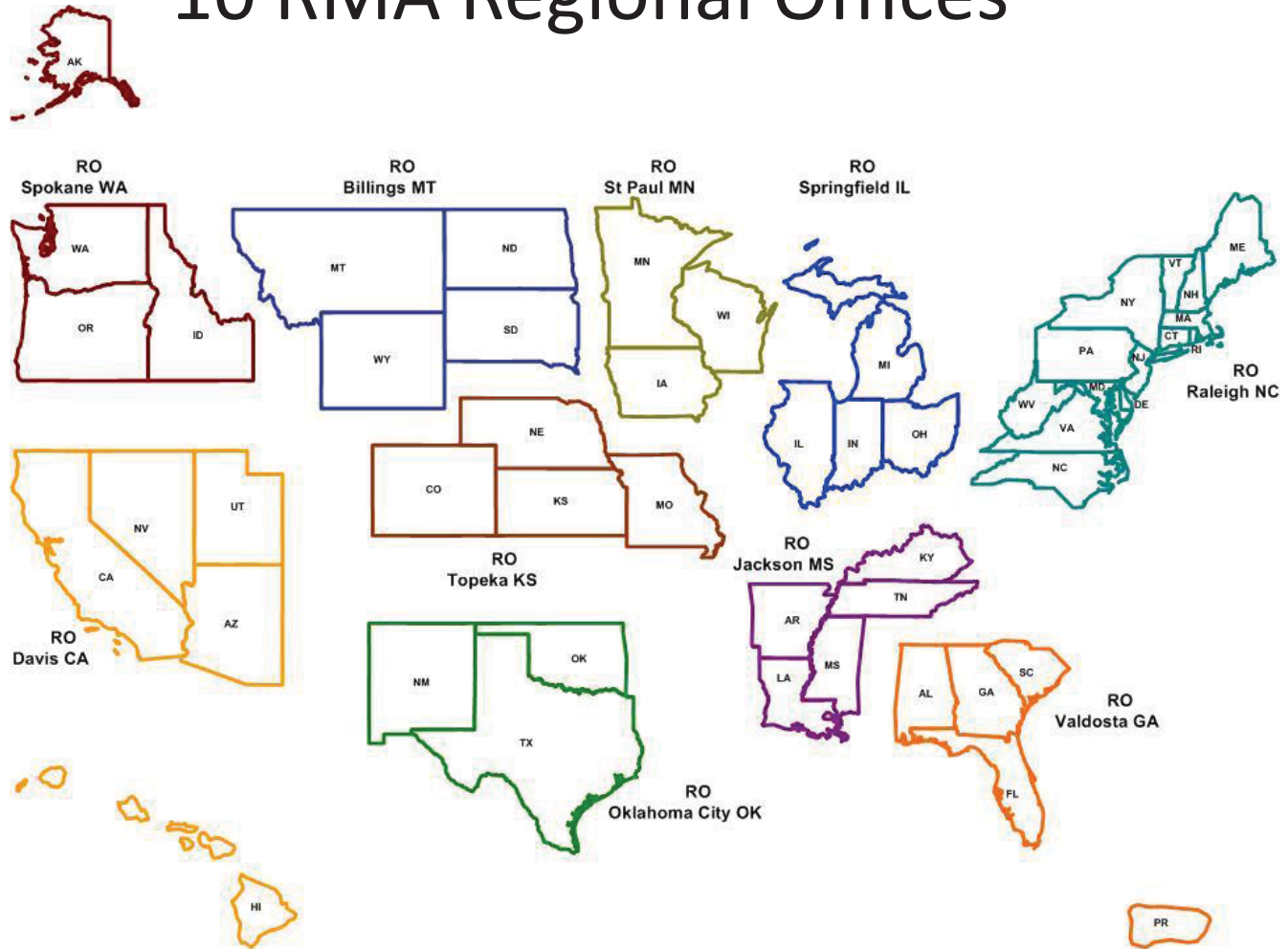
(2014 data is not complete)

What Is the Risk Management Agency?

Generally Covered Losses/Risks:

- Adverse weather conditions
- Fire
- Plant disease, but not damage due to insufficient or improper application of disease control measures
- Wildlife
- Earthquake
- Volcanic eruption
- Failure of irrigation water supply due to a cause of loss specified in the policy that occurs during the insurance period.
- Insects, but not damage due to insufficient or improper application of pest control measures

10 RMA Regional Offices



Cover Crops and Crop Insurance

RMA Definition (Basic Provisions):

Cover Crop: A crop generally recognized by agricultural experts as agronomically sound for the area for erosion control and other purposes related to conservation or soil improvement.

Cover Crops and Crop Insurance

Insurance shall attach to a crop following a cover crop when the cover crop meets the definition provided in the Basic Provisions, was planted within the last 12 months, and is managed and terminated according to NRCS guidelines. If growing conditions warrant a deviation from the guidelines, producers should contact either Extension or the local NRCS for management guidance. For information on cover crop management and termination guidelines, refer to the Cover Crop Termination Guidelines published at

<http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/landuse/crops/>.

3 things to remember concerning cover crops:

1- meet the definition provided in the Basic Provisions

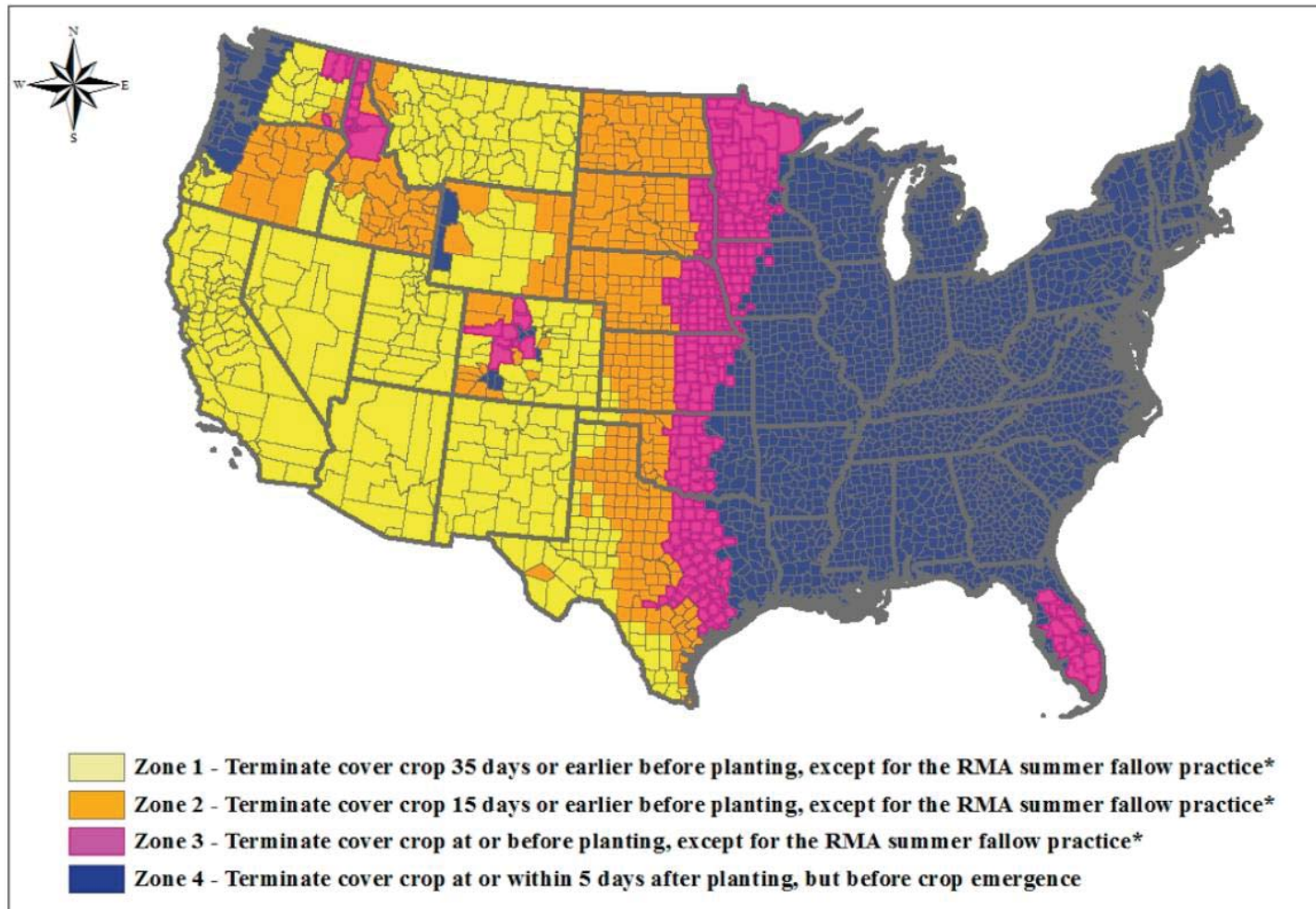
2- planted within the last 12 months

3- terminated according to NRCS guidelines

Natural Resources Conservation Service (NRCS)

* Cover Crop Termination Zones

Produced by: NRCS | ESI
December 2013



*See guidelines for details on the RMA summer fallow practice.

NRCS Cover Crop Termination Guidelines for Management Zones

| Zone 1 - See Map | Zone 2 - See Map | Zone 3 - See Map | Zone 4 - See Map |
|--|--|--|--|
| NRCS Cover Crop Termination Period Guidance - Non-Irrigated Cropland: | | | |
| <p><u>For Late Spring to Fall Seeded Crops</u> - Terminate cover crops 35 days or earlier prior to planting the crop.</p> <p><u>For Early Spring Seeded Crops</u> - Terminate - cover crops as soon as practical prior to planting the crop. (Additional Cover Crop Termination Considerations 4 and 8)</p> | <p><u>For Late Spring to Fall Seeded Crops</u> - Terminate cover crops 15 days or earlier prior to planting the crop.</p> <p><u>For Early Spring Seeded Crops</u> - Terminate - cover crops as soon as practical prior to planting the crop. (Additional Cover Crop Termination Considerations 4 and 8)</p> | <p>Terminate cover crop at or before planting the crop.</p> | <p>Terminate cover crop at or within 5 days after planting, but before crop emergence.</p> |
| <p>RMA Designated Summer Fallow Practice</p> <ul style="list-style-type: none"> * For summer seeded or fall seeded crops terminate the cover crop at least 90 days prior to planting. * For early spring seeded crops terminate the cover crop either in late fall or as early as possible in the spring prior to planting. | <p>RMA Designated Summer Fallow Practice</p> <ul style="list-style-type: none"> * For summer seeded or fall seeded crops terminate the cover crop at least 90 days prior to planting. * For early spring seeded crops terminate the cover crop either in late fall or as early as possible in the spring prior to planting. | <p>RMA Designated Summer Fallow Practice</p> <ul style="list-style-type: none"> * For summer seeded or fall seeded crops terminate the cover crop at least 90 days prior to planting. * For early spring seeded crops terminate the cover crop either in late fall or as early as possible in the spring prior to planting. | |

Conservation Compliance for Crop Insurance

The Agricultural Act of 2014 (2014 Farm Bill) applies conservation compliance to Federal crop insurance **premium subsidy** eligibility requirements.

Conservation Compliance for Crop Insurance

All persons must provide a certification of compliance (Form AD-1026) on or before June 1 to be eligible for premium subsidy for the following reinsurance year (beginning July 1). Additional forms and documents may be required depending on the operation and whether the person has an interest in land that produces or could produce an agricultural commodity.

For conservation compliance purposes, an agricultural commodity is defined as a crop which is planted and produced by annual tilling of the soil, including tilling by one-trip planters; or sugarcane. Vegetable crops that are annually tilled are considered agricultural commodities.

Conservation Compliance for Crop Insurance

Form AD-1026, also called a “certification of compliance,” is the form completed to certify compliance with the Highly Erodible land Conservation and Wetland Conservation provisions, and is used by FSA to make referrals to NRCS for highly erodible land and wetland determinations.

Conservation Compliance for Crop Insurance

A person must have an AD-1026 on file by **June 1, 2015** and be in compliance with the conservation compliance provisions to be eligible for 2016 crop insurance premium subsidies.

Conservation Compliance for Crop Insurance

If an AD-1026 is already on file and the information is still current, no further action is necessary.

Once filed, Form AD-1026 does not have to be refiled or updated unless the person makes changes to their land/operation that changes their certification.

Conservation Compliance for Crop Insurance

Persons new to conservation compliance provisions are to file Form AD- 1026 at the local USDA Service Center indicating they will not:

- Plant or produce an agricultural commodity on highly erodible land without an approved conservation plan;
- Plant or produce an agricultural commodity on a converted wetland; or
- Convert a wetland to make possible the production of an agricultural commodity

Conservation Compliance for Crop Insurance

Producers are responsible for notifying the Farm Service Agency (FSA) when making any changes to their land/operation that may affect their compliance certification. If an AD-1026 is on file and needs updating, revise the AD-1026 at the local USDA Service Center to start the process with NRCS to determine whether a conservation plan or wetland determination is needed.

Conservation Compliance for Crop Insurance

Land designated as HEL must be protected from excessive soil erosion when used to produce agricultural commodities by implementing and maintaining a set of conservation practices in an NRCS approved conservation plan.

Contact NRCS for assistance with conservation plan development.

Conservation Compliance for Crop Insurance

Before installing new drainage, modifying drainage or manipulating land that might impact a wetland, file or update Form AD-1026 with FSA to initiate a NRCS Wetland Determination, unless one already exists.

Eligibility for a Federal crop insurance premium subsidy is not affected by wetland conversions that were completed, as determined by NRCS, before Feb. 7, 2014.

If a person converted a wetland after Feb. 7, 2014, as determined by NRCS, they are ineligible for Federal crop premium subsidy, unless an exemption applies. A person who converts a wetland after Feb. 7, 2014, as determined by NRCS, may regain eligibility for Federal crop insurance premium subsidy

Conservation Compliance for Crop Insurance

If a person converted a wetland after Feb. 7, 2014, as determined by NRCS, they are ineligible for Federal crop premium subsidy, unless an exemption applies. A person who converts a wetland after Feb. 7, 2014, as determined by NRCS, may regain eligibility for Federal crop insurance premium subsidy by:

- Paying a fee to NRCS. This option is only available when the wetland conversion impacts less than 5 acres of an entire farm. Paying this fee does not make the person eligible for other USDA program benefits subject to conservation compliance.

- Mitigating the lost wetland functions by restoring previously degraded wetlands or by creating new wetlands. Mitigation sites may be created, restored, or maintained on the producer's land, another person's land, or land held by a mitigation bank. Mitigation plans must be approved by NRCS.

Conservation Compliance for Crop Insurance

Does a violation of the HELC or WC provisions on one of my farms result in ineligibility for premium subsidy only on the crops on that farm or will I be ineligible for premium subsidy on all my crop insurance policies?

A violation of the HELC or WC provisions on any acreage will result in ineligibility for premium subsidy for all crop insurance policies under the federal crop insurance program, unless you meet the requirements for an exemption that limits the ineligibility.

(See “Conservation Compliance and Crop Insurance FAQs” dated September 17, 2014 @ <http://www.rma.usda.gov/help/faq/conservationcompliance.html>)

Conservation Compliance for Crop Insurance

Again , Very Important:

A person must have an AD-1026 on file by **June 1, 2015** and be in compliance with the conservation compliance provisions to be eligible for 2016 crop insurance premium subsidies.

Conservation Compliance for Crop Insurance

The following is a link to the location on the RMA website where more information can be found regarding Conservation Compliance. Also, you can find additional information on other RMA program changes for 2015 and succeeding crop years.

<http://www.rma.usda.gov/news/currentissues/farmbill/>

If you have any questions:

Larry McMaster
USDA – Risk Management Agency
803 Liberty Road
Flowood, MS 39232

Phone: 601-965-4771

FAX: 601-965-4517

larry.mcmaster@rma.usda.gov