Module Three

Managing Production Risk

MODULE 3

MANAGING PRODUCTION RISK

Learning Objectives:

Given a discussion of production risks, participants will:

be able to define production risks for their farm and select strategies to manage those risks using the Risk Assessment and Strategy Worksheet.

Given an overview of crop insurance, participants will:

a) be able to state at least three of four parts of the insurance cycle
b) be able to name at least three different types of crop insurance available in their county
c) be able to make a decision in conjunction with their management team on whether any given crop insurance vehicle is a risk management tool for their farm.

Worksheets

Information for you

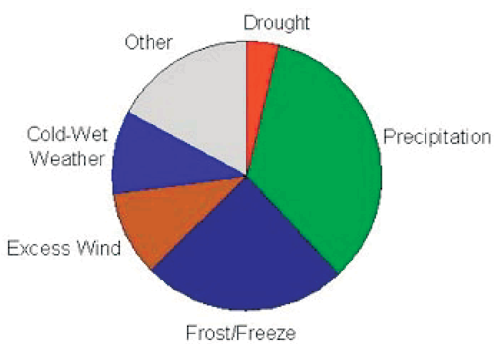
Resources

MANAGING PRODUCTION RISK

The major sources of production risks are weather, pests, diseases, the interaction of technology with other farm and management characteristics, genetics, machinery efficiency, and the quality of inputs. Following are some risk management strategies you can consider to lower production risks.

What Risks Do Farmers Face?

Millions of dollars are paid out for crop losses each year.



Historically, the major perils affecting farmers in the West are precipitation, freeze, and wind.

Most other risks for growers are horticulturally-based — fertility, pests, diseases — or market-based — supply and demand, loss of a market, transportation problems.

Specialty crop growers have traditionally used non-insurance vehicles to manage risk. Crop diversification is the primary tool. Orchardists planted multiple varieties to ripen over a period of time mitigating the risk of losing the entire crop to pests or weather. Vegetable growers used succession and timed planting to reduce their pest and weather risks and spread their harvest over time. Again, crop diversity played a large role in the risk reduction strategy of specialty crop growers.

With the advent of the Farmers' Direct Marketing Program in California, second-career farmers and people of color were able to enter the farming profession on a small but economically-viable scale. Again, crop diversity coupled with niche crops has been the risk management tools of choice.

With the change brought about in the 1996 Farm Bill and the advent of the USDA Small Farm Program. The entire Department began looking for ways to assist the 70% of US farms that can be defined as small. One of the outcomes has been the increase in pilot programs for crop and revenue insurance vehicles available to specialty crop and animal producers — the dominant agriculture of small farms.

A History of the Crop Insurance Program[1]

Congress first authorized Federal crop insurance in the 1930s along with other initiatives to help agriculture recover from the combined effects of the Great Depression and the Dust Bowl. The Federal Crop Insurance Corporation (FCIC) was created in 1938 to carry out the program. Initially, the program was started as an experiment, and crop insurance activities were mostly limited to major crops in the main producing areas. Crop insurance remained an experiment until passage of the Federal Crop Insurance Act of 1980.

The 1980 Act expanded the crop insurance program to many more crops and regions of the country. It encouraged expansion to replace the free disaster coverage (compensation to farmers for prevented planting losses and yield losses) offered under Farm Bills created in the 1960s and 1970s, because the free coverage competed with the experimental crop insurance program. To encourage participation in the expanded crop insurance program, the 1980 Act authorized a subsidy equal to 30 percent of the crop insurance premium limited to the dollar amount at 65 percent coverage.1

Although more farmers took part in the program after passage of the 1980 Act, it did not achieve the level of participation that Congress had hoped for. Therefore, after a major drought in 1988, ad hoc disaster assistance was authorized to provide relief to needy farmers. Another ad hoc disaster bill was passed in 1989. A third one enacted in 1992 gave farmers the option of claiming disaster losses on a farm-by-farm basis for any year between 1990 and 1992. An extremely wet and cool growing season in 1993 caused more losses, and Congress passed yet another ad hoc disaster bill. However, dissatisfaction with the annual ad hoc disaster bills that were competing with the crop insurance program led to enactment of the Federal Crop Insurance Reform Act of 1994.

The 1994 Act made participation in the crop insurance program mandatory for farmers to be eligible for deficiency payments under price support programs, certain loans, and other benefits. Because participation was mandatory, catastrophic (CAT) coverage was created. CAT coverage compensated farmers for losses exceeding 50 percent of an average yield paid at 60 percent of the price established for the crop for that year. The premium for CAT coverage was completely subsidized. Participants paid $50 per crop per county subject to maximum amounts for multiple crops and counties insured by the same individual. Subsidies for higher coverage levels were increased.

In 1996, Congress repealed the mandatory participation requirement. However, farmers who accepted other benefits were required to purchase crop insurance or otherwise waive their eligibility for any disaster benefits that might be made available for the crop year. These provisions are still in effect.

In the same year, the Risk Management Agency (RMA) was created to administer FCIC programs and other non-insurance-related risk management and education programs that help support U.S. agriculture.

Participation in the crop insurance program increased significantly following enactment of the 1994 Act.2 For example, in 1998, more than 180 million acres of farmland were insured under the program. This is more than three times the acreage insured in 1988, and more than twice the acreage insured in 1993. According to estimates by the USDA National Agricultural Statistics Service, in 1998, about two-thirds of the country's total planted acreage of field crops (except for hay) was insured under the program. The liability (or value of the insurance in force) in 1998 was $28 billion, the largest amount since the inception of the program. The total premium, which includes subsidy, and the premium paid by insured persons (nearly $950 million) were also record figures.

In 2000, Congress enacted legislation that expanded the role of the private sector allowing entities to participate in conducting research and development of new insurance products and features.

With the expansion of the contracting and partnering authority, RMA can enter into contracts or create partnerships for research and development of new and innovative insurance products. Private entities may also submit unsolicited proposals for insurance products to the Board for approval. If approved by the Board, these unsolicited insurance products could receive reimbursement for research, development and operating costs, in addition to any approved premium subsidies and reinsurance. After three years the private entity may elect to retain ownership of the insurance product and charge a fee, as approved by the Board, to other insurance providers who sell the product or elect to transfer ownership of the product to RMA.

Restrictions on the development of insurance products for livestock were removed.

Authority was added to allow the Board of Directors to create an expert review panel to provide assistance to the Board in evaluating new insurance products for feasibility and actuarial soundness.

Premium subsidies were increased to encourage producers to purchase higher insurance coverage levels and to make the insurance program more attractive to prospective producers.

How the Program Works

The crop insurance contract. A crop insurance contract is a commitment between insured farmers and their insurance providers. Either party has the right to cancel or terminate the contract at the end of each crop year.3 Unless the contract is canceled; it is normally automatically renewed the next year.

Under the contract, the insured farmer agrees to insure all the eligible acreage of a crop planted in a particular county. This choice is made county-by-county and crop-by-crop. All eligible acreage must be insured to reduce the potential for adverse selection against the insurance provider. Adverse selection generally exists whenever the insured person has better knowledge of the relative riskiness of a particular situation than the insurance provider does.

The insurance provider agrees to indemnify (that is, to protect) the insured farmer against losses that occur during the crop year. In most cases, the insurance covers loss of yield exceeding a deductible amount. Losses must be due to unavoidable perils beyond the farmer's control.

Over the last few years, products that combine yield and price coverage have been introduced. These products cover loss in value due to a change in market price during the insurance period, in addition to the perils covered by the standard loss of yield coverage.

Crop insurance policies also typically indemnify the insured person for other adverse events, such as the inability to plant or excessive loss of quality due to adverse weather. The nature and scope of this "helper" coverage vary depending on the crop. This is because of the differences in crops' individual natures.

Publication of policies. Crop insurance contracts developed by FCIC are published in the Code of Federal Regulations (CFR). Policies may also be developed by commercial, private sector insurance providers. If approved by FCIC, privately developed policies may replace or supplement the policies developed by FCIC. However, these policies are not published as regulations. Instead, a notice of availability is published in the CFR.

Government and private sector roles. FCIC's mission is to encourage the sale of crop insurance — through licensed private agents and brokers — to the maximum extent possible. FCIC also provides reinsurance (subsidy) to approved commercial insurers who insure agricultural commodities using FCIC-approved acceptable plans. Since 1998, the private insurance companies reinsured by FCIC have sold and serviced all Multiple Peril Crop Insurance authorized under the Federal Crop Insurance Act.

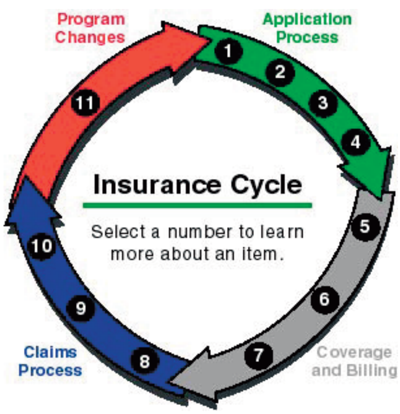
Since there is both public and private sector involvement in the crop insurance program, these relationships result:

A contract of insurance exists between insured farmers and their commercial insurance providers.

Premium rates and insurance terms and conditions are established by FCIC for the products it develops, or established with FCIC approval for products developed by insurance providers.

Reinsurance agreements (cooperative financial assistance arrangements) exist between FCIC and the commercial insurance providers.

The Yearly Insurance Cycle



RMA and insurance industry activities follow a timetable known as the insurance cycle. The cycle begins when RMA releases information about insurance products for the next crop year, and ends with changes to the program for the following year.

Policy Renewal/Change Options/ Application

The Insurance Cycle begins each year with the insurance offer. Actuarial documents are published annually by the Risk Management Agency (RMA). The actuarial documents list the plan of insurance, crop, type, variety, and practice that may be insured in a state and county, and show the amounts of insurance, available insurance options, levels of coverage, price elections, applicable premium rates, and subsidy amounts. The Special Provisions of Insurance list program calendar dates, and general and special statements that may further define, limit, or modify coverage.

Sales Closing/Cancellation/Termination Dates

Insurance applications must be completed and signed no later than the sales closing date specified in the crop actuarial documents. Applications signed after the crop sales closing date may be rejected by the insurance provider. Insurance coverage is continuous and can be cancelled by either the insurance provider or the policyholder for the following crop year by providing a written notice to the other party no later than the cancellation date specified in the crop policy. For a policyholder insured the previous crop year, any changes he or she wishes to make to the policy coverage must be made on or before the crop sales closing date. The policy will automatically renew for the subsequent crop year unless the policyholder cancels the policy in writing on or before the crop cancellation date. Insurance coverage may be terminated by the insurance provider for the following crop year for nonpayment of outstanding debt by providing a written notice to the policyholder no later than the termination date specified in the crop policy. The insurance provider may terminate coverage on a crop if no premium is earned for three consecutive years.

Acceptance

Upon receipt of a properly completed and timely submitted insurance application, the insurance provider will accept and process the application, unless the applicant is determined to be ineligible under the contract or Federal statute or regulation. The insurance provider will issue a summary of coverage and the appropriate policy documents to the applicant. After the application is accepted, the policyholder may not cancel the policy for the initial crop year.

Insurance Attaches

For annual crops, insurance attaches annually when planting begins on the insurance unit. The crop must be planted on or before the crop's published final planting date unless late or prevented planting provisions apply. If prevented planting provisions apply, and the crop cannot be timely planted due to the causes specified in the crop provisions, such acreage may be eligible for a prevented planting payment. For perennial crops, insurance attaches each crop year on the calendar date specified in the crop provisions.

Acreage Reports

The policyholder must annually report for each insured crop in the county the number of insurable and uninsurable acres planted or prevented from being planted if prevented planting is available for the crop, the date the acreage was planted, share in the crop, the acreage location, farming practices used, and types or varieties planted to the insurance provider on or before the applicable acreage reporting date specified in the crop actuarial documents. This report is used by the insurance provider to establish the amount of coverage and premium for the crop. Insurance providers may deny coverage if the acreage report is filed after the applicable crop acreage reporting date.

Summary of Coverage

The insurance provider will process a properly completed and timely filed acreage report, and issue to the policyholder a summary of coverage that specifies the insured crop, the insured acres and amount of insurance or guarantee for each insurance unit. The policyholder may make changes to the filed acreage report, if permitted by the insurance provider.

Premium Billing

The annual premium is earned and payable at the time insurance coverage begins. The insurance provider shall issue a premium billing based upon the information contained in the acreage report no earlier than the premium billing date specified in the crop actuarial documents. The premium billing will specify the amount of premium and any administrative fees that may be due. If the premium or administrative fees are not paid by the date specified in the actuarial documents or policy, the insurance provider may assess interest on the outstanding premium balance.

Notice of Damage or Loss

A written notice of damage or loss for each unit is to be filed by the policyholder within 72 hours of the policyholder's initial discovery of damage or loss but not later than 15 days after the calendar date for the end of the insurance period unless otherwise stated in the individual crop policy. The policyholder should refer to the individual crop provisions for additional requirements in the event of damage or loss. These notifications provide the opportunity for the insurance provider to inspect the crop and determine the extent of damage or potential production before the crop is harvested or otherwise disposed of.

Inspection

After the insurance provider receives the written notice of damage or loss, it will be processed and, if necessary, a loss adjuster will be sent to inspect the damaged crop and gather pertinent information concerning the damage. If the policyholder wishes to destroy or not harvest the crop, the loss adjuster will gather the appropriate information, conduct an appraisal to establish the crop's remaining value and complete any forms needed. If the crop has been harvested or will not be harvested by the end of the insurance period, and the policyholder wishes to file a claim for indemnity, the loss adjuster will gather the appropriate information and assist the policyholder in filing the claim for indemnity. It is the policyholder's responsibility to establish the time, location, cause, and amount of any loss.

Indemnity Claim

After the claim for indemnity is processed by the insurance provider, an indemnity check and a summary of indemnity payment will be issued showing any deductions to the amount of indemnity for outstanding premium, interest, or administrative fees.

Contract Change Date

Changes to the insurance program may be made by RMA from one year to the next. The insurance provider will notify the policyholder in writing of any changes to the policy, actuarial documents, or the Special Provisions of Insurance prior to the calendar date for contract changes specified in the crop policy. The policyholder will have the opportunity to review the changes and, if he/she desires, continue the insurance coverage for the following crop year, change the policy coverage, or cancel the insurance coverage. Any changes to the policy coverage that the policyholder makes must be made no later than the crop sales closing date. If the policyholder wishes to cancel the policy, a written notice must be submitted to the insurance provider on or before the crop cancellation date.

Types of Crop Insurance available to California Specialty Crop Growers

Crop insurance provides two important benefits. It ensures a reliable level of cash flow and allows more flexibility in your marketing plans; if you can insure some part of your expected production, that level of production can be forward-priced with greater certainty, creating a more predictable level of revenue.

Farmers can take a base level coverage (Multiple Peril Crop Insurance) that covers against a 50% loss for an administrative cost. Farmers also have the option of taking additional coverage at additional cost that is still subsidized by the USDA.

Think of your car insurance as an example. You can carry $1000 deductible collision insurance that is much cheaper than $250 deductible. You collect indemnity payments for the portion of a crop that is covered by insurance. If you want greater coverage, you pay a higher premium. Other crop insurance options include Crop Revenue Coverage that protects both against yield and price losses. This insurance protects against crop losses and against a downturn in commodity prices.

For those crops which are not insurable, or for which insurance is not available in an area, producers can apply for the Noninsured Assistance Program (NAP). NAP provides coverage roughly similar to the CAT level of crop insurance. Although NAP requires no administrative fee, it must be applied for prior to planting. Producers should file an annual acreage and production report with the local USDA Farm Service Agency (FSA) office.

Although polices are purchased through private insurance companies, the rates are subsidized by the USDA to make policies more affordable for farmers. Subsidies tend to benefit those producers most who invest in higher levels of coverage. Coverage for any given crop must be arranged before its sales closing date.

There are additional non-subsidized crop risk protection policies available to cover specific risks that may be more prevalent in any given area. Examples of private, non-subsidized crop insurance programs include crop-hail insurance, which offers protection for one specific peril (hail), and various products that supplement federally subsidized insurance.

Part of a crop damaged by hail might be less than the deductible on an MPCI policy. In this instance, crop-hail insurance can fill the coverage gap. An MPCI policy protects against losses severe enough to significantly drop the whole farm's yield average. Crop-hail insurance, on the other hand, gives supplemental, acre-by-acre protection that more accurately reflects the actual cash value of damage from the hail.

Transfers the Risk of Failure in Quality or Quantity -

Management of yield or price risk through the purchase of crop insurance transfers risk from you to others for a price that is stated as an insurance premium. Crop insurance is an example of a risk management tool that not only protects against losses but also offers the opportunity for more consistent gains. When used with a sound marketing program, crop insurance can stabilize revenues and potentially increase average annual profits.

Crop insurance is like any kind of insurance. You pay a premium for coverage and collect indemnity payments if you have the "accident" you are insuring against. In reality, you hope to never to collect anything from your insurance company because you didn't have an "accident."

Think about your life insurance. Are you disappointed each night because another day went by and you didn't get to collect on your life insurance policy? The same is true of crop insurance. You are better off if you never have to collect on crop insurance because that means you did not incur a crop loss. You spent the premium but you have the assurance that you are covered if a loss does occur.

Another program being offered on a trial basis is Adjusted Gross Revenue Insurance. This program is based more on protecting income and can prevent large variations in income because of crop losses or market losses. It's available in eight (8) California counties in 2002-2003. Unfortunately, it has a January 31, 2003 sales closing date.

One Option in a Production Risk Management Strategy

Buying a crop insurance policy is one risk management option. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies to insure the best possible outcome each crop year. Crop insurance agents and other agribusiness specialists in the private and public sectors can assist farmers in developing a good management plan.

It's an Individual Decision

Is crop insurance for everyone? No, but it is an option that is available for today's capitalized farmer. What can you afford to lose from a crop disaster? Have you taken every precaution to reduce any chance of experiencing crop losses? If you cannot afford to take the chance of a loss, then maybe crop insurance is something you should check into. Ask if your crops are covered. Ask what is the cost for different levels of coverage. Is the cost worth the potential risk of not carrying insurance? Remember, insurance is not used to guarantee a profit but rather to protect ourselves against losses we cannot afford to bear.

Crop insurance products can help you manage risk by supporting income in bad times.

But building that net costs money. Ask yourself:

- How much coverage do I need for adequate cashflow?
- Which crop insurance product will best complement my marketing plan?
- What are the implications crop loss on my ability to meet my debt obligations?
- What are the major sources of production risk and what type of crop insurance coverage do I need to protect against those risks?
- What are the costs of the various types of coverage and which offers the best protection for the level of coverage I need?

The government provides substantial subsidies for many crop insurance products. This reduces the cost that you have to pay to build a safety net to cover crop losses or revenue losses.

To find a crop insurance agent in your area, go to this web page at the Risk Management Agency

Sales Close Dates by County

Crop Year 2003

DAVIS RO

County	SEP 30	OCT 31					NOV 20				NOV 30		DEC 31		
	Cultivated Wild Rice	Alfalfa Seed	Barley	Forage Production	Oats	Wheat	Apple	Berries	Cherries	Citrus	Avocado	Potatoes	Almonds	Macadamia Trees/Nuts	Safflower
Alameda			☑		☑	☑									
Alpine															
Amador			☑			☑									
Butte			☑			☑							☑		
Calaveras															
Colusa			☑	☑		☑							☑		☑
Contra Costa			☑			☑	☑								
Del Norte															
El Dorado							☑								
Fresno			☑	☑	☑	☑	☑			☑			☑		☑
Glenn			☑	☑		☑				☑			☑		
Humboldt															
Imperial				☑		☑				☑					
Inyo															
Kern			☑	☑		☑	☑			☑		☑	☑		
Kings		☑	☑	☑		☑	☑						☑		☑
Lake															
Lassen	☑			☑		☑									
Los Angeles			☑			☑									
Madera			☑	☑		☑	☑			☑			☑		
Marin															
Mariposa															
Mendocino							☑								
Merced			☑	☑	☑	☑	☑						☑		
Modoc	☑			☑		☑									
Mono				☑											
Monterey			☑			☑		☑		☑					
Napa															
Nevada															
Orange										☑	☑				

County	JAN 31													FEB 1
	AGR	Cherries	Chile Peppers	Fresh Market Tomatoes	Grapes	Pears	Plums	Potatoes	Prunes	Processing Tomatoes	Stonefruit	Table Grapes	Walnuts	Onions
Alameda					☑									
Alpine														
Amador					☑								☑	
Butte									☑		☑		☑	
Calaveras					☑								☑	
Colusa					☑				☑	☑			☑	
Contra Costa					☑					☑	☑		☑	
Del Norte														
El Dorado					☑	☑								
Fresno	☑			☑	☑		☑		☑	☑	☑	☑	☑	
Glenn					☑				☑	☑			☑	
Humboldt														
Imperial												☑		
Inyo														
Kern	☑				☑		☑			☑	☑	☑	☑	
Kings				☑	☑		☑			☑	☑	☑	☑	
Lake					☑	☑							☑	
Lassen														
Los Angeles														
Madera					☑		☑		☑	☑	☑	☑	☑	
Marin					☑									
Mariposa														
Mendocino					☑	☑								
Merced				☑	☑		☑		☑	☑	☑		☑	
Modoc														☑
Mono														
Monterey				☑	☑									
Napa					☑									
Nevada					☑									
Orange														

County	FEB 28										MAR 15						MAR 31	MAY 31		JUL 31			AUG 31
	Barley	Corn	Cotton	Dry Beans	ELS Cotton	Figs	Grain Sorghum	Rice	Spring Wheat	Sweet Potatoes	Corn	Oats	Processing Beans	Safflower	Sugar Beets	Potato	Sugar Beets	Nursery	Potatoes	Forage Seeding	Raisins	Strawberries	Suger Beets
Alameda																		☑					
Alpine																		☑					
Amador																		☑					
Butte		☑		☑				☑									☑	☑					
Calaveras																		☑					
Colusa			☑	☑				☑			☑						☑	☑					
Contra Costa		☑																☑					
Del Norte																		☑					
El Dorado																		☑					
Fresno		☑	☑	☑	☑	☑		☑										☑			☑	☑	
Glenn		☑	☑	☑			☑	☑									☑	☑					
Humboldt																		☑					
Imperial			☑														☑	☑					
Inyo																		☑					
Kern		☑	☑	☑	☑	☑											☑	☑			☑		
Kings		☑	☑	☑	☑												☑	☑					
Lake																		☑					
Lassen	☑											☑						☑					
Los Angeles																		☑					
Madera		☑	☑	☑		☑											☑	☑			☑		
Marin																		☑					
Mariposa																		☑					
Mendocino																		☑					
Merced		☑	☑	☑		☑		☑		☑							☑	☑			☑	☑	
Modoc	☑											☑			☑	☑	☑	☑					
Mono																		☑					
Monterey				☑														☑					
Napa																		☑					
Nevada																		☑					
Orange																		☑					

Updated
11/21/2002

This document gives only an unofficial overview of the crop insurance program and is not a complete guide.
For further information and an evaluation of your risk management needs, contact a crop insurance agent.

Sales Close Dates by County

Crop Year 2003

DAVIS RO

	SEP 30	OCT 31					NOV 20				NOV 30		DEC 31		
	Cultivated Wild Rice	Alfalfa Seed	Barley	Forage Production	Oats	Wheat	Apple	Berries	Cherries	Citrus	Avocado	Potatoes	Almonds	Macadamia Trees/Nuts	Safflower
Placer						☑									
Plumas															
Riverside			☑	☑	☑	☑				☑	☑				
Sacramento			☑	☑	☑	☑									☑
San Benito			☑												
San Bernardino			☑	☑						☑					
San Diego			☑			☑				☑	☑				
San Francisco															
San Joaquin			☑	☑	☑	☑	☑						☑		☑
San Luis Obispo			☑		☑	☑				☑	☑				
San Mateo															
Santa Barbara			☑			☑				☑	☑				
Santa Clara			☑			☑									☑
Santa Cruz							☑	☑							
Shasta	☑			☑		☑									
Sierra															
Siskiyou				☑											
Solano			☑	☑	☑	☑							☑		☑
Sonoma					☑		☑								
Stanislaus			☑	☑	☑	☑	☑						☑		
Sutter	☑		☑	☑	☑	☑	☑						☑		☑
Tehama			☑	☑	☑	☑							☑		
Trinity															
Tulare			☑	☑	☑	☑	☑			☑			☑		☑
Tuolumne															
Ventura			☑							☑	☑				
Yolo			☑	☑	☑	☑							☑		☑
Yuba						☑							☑		

	JAN 31												
	AGR	Cherries	Chile Peppers	Fresh Market Tomatoes	Grapes	Pears	Plums	Potatoes	Prunes	Processing Tomatoes	Stonefruit	Table Grapes	Walnuts
Placer							☑						☑
Plumas													
Riverside	☑				☑			☑		☑		☑	
Sacramento					☑	☑				☑			
San Benito					☑					☑	☑		☑
San Bernardino												☑	
San Diego	☑												
San Francisco													
San Joaquin	☑	☑		☑	☑	☑				☑	☑	☑	☑
San Luis Obispo	☑				☑								☑
San Mateo													
Santa Barbara					☑								☑
Santa Clara					☑				☑	☑	☑		☑
Santa Cruz					☑								
Shasta													☑
Sierra													
Siskiyou													
Solano					☑	☑			☑	☑	☑		☑
Sonoma					☑				☑				
Stanislaus		☑		☑	☑					☑	☑		☑
Sutter						☑			☑	☑	☑		☑
Tehama									☑				☑
Trinity													
Tulare	☑				☑		☑		☑	☑	☑	☑	☑
Tuolumne													
Ventura	☑												
Yolo					☑	☑			☑	☑	☑		☑
Yuba						☑			☑		☑		☑

	FEB 1	FEB 28										MAR 15						MAR 31	MAY 31		JUL 31			AUG 31
	Onions	Barley	Corn	Cotton	Dry Beans	ELS Cotton	Figs	Grain Sorghum	Rice	Spring Wheat	Sweet Potatoes	Corn	Oats	Processing Beans	Safflower	Sugar Beets	Potato	Sugar Beets	Nursery	Potatoes	Forage Seeding	Raisins	Strawberries	Suger Beets
Placer									☑										☑					
Plumas																			☑					
Riverside			☑	☑		☑													☑					
Sacramento			☑		☑			☑	☑									☑	☑					
San Benito																			☑					
San Bernardino				☑															☑					
San Diego																			☑					
San Francisco																			☑					
San Joaquin			☑		☑				☑									☑	☑	☑	☑			
San Luis Obispo																			☑					
San Mateo																			☑					
Santa Barbara					☑														☑				☑	
Santa Clara																			☑					
Santa Cruz																			☑					
Shasta		☑											☑						☑					
Sierra																			☑					
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Tehama			☑		☑				☑										☑					
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Tulare			☑	☑	☑	☑		☑											☑			☑		
Tuolumne																			☑					
Ventura																			☑				☑	
Yolo			☑	☑	☑			☑	☑									☑	☑		☑			☑
Yuba			☑						☑										☑					

Updated
11/21/2002

This document gives only an unofficial overview of the crop insurance program and is not a complete guide.
For further information and an evaluation of your risk management needs, contact a crop insurance agent.

USDA/RMA—MULTIPLE PERIL CROP INSURANCE[2]

Multiple Peril Crop Insurance (MPCI) provides comprehensive protectionagainst weather-related causes of loss and certain other unavoidable perils. Coverage is available on over 76 crops in primary production areas throughout the U.S. at 50 to 75 percent of the actual production history (APH) for the farm. Coverage levels of 80 and 85 percent are available for some crops if indicated on the actuarial documents for the county. An indemnity price election from 55 to 100 percent of the Federal Crop Insurance Corporation expected market price (when available on the crop) is selected at the time of purchase. Minimum Catastrophic Risk Protection (CAT) coverage is available for an administrative fee of only $100 per crop per county. MPCI coverage provides protection against low yields and poor quality as well as prevented planting, late planting, and replanting costs for most crops..

Yield Guarantee

The yield guarantee is the historical actual production history (APH) yield times the level of coverage, times the insured acreage, times the insured's share. The APH yield is determined from producer production records for a minimum of 4, up to 10 consecutive crop years. For producers who provide less than 4 years of actual yields, variable Transitional "T" Yields are used to complete the 4-year database. However, the approved APH yield for producers who elect not to supply records is limited to 65 percent of the applicable "T" Yield for the first year the producer is insured.

Production To Count

Production to count is all harvested and appraised production for the unit. Appraised production includes, but is not limited to, production lost to uninsured causes, and mature unharvested production (may be adjusted for quality deficiencies and excess moisture).

Units

A unit is defined as that acreage of the insured crop in the county which is taken into consideration when determining the guarantee, premium, and the amount of any indemnity (loss payment) for that acreage. The basic insurance unit is all insurable acreage of the insured crop in the county on the date coverage begins for the crop year in which the producer has a 100 percent share or which is owned by one entity and operated by another specific entity on a share basis. Basic units may be further divided into optional units. Optional units are determined by section, section equivalents, FSA Farm Serial Number, noncontiguous land (for certain perennial crops) and irrigated and non-irrigated practices. When the policy allows, optional units may be established, provided the crop is planted in a manner that results in a clear and discernible break in the planting pattern at the boundaries of each optional unit, and the producer keeps separate identifiable records of planted acreage and harvested production for each optional unit.

Contract Changes

MPCI is a continuous policy and will remain in effect for each crop year following the acceptance of the original application. Producers may cancel the policy, a crop, a county, or a specific crop in a specific county, after the first effective crop year, by providing written notice to the insurance provider on or before the cancellation date shown in the applicable crop provisions. Producers must request policy changes from their insurance provider on or before the sales closing date for a change of price election or coverage level. In addition, requests to increase the maximum eligible prevented planting acreage above the limitations contained in the crop policy must be made by the sales closing date for the applicable crop. Contract changes involving a successor-in-interest application and corrections of a producer's name, address, identification number, administrator, etc. may be made at any time.

Reporting of Acreage and Crop Damage

Each crop year the producer is required to submit an acreage report by unit for each insured crop. The acreage report must be signed and submitted by the producer on or before the acreage reporting date contained in the Special Provisions for the county for the insured crop. In the event of crop damage, producers should immediately notify their insurance provider of the damage.

Crop Availability

Crops covered by MPCI are as follows: almonds, apples, beans (processing) canola/rapeseed, citrus, citrus trees, corn, grain sorghum, soybeans, upland cotton, extra long staple cotton, cranberries, dry beans, figs, forage seeding, forage production, grapes and table grapes, hybrid seed corn and hybrid sorghum see, macadamia nuts and trees, nursery, onions, peaches, peanuts, pears, peas (dry and green), fresh market peppers, plums, popcorn, potatoes, prunes, raisins, rice, safflower, small grains (wheat, barley, oats, rye, flax), stone fruit (apricots, fresh and processing peaches, fresh nectarines), sugar beets, sugarcane, sunflower seeds, sweet corn (fresh market and processing), tobacco, tomatoes (fresh market processing), and walnuts.

MPCI Benefits

MPCI benefits include cash-flow protection, good loan collateral, added confidence when developing crop marketing plans, stability for long-term business plans and family security. The Government shares in the premium costs.

Where to Purchase MPCI

All MPCI insurance policies are available from private insurance agents.

Mention of product names or firms does not necessarily constitute endorsement by the Risk Management Agency or the U.S. Department of Agriculture over others not mentioned, and is for information purposes only.

To find a crop insurance agent in your area, go to this web page at the Risk Management Agency

http://www3.rma.usda.gov/apps/agents/

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
Risk Management Agency (RMA)

COVERAGE FOR ORGANICALLY GROWN INSURABLE CROPS

FACT SHEET - August 2001

USDA SETS GUIDELINES TO PROVIDE CROP INSURANCE FOR ORGANIC FARMING PRACTICES

The Agricultural Risk Protection Act of 2000 (ARPA) provides that organic farming practices be recognized as good farming practices. Prior to this ruling, crop insurance policies may not have covered production losses when organic insect, disease, and/or weed control measures were used and such measures were not effective.

Written Agreements

The Federal Crop Insurance Corporation (FCIC) is currently revising the Basic Provisions to reflect the modifications made by ARPA. Until specific insurance program procedures are set in place and for the crop year 2002, USDA's Risk Management Agency (RMA) will recognize organic farming practices as good farming practices by providing coverage for organic producers by written agreement. Written agreements are not available for catastrophic risk, income protection, revenue assurance plans of coverage or for pilot program crops, unless permitted by the crop provision.

Coverage Availability

Coverage for organic acreage for crop year 2002 will be available for both transitional and certified organic acreage in accordance with approved underwriting guidelines and procedures. Insurable damage caused by insects, disease or weeds will be covered if recognized organic farming practices fail to provide an effective control. Damage caused by the failure of organic farming practices to control weeds due to an insured cause of loss is also covered. If any acreage does not qualify as a certified organic acreage or transitional acreage location within the unit by the final acreage reporting date, such acreage will be insured under the provisions of the standard policy and applicable rates and coverages for the conventional practice or type in effect on the final acreage reporting date.

Price Election an Dollar Amount of Insurance

The price elections or dollar amounts of insurance applicable to both certified organic acreage and transitional acreage will be the price elections or dollar amounts of insurance published by RMA for the crop for the current crop year. The insured is required to maintain separate APH databases for "conventional and transitional or certified organic acreage. Premiums will be adjusted to recognize any additional risk associated with covering organic crop acreage.

Crop Losses

If a written agreement is not requested for organic farming practices, loss adjustment procedures within the applicable crop insurance policy will apply. Example given: appraisals for uninsured causes of loss will be applied when conventional farming practices would have prevented damage due to insects, disease, or weeds.

Additional Information/Questions

Producers should consult their crop insurance agent to obtain specific information and applicable deadlines. A list of crop insurance agents is available at all USDA Service Centers throughout the U.S. or at the website address: www.rma.usda.gov/tools/agents/

Noninsured Crop Disaster Assistance Program

The Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to eligible producers affected by natural disasters. This federally funded program covers noninsurable crop losses and planting prevented by disasters. (NAP Fact Sheet)

Who is an Eligible Producer?

An eligible producer is a landowner, tenant, or sharecropper who shares in the risk of producing an eligible crop. If you have questions regarding your eligibility, please contact your local Farm Service Agency (FSA) office.

What is an Eligible Crop?

Eligible crops include commercial crops and other agricultural commodities produced for food (including livestock feed) or fiber for which the catastrophic level of crop insurance is unavailable.

Also eligible for NAP coverage are controlled-environment crops (mushroom and floriculture), specialty crops (honey and maple sap), and value loss crops (aquaculture, Christmas trees, ginseng, ornamental nursery, and turfgrass sod).

Please contact a crop insurance agent if you have questions regarding whether a crop is insurable in your county. For questions regarding whether a crop is eligible for NAP coverage, please contact your local FSA office.

What is an Eligible Natural Disaster?

An eligible natural disaster is any of the following:

“ Damaging weather, such as drought, excessive moisture, or hurricane;

“ An adverse natural occurrence, such as earthquake or flood; or

“ A condition related to damaging weather or adverse natural occurrence, such as excessive heat or insect infestation.

The natural disaster must occur before or during harvest and must directly affect the eligible crop.

How Do I Apply for Coverage?

To apply for coverage you must file Form CCC-471, Application for Coverage, and pay the applicable service fees at your local FSA office. The application and service fees must be filed by the application closing date as established by your FSA state committee. **How Much is the Service Fee?**

The service fee is equal to $100 per crop per county, or $300 per producer per county, not to exceed a total of $900 per producer for all counties.

Are Limited Resource Farmers Required to Pay Service Fees?

No. Limited resource producers may request a waiver of service fees. A limited resource producer has:

“ an annual gross income not exceeding $20,000 from all sources (including income from a spouse or other household members) for each of the 2 prior years; or

“ less than 25 cropland acres for all crops, where a majority of the producer’s annual gross income is derived from farming and

“ this income from all farming operations does not exceed $20,000.

What is the Coverage Period for NAP?

The coverage period for NAP may vary depending on whether you grow annual, perennial, or value loss crops.

The coverage period for annual crops begins the later of:

“ 30 days after you apply for coverage and pay the applicable service fees; or

“ the date your crop is planted, not to exceed the final planting date.

and ends the earlier of:

- the date you complete the crop harvest;
- the normal harvest date for the crop;
- the date the crop is abandoned; or
- the date you destroy the entire crop acreage.

The coverage period for perennial crops always begins 30 calendar days after the application closing date and ends the earlier of:

- 10 months from the application closing date;
- the date you complete the crop harvest;
- the normal harvest date for the crop;
- the date the crop is abandoned; or
- the date when you destroy the entire crop acreage.

Please contact your local FSA office for more information on the coverage periods for perennial forage crops, controlled-environment crops, specialty crops, and value loss crops.

What Crop Information Must I Report to Remain Eligible for NAP?

To remain eligible for NAP assistance, you must annually report the following crop acreage information:

- Name of the crop (lettuce, clover, etc.);
- Type and variety (head lettuce, red clover, etc.);
- Location and acreage of the crop (field, sub-field, etc.);
- Your share of the crop and the names of other producers with an interest in the crop;
- Type of practice used to grow the crop (irrigated or non-irrigated);
- Date the crop was planted in each field; and
- Intended use of the commodity (fresh, processed, etc.).

It benefits you to report crop acreage shortly after planting (early in the risk period). It relieves you of the burden of last minute maneuvering to meet reporting deadlines and possible loss of coverage.

In addition, you must annually provide the following production information:

- the quantity of all harvested production of the crop in which you have an interest during the crop year;
- the disposition of the harvested crop, such as whether it is marketable, unmarketable, salvaged, or used differently than intended; and
- verifiable or reliable crop production records (when required).

You must provide your production information in a manner that can be easily understood by your FSA county committee. Questions regarding acceptable production records should be directed to your local FSA office.

Failure to report acreage and production information may result in reduced or zero NAP assistance. Be aware that acreage reporting and final planting dates vary across the United States. Contact your local FSA office for your local dates.

For aquaculture, floriculture, and ornamental nursery operations, you must maintain operational records. Unique reporting requirements apply to beekeepers and producers of Christmas trees, turfgrass sod, maple sap, mushrooms, ginseng, and commercial seed or forage crops. Please contact your local FSA office for these requirements.

How Does FSA Use My Reported Acreage and Production?

FSA uses your acreage report to verify that your crop exists and your number of acres. Also, your acreage report in combination with your production report are used to calculate your approved yield (expected production for a crop year). Your approved yield is the average of your actual production history (APH) for a minimum of 4 to a maximum of 10 crop years (5 years for apples and peaches). To calculate your APH, FSA divides your total production by your crop acreage.

Your approved yield may be calculated using substantially reduced yield data if you do not report acreage and production, or report less than 4 years of crop production.

When a Natural Disaster Strikes, How Do I Apply for a NAP Assistance?

When your crop or planting is affected by a natural disaster, you must notify your local FSA office by completing Part B, Notice of Loss, on Form CCC-576, Application for Payment, within 15 calendar days of the:

- natural disaster occurrence;
- final planting date, if your planting was prevented by a natural disaster;
- date damage to the crop or loss of production becomes apparent to you; or
- the normal harvest date.

To receive NAP benefits, you must complete Form CCC-576, Application for Payment, prior to the application closing date of the subsequent year. The CCC-576 requires you to provide evidence of production and note whether the crop was marketable, unmarketable, salvaged, or used differently than intended.

How Much Production Must Be Lost to Receive a NAP Payment?

The natural disaster must have either:

- reduced your expected unit production of the crop by more than 50 percent; or
- prevented you from planting more than 35 percent of your intended crop acreage.

Expected production is the amount of the crop produced in the absence of a natural disaster. FSA compares expected production to actual production to determine the percentage of crop loss.

What is a Unit?

The NAP unit includes the specific crop acreage in the county in which you have a unique crop interest. A unique crop interest is either:

- 100 percent interest; or
- a shared interest with other producers.

How Much of My Loss Does NAP Cover?

NAP covers the amount of loss greater than 50 percent of your expected production, based on your approved yield and reported acreage. **What Information Does FSA Use to Calculate My Payment?**

Your NAP payment is calculated by unit using:

- Crop acreage;
- Approved yield;
- Net production;
- 55 percent of an average market price for the specific commodity, established by your FSA state committee; and
- A payment factor reflecting the decreasing cost incurred in the production cycle for the crop that is harvested, unharvested, or prevented from being planted.

Where Can I Get More Information?

Further information on NAP is available from your local FSA office or on FSA's web site at: www.fsa.usda.gov

UNDERSTANDING AND DETERMINING APH

The initials APH that you often see in publications and Farm Service Agency (FSA) materials stand for "Actual Production History."

Actual Production History is extremely important to individual producers in determining the benefits that may be received should a crop disaster occur. It is the only tool specialty crop producers can use to prove a unique yield to their operation and possibly be rewarded more than average in the event of a disaster. In addition, APH may also assist in answering questions from lenders in light of a farm expansion or farm restructuring. It may help answer questions such as:

* what is my true cost of production?

* should I expand acreage or put more inputs into my additional acreage?

* which crops I am making money on?

Actual Production History is determined by averaging the annual production yield of a particular crop from your farm for a 4-10 year period. If a producer does not have a minimum of four years production, they may still qualify for Noninsured Crop Disaster Assistance (NAP), however, the benefits will be reduced according to the number of years the crop was grown or reported. Depending on the exact circumstances, you will only be allowed 65-90% of your average county or area yield for years that no production history exists.

It's necessary to report timely and accurately crop acreage and yield for all years of production. Report all information through your local FSA Office. Report acreage and crop type by the crop reporting deadline. Report yield by the following years crop reporting date. You must report annually — skips in reporting years will affect APH and will be considered no yield in that year. Once you begin to report, remember to report each and every year.

Records must be verifiable or reliable. Verifiable records are those that can be verified by sales receipts or other two party documents. Those operations that sell directly to the consumer, such as farmers market sales, are likely to have "reliable" records, but not "verifiable" records. They must reflect day-to-day harvesting and sales by specific crop so the year-end data can be derived from them.

Building an APH is an essential important tool for managing risk, especially if you have not started to report yield data for your farm. There are no fees required to report yield data to build your individual farm crop APH.

Measuring crop acres accurately is extremely important. Report exact crop field acres or measurements. This can be done by multiplying the length times width and dividing by 43,560 (amount of feet in an acre), or count the rows or measuring the row length and multiply them together and divide the amount of row length for the proper row width. A row width of 4 ft. has 10,890 running feet per acre. For example, if a producer has 60 rows of crop, rows 500 feet long, 4 feet apart, there would be 2.75 acres. (60 rows x 500 feet long = 30,000 feet (10890 (feet in a 4 foot row) = 2.75 acres.

A producer may request measurement service from the Farm Service Agency; however, a fee will be charged.

This form is available electronically.

Form Approved - OMB No. 0560-0175

CCC-441 Income
(02-24-00)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

NONINSURED CROP DISASTER ASSISTANCE PROGRAM CERTIFICATION OF INCOME ELIGIBILITY

1. **RETURN TO:** County FSA Office Name and Address

Telephone No. (area code)

2. Name and Address of Person

TO:

3. Crop Year

4. Farm No.

5. Unit No.

If mailing in a window envelope the name and address must be placed above this text.

Instructions:
- **Complete Part A and sign in the area indicated.**
- **Read the information relating to false certification in Part B.**
- **RETURN THIS FORM to the address in item 1 above.** YOU MUST RETURN THIS FORM BEFORE YOUR APPLICATION FOR BENEFITS CAN BE APPROVED.

PART A - CERTIFICATION OF INCOME ***(Revenue definitions are included on Page 2 of this form)***

I certify that for the most recent tax year preceding the crop year for which benefits are requested.

☐ *Fifty percent of my gross annual revenue (receipts) was received from farming; ranching and forestry operations and that my gross annual revenue (receipts) from these operations was not in excess of $2 million.*

☐ *Less than fifty percent of my gross annual revenue (receipts) was received from farming, ranching, and forestry operations and that my gross annual revenue (receipts) from all agricultural and nonagricultural sources was not in excess of $2 million.*

Person Sign Here:

Date (MM-DD-YYYY)

PART B - PENALTY FOR FALSE CERTIFICATION

Evidence that may be required to validate certification may include tax records, accountant's certification, or other documentation that provides the information required. The penalty for false certification is loss of all benefits for the disaster crop year in which the false certification was made.

NOTE: *The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), and the Paperwork Reduction Act of 1980, as amended. The Federal Agriculture Improvement and Reform Act of 1996, and the regulations at 7 CFR Part 1437 authorize the collection of the information required by this certification. The information will be used to establish income eligibility in accordance with the requirements of the law for applicants who are requesting Noninsured Crop Disaster Assistance Program assistance. Providing this information is voluntary; however failure to furnish the requested information will result in a determination of ineligibility for Noninsured Crop Disaster Assistance Program assistance. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court, magistrate, or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0175. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

REVENUE DEFINITIONS

Gross revenue (receipts) from farming, ranching, and forestry, means the gross revenue (receipts) the person received from all agricultural sources. There shall be no adjustments or reductions made in determining gross revenue (receipts) from farming, ranching, and forestry, including nursery operations.

Gross revenue (receipts) from all agricultural and nonagricultural sources means the total revenue received by the person for the tax year from wages, rents, royalties, sales, or any other type of income. This figure must be the gross revenue before ANY adjustments or reductions. For example, if a person buys feeder cattle, fattens them, and sells them, the gross revenue would be the total revenue received when the cattle were sold. There shall be no reduction for such things as the purchase price of the cattle or for feed costs.

EXAMPLES FOR DETERMINATIONS QUALIFYING GROSS REVENUE (RECEIPTS)

Example 1

Situation: Farmer or rancher, A. Bravo's, gross annual revenue from the sale of agriculture production was $50,000. Production expenses for producing these products was $30,000. A. Bravo's gross revenue from farming, ranching and forestry operations is $50,000.

A. Bravo also owns 51 percent of A.B. Grain Co., Inc. The grain company purchased grain from producers for $3,000,000 and sold the grain for $3,050,000. A. Bravo's gross revenue for A.B. Grain Co., Inc., is $3,050,000.

Determination: Less than a majority of A. Bravo's annual revenue was from farming, ranching, and forestry operations; therefore, A. Bravo's qualifying gross revenue is the gross revenue from all sources.

A. Bravo is ineligible for disaster benefits because the qualifying gross revenues exceed $2,000,000 ($50,000 plus $3,050,000 equals $3,100,000).

Example 2

Situation: When a husband and wife are considered one person, the gross revenue from both must be included. C. Doe's gross revenue from farming is $1,000,000. His wife sold clothing costing $600,000 for a total of $1,600,000. Overhead expenses were $150,000. The husband and wife had investment revenue (stocks, bonds, and savings accounts) of $100,000. The qualifying gross revenue is $2,700,000 ($1,000,000 plus $1,600,000 plus $100,000).

Determination: Less than a majority of the producer's gross revenue was from farming, ranching and forestry operations. Therefore, qualifying gross revenue is gross revenue (receipts) from all agricultural and nonagricultural sources. The entity is ineligible to receive disaster benefits.

Example 3

Situation: Shady Farms, Inc., had gross revenues of $1,900,000 from farming. All of this revenue was from the production of grain and livestock. The corporation is owned by Earl E. Floyd and Thelma Floyd, his wife. Earl E. Floyd also had controlling interest in Aerial Application, Inc., an aerial spraying and seeding business. Aerial Applications, Inc., had a gross revenue of $150,000.

Determination: Since a majority of the annual revenue of Shady Farms, Inc., was from farming, ranching, and forestry operations the qualifying gross revenue is $1,900,000.

Shady Farms, Inc., is eligible to receive disaster benefits.

Example 4

Situation: The auction house sold livestock for $30,000. The $30,000 was deposited in a special account set up by the auction house and designated a "Custodial Account for Shippers Proceeds." Funds in this account are trust funds. The only checks that my be written on this account are checks to the sellers of the livestock and checks to the general account of the auction house for marketing charges. To offset the $30,000 deposit, the sellers were paid $29,400 for their livestock, and the auction house was paid $600 for commissions.

Determination: Include only $600 from commissions as gross income for the auction house. Because funds in the custodial account are trust funds, they are not considered gross income for the auction house. The custodial account must be set up according to the Packers and Stockyards Administration regulations.

This form is available electronically.

Form Approved - OMB No. 0560-0175

CCC-576 (07-10-03)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

NOTICE OF LOSS AND APPLICATION FOR PAYMENT NONINSURED CROP DISASTER ASSISTANCE PROGRAM

See Page 2 for Privacy Act and Public Burden Statements.

PART A - GENERAL INFORMATION *(To be completed by County Office)*

1A. COUNTY FSA OFFICE NAME & ADDRESS *(Including Zip Code)* Telephone Number *(Area Code)*	2. NAP UNIT NO.
1B. STATE & COUNTY CODE	3. DATE RECEIVED BY COUNTY FSA OFFICE *(MM-DD-YYYY)*
4. PRODUCER'S NAME AND ADDRESS *(Include street, city, State and Zip Code)*	5A. TELEPHONE NO. *(Area Code)*
	5B. E-MAIL ADDRESS
	6. FARM NUMBERS ASSOCIATED WITH UNIT

7A. CROP ABBREVIATION	7B. PAY CROP	7C. PAY TYPE	7D. PLANTING PERIOD

PART B - NOTICE OF LOSS *(To be completed by Producer)*

8. For loss suffered, enter
   A. Crop Name
   B. Crop Type

9. What disaster event(s) caused loss?

10A. Beginning date of disaster *(MM-DD-YYYY)*

10B. Ending date of disaster *(MM-DD-YYYY)*

11. When was loss apparent? *(MM-DD-YYYY)*

12. For the crop type entered in Item 8, was there any agreement or contract for payment for growing the crop, as opposed to delivery of production?
   YES ☐ **NO** ☐
   *If **"YES"**, provide a copy of such agreement, contract, or a written narrative explanation of agreement or contract.*

13. Check type of loss suffered as a result of event identified in Item 9.
   Prevented Planting ☐
   Low Yield ☐

14. Was the crop in Item 8 Irrigated or Non-Irrigated? *Check the applicable practice(s) used for the crop identified in Item 8.*
   IR ☐ NI ☐

15. If "Prevented Planting" is checked in Item 13, enter the following:

A. Intended but Prevented Acreage	B. Planted Acreage

16. For the intended but prevented acreage entered in Item 15, complete the following entries:

A. Purchased, Delivery, or Arranged for:	**YES**	**NO**	B. If "YES", Explain and attach copies
(1) Seed, Chemical, and Fertilizer			
(2) Land Preparation Measures			

17. If "Low Yield" is checked in Item 13, enter the following:

A. Total Crop Acreage	B. Affected Acreage

18. What cultivation practices have been and will be employed on damaged crop acreage *(e.g., fertilizer, seeding, irrigation, pesticide and herbicide applications; before and after date of damage)?*

19. What will be done with damaged crop acreage (e.g., destroyed, replanted to another crop, unharvested, harvested, or not planted)?
   NOTE: *"You must request an appraisal of any planted acreage of the specified crop that will be abandoned, destroyed, or put to another use. You must not destroy or put acreage to another use before written consent is given by an authorized CCC or FCIC loss adjuster for such destruction or other use." Failure to do so will result in loss of program assistance. Complete Part D:*

20. What has been done with prevented planted or damaged crop acreage *(include dates crop was destroyed, harvested, or replanted, as applicable)*

21. Producer certifies that all information in Part B is correct and acknowledges receipt of copy of this form.

A. PRODUCER'S SIGNATURE	B. DATE *(MM-DD-YYYY)*

PART C - COC APPROVAL OR DISAPPROVAL OF LOSS

22. COC must approve or disapprove for low yield and or prevented yield, as applicable.

A. For Low Yield : **APPROVED** ☐ **DISAPPROVED** ☐	B. COC SIGNATURE	C. DATE *(MM-DD-YYYY)*
D. For Prevented Planted : **APPROVED** ☐ **DISAPPROVED** ☐	E. COC SIGNATURE	F. DATE *(MM-DD-YYYY)*

CCC-576 (07-10-03) Page 2

23. Producer's Name	24. Identification No.	25. Unit Number	26. Pay Crop	27. Pay Type	28. Planting Period

PART D -APPRAISAL OR REPORT OF PRODUCTION *(To be completed by FSA representative)*

29. Crop Type	30. Share(s)	31. Acres	32. Practice	33. Stage	34. Production	35. Intended Use	36. Final Use	37. Secondary Use or Salvage Value	38. Production Not to Count	COC Use Only 39. Assigned or Adjusted Production	COC Use Only 40. Secondary Use or Salvage Value

PART E - VALUE LOSS CROPS *(To be completed by FSA representative)*

41. Crop Type	42. Share(s)	43. Beginning Inventory or Dollar Value	44. Inventory or Dollar Value After Disaster	45. Ineligible Inventory or Dollar Value	46. Salvage Value

47. REMARKS *(Any other pertinent information, e.g., Secondary Use, Salvage Value, etc.):*

PART F - GRAZING "AUD" LOSS CALCULATIONS

48. Crop Type	49. Share(s)	50. Acres	51. Practice	52. Unseeded Land Federal	52. Unseeded Land State	53. Stage	54. Carrying Capacity	55. Grazing Period	COC Use Only 56. AUD Adjustment Factor	COC Use Only 57. AUD Loss Factor	COC Use Only 58. AUD Assigned

PART G - CERTIFICATION AND APPLICATION FOR PAYMENT

THIS PORTION MUST BE COMPLETED PRIOR TO PAYMENT. Attach Appraisal Worksheet, actual production evidence, CCC-576-1, and, if applicable FCI-6, Statement of Facts. Do not use appraisal when harvested production is available. If destroyed prior to appraisal, crop acreage is ineligible.

The undersigned producers apply for NAP payment on the unit identified in Item 2 in accordance with 7 CFR Part 1437. The producers signing certify that all the information provided is true and correct, and, the production is accurately identified to the unit, share relationship, pay crop, pay type, and year shown. I understand this report may be spot-checked and failure to certify accurately may result in a loss of program benefits. Additionally, I direct the purchaser, warehouse operator, ginner, or any person who otherwise, stores or purchases crop production listed on this form to disclose the production records of such crops to USDA representatives for the purpose of verification. The producer has not chosen or received another USDA benefit that is subject to the multiple benefit exclusion (7 CFR Part 1437.12).

59A. PRODUCER SIGNATURE	59B. Date Signed *(MM-DD-YYYY)*	
60A. LA OR FSA REPRESENTATIVE SIGNATURE *(Final)*	60B. Date Signed *MM-DD-YYYY)*	61. Code Number

PART H - COC APPROVAL OR DISAPPROVAL OF APPLICATION FOR NAP PAYMENT

62A. COC ACTION : **APPROVED** ☐ **DISAPPROVED** ☐	62B. COC SIGNATURE	62C. DATE *(MM-DD-YYYY)*

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is Pub. L. 93-86. The information will be used to determine eligibility for disaster program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for disaster benefits. This information may be provided to other agencies, IRS, Department of Justice or other State and Federal Law enforcement agencies and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0175. The time required to complete this information collection is estimated to average I hour and 20 minutes per response including the time for reviewing instructions searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

Farm Service Agency

Fact Sheet *September 1999*

USDA United States Department of Agriculture

Disaster Assistance for Farmers

Emergency Loans

The Farm Service Agency provides emergency loans to help cover production and physical losses in counties declared as disaster areas by the President or by the Secretary of Agriculture. These loans are made to qualifying established family farm operators. Loans for crop, livestock, and nonreal estate losses are normally repaid in 1 to 7 years, and in special circumstances, up to 20 years. Loans for physical losses to real estate and buildings are normally repaid in 30 years, and in special circumstances, up to 40 years.

Noninsured Crop Disaster Assistance Program

This program provides crop loss protection for growers of many crops when crop insurance is not available. When a disaster occurs, producers may qualify if there are five or more producers of approved crops on separate and distinct farms within the affected county or disaster area; there is at least a 35-percent loss for that crop in the disaster area; and a farmer's gross revenue does not exceed $2 million. Outside the 50 United States, the disaster area must include 10 producers of a crop. Minimum area size requirements do not apply. The farmer's loss must also exceed half of the expected yield. Farmers must report their crop damage within 15 days of the disaster to their nearest Farm Service Agency office. In addition, farmers annually must report their acreage and production.

Emergency Conservation Program

The Emergency Conservation Program provides emergency cost-share funding for farmers and ranchers for carrying out emergency water conservation measures during periods of severe drought. These funds may also be used to rehabilitate farmland damaged by natural disasters that create new conservation problems which, if not treated, would:

- Impair or endanger the land;
- Materially affect the productive capacity of the land;
- Represent unusual damage, which is not the type likely to recur frequently in the same area; and
- Be so costly to repair that Federal assistance is or will be required to return the land to productive agricultural use.

The assistance may be used for:

- Removal of debris from farmland;
- Grading, shaping, releveling farmland;
- Restoration of livestock fences;
- Restoration of irrigation structures; and
- Providing water for livestock.

Farm Service Agency

Fact Sheet August 2002

United States Department of Agriculture

Emergency Loan Program

Overview

USDA's Farm Service Agency (FSA) provides emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters, or quarantine.

Loan Uses

Emergency loan funds may be used to:

- Restore or replace essential property;
- Pay all or part of production costs associated with the disaster year;
- Pay essential family living expenses;
- Reorganize the farming operation; and
- Refinance certain debts.

Eligibility

Emergency loans may be made to farmers and ranchers who:

- Own or operate land located in a county declared by the President as a disaster area or designated by the Secretary of Agriculture as a disaster area or quarantine area (for physical losses only, the FSA Administrator may authorize emergency loan assistance);
- Are established family farm operators and have sufficient farming or ranching experience;
- Are citizens or permanent residents of the United States;
- Have suffered at least a 30-percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property;
- Have an acceptable credit history;
- Are unable to receive credit from commercial sources;
- Can provide collateral to secure the loan; and
- Have repayment ability.

Loan Requirements

FSA loan requirements are different from those of other lenders. Some of the more significant differences are the following:

- Borrowers must keep acceptable farm records;
- Borrowers must operate in accordance with a farm plan they develop and agree to with local FSA staff; and
- Borrowers may be required to participate in a financial management-training program and obtain crop insurance.

Collateral is Required

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment ability may be considered as collateral to secure the loan. A first lien is required on property or products acquired, produced, or refinanced with loan funds.

Loan Limit

Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of $500,000.

Loan Terms

Loans for crop, livestock, and non-real estate losses are normally repaid within 1 to 7 years; depending on the loan purpose, repayment ability, and collateral available as loan security. In special circumstances, terms of up to 20 years may be authorized. Loans for physical losses to real estate are normally repaid within 30 years. In certain circumstances, repayment may be made over a maximum of 40 years.

Interest Rate

The current annual interest rate for emergency loans is 3.75 percent.

Application Deadline

Applications for emergency loans must be received within 8 months of the county's disaster or quarantine designation date.

Farm Service Agency

Fact Sheet

April 2000

United States Department of Agriculture

Emergency Conservation Program

Purpose

The Emergency Conservation Program (ECP) provides emergency funding for farmers and ranchers to rehabilitate farmland damaged by wind erosion, floods, hurricanes, or other natural disasters, and for carrying out emergency water conservation measures during periods of severe drought.

The natural disaster must create new conservation problems, which, if not treated, would:

1) impair or endanger the land;

2) materially affect the productive capacity of the land;

3) represent unusual damage which, except for wind erosion, is not the type likely to recur frequently in the same area; and

4) be so costly to repair that Federal assistance is or will be required to return the land to productive agricultural use.

Conservation problems existing prior to the disaster involved are not eligible for cost-sharing assistance. ECP is administered by state and county Farm Service Agency (FSA) committees.

Program Administration

Subject to availability of funds, county FSA committees, with concurrence by the FSA state committee, are authorized to implement ECP for eligible farmers for all disasters except drought. When severe drought conditions exist, the determination to implement the program will be made by the Deputy Administrator for Farm Programs (DAFP), FSA.

Cost-share levels up to 64 percent are set by county FSA committees. Eligibility for ECP assistance is determined by county FSA committees based on individual on-site inspections, taking into account the type and extent of damage. Individual or cumulative requests for cost-sharing of $20,000 or less per person per disaster may be approved by county FSA committees, and of $20,001 to $62,500 by state FSA committees. Cost-sharing over $62,500 must be approved by DAFP. Technical assistance may be provided by the Natural Resources Conservation Service.

Emergency Practices

Emergency practices to rehabilitate farmland damaged by wind erosion and other disasters, including drought, may include debris removal, providing water for livestock, fence restoration, grading and shaping of farmland, restoring conservation structures, and water conservation measures. Other emergency conservation measures may be authorized by county FSA committees with approval by state FSA committees and DAFP. Farmers or ranchers may enter into pooling agreements to jointly solve mutual conservation problems.

Funding

Funding for the program is appropriated by Congress.

RISK ASSESSMENT AND STRATEGY WORKSHEET

Risk Category	Specific Risk within Category	Tolerance for this Risk	
Strategies Available to Manage Risk based on Tolerance	Tool(s)	Resource Contact	Annual Cost
Avoid			
Shift/Transfer			
Reduce			
Retain/Assume			

RISK ASSESSMENT AND STRATEGY WORKSHEET

Risk Category	Specific Risk within Category	Tolerance for this Risk	
Strategies Available to Manage Risk based on Tolerance	**Tool(s)**	**Resource Contact**	**Annual Cost**
Avoid			
Shift/Transfer			
Reduce			
Retain/Assume			

RESOURCES

Glossary Crop InsuranceTerms and Definitions

ACT—The Federal Crop Insurance Act, (7 U.S.C. 1501 et seq.)

AGR— Adjusted Gross Revenue

APH—Actual Production History

CAT--Catastrophic Risk Protection

CCC—Commodity Credit Corporation

CIH—Crop Insurance Handbook

CSREES—Cooperative State Research, Education, and Extension Service FSA—Farm Service Agency

FCIC—Federal Crop Insurance Corporation

IRS—Internal Revenue Service LAM—Loss Adjustment Manual

MPCI—Multiple Peril Crop Insurance

PHTS—Policyholder Tracking System

RMA—Risk Management Agency

USA—United States of America

USDA—United States Department of Agriculture Additional Coverage—A plan of insurance established by FCIC that provides the Coverage comparable to a level for a single crop that is equal to at least 65 percent (65%) of the approved yield indemnified at 100 percent of the expected market price.

Agricultural Commodity—Grain and non-grain crops, vegetables, fruits, nuts, nursery plants, floriculture, Christmas trees, Maple tree sap, animals, products from animals such as milk, eggs, etc., and any other agricultural production, excluding timber, forest, and forest products.

Catastrophic Coverage (CAT)—A plan of insurance established by FCIC that provides coverage comparable to a level for a single crop that is equal to 50 percent (50%) of the approved yield indemnified at 55 percent (55%) of the expected market price. This is the minimum level of coverage required for a person to qualify for certain other USDA program benefits unless the producer executes a waiver of any eligibility for emergency crop loss assistance. CAT coverage equivalent is not available under AGR for the 1999 insurance year.

Changes—Changes in ownership, business structure, size of operation, share, management practices, type of farming activity, accounting methods or any other practices that may alter average farm income.

Continuous AGR Reports—AGR reports submitted by a producer for each consecutive tax year within the base period. Continuity is interrupted if a producer is NOT entitled to income from a share in ANY agricultural commodity's production during a tax year.

Contract--The contractual agreement between the insured and the insurance provider consisting of the accepted application, the AGR Provisions, the AGR Special Provisions, the AGR software, and the applicable regulations published in 7 CFR Chapter IV.

County—Any county, parish, or other political subdivision of a state. For the purposes of the AGR policy, any county that is contiguous with a pilot county will be considered to be a part of the pilot county. Counties that are contiguous to counties that are contiguous to pilot counties are NOT considered to be a part of the pilot county.

Coverage—The insurance provided by the AGR policy against loss of covered revenue.

Crop Revenue Coverage (CRC)—An insurance program that guarantees a stated amount of revenue. CRC covers revenue losses due to a low price, low yield, or any combination of the two.

Database—The data used to calculate the average/approved AGR and record the AGR history. Five continuous tax years of data are used.

FCIC—The Federal Crop Insurance Corporation, a wholly owned Government Corporation administered by the Risk Management Agency within USDA.

Fiscal Year—Twelve consecutive months ending on the last day of any month except December. A producer using a fiscal tax year is not eligible to participate in the AGR pilot program.

Group Risk Plan (GRP)—A plan of insurance that provides protection based on a county index. The Group Risk Plan (GRP) is available in many regions. The farm and county yield data can be matched to determine how well farm and county yields are correlated in different regions. These data are trend adjusted county data for a wider region than GRP now covers. In addition, the states of Wisconsin, South Dakota, and Nebraska each have county data based on harvested acre yields in this data set. Other states use county yield data based on planted acre yields. Forecasting uses procedures similar to GRP - a spline function with up to two linear trends. The forecast data can be used to make the trend line for the county yield. The difference between forecast yields and actual yields can be used to measure the extent to which the county yield is off trend.

Income Protection (IP)—An insurance plan that protects against reductions in gross income when yields or prices fall. The plan was developed using components from existing crop insurance programs. The multi-peril program protects against loss of production using the actual production history program and forms the foundation for income protection. The insurance unit is taken from the group risk plan. Combined these components form a straightforward product for the protection of a percentage of gross income.

Insurance Year/Insurance Period—The period beginning January 1 and extending through December 31 of the same year and corresponds to the period of coverage under the AGR policy.

Insurance Provider—A company reinsured by FCIC that provides crop insurance coverage to producers participating in any Federal crop insurance program administered under the Federal Crop Insurance Reform Act of 1994.

Insured--The named person as shown on the application accepted by the insurance provider. This term does not extend to any other person having a share or interest in any portion of the insured's farming operation (for example, a partnership, landlord, or any other person).

Insured Revenue—Income from the sale of agricultural commodities the insured produces, the sale of agricultural commodities the insured purchases for resale (not eligible for AGR coverage if the expected allowable income from agricultural commodities purchased for resale exceeds 50 percent of the total expected allowable income), and all other allowable income as defined in the AGR Policy.

Lag Year—The tax year immediately prior to the insurance year. Tax documents for the lag year will generally not have been filed with the IRS by the sales closing date.

Limited Coverage—A plan of insurance established by FCIC that provides coverage comparable to a level for a single crop that is equal to or greater than 50 (50%) percent of the approved yield indemnified at 100 percent (100%) of the expected market price but less than 65 percent (65%) of the approved yield indemnified at 100 percent (100%) of the expected market price.

Multi-Peril Crop Insurance—An insurance program to minimize risk and help protect farmers for loss of production below a predetermined yield, known as the unit guarantee, which can be calculated using the producer's actual production history.

Perennial Crop—An agricultural commodity that is produced from the same root structure for two or more years.

Revenue Assurance (RA)—Protects a producer's crop revenue whenever low prices or low yields, or combination of both, causes the crop revenue to fall below the guaranteed revenue level.

Special Provisions—The part of the policy that contains specific provisions of insurance that may vary by geographic location.

Underwriting Review—A review of the applicant/insured's underwriting information by a person designated by the insurance provider (verifier or underwriter) who is versed in the AGR program and is proficient in the knowledge and skills necessary to evaluate the grower's request for insurance.

Crop Insurance Company List

National Headquarters

Ace Property and Casualty Insurance Co.
(Rain and Hail L.L.C.)
9200 Northpark Drive, Suite 300
Johnston, Iowa 50131-3006
Toll-Free: 1-800-776-4045
Phone: 515-559-1000
Fax: 515-559-1001
http://www.rainhail.com/

Alliance Insurance Company
(North Central Crop Insurance Company)
1825 North Clairemont
Eau Claire, Wisconsin 54703
Toll-Free: 800-826-7090
Phone: 715-834-8155
Fax: 715-834-1899
http://www.nccinet.com/content/staff/territory.asp?st=CA

American Growers Insurance Company
(American Agrisurance, Inc.)
535 West Broadway
Council Bluffs, Iowa 51503
Toll-Free: 1-800-999-7475
Phone: 712-328-3918
Fax: 712-325-5879
http://www.amag.com/

Fireman's Fund Insurance Company
10895 Lowell , Suite 300
Overland Park, Kansas 66210
Toll-Free: 1-800-235-4078
Phone: 913-338-7800
Fax: 913-323-5745

Great American Insurance Company
49 East Fourth Street, Suite 408
Cincinnati, Ohio 45202-3803
Toll-Free: 1-800-587-1553
Phone: 513-763-8400
Fax: 513-763-8456
http://www.myagritrust.com/crop-contact.jsp

NAU Country Insurance Companies
6701 Highway 10, NW
Ramsey, Minnesota 55303-4548
Toll-Free: 1-800-942-6557
Phone: 763-427-3770
Fax: 763-427-6473
http://www.naucom.com

Rural Community Insurance Services
3501 Thurston Avenue
Anoka, Minnesota 55303-1060
Toll-Free: 1-800-328-9143
Phone: 763-427-0290
Fax: 763-427-1591
http://www.rcis.com/agencylocator/agloclist.asp

The Hartford
2625 South 158th Plaza
Omaha, Nebraska 68103
Toll-Free: 1-800-295-1815
Phone: 402-952-0501
Fax: 402-952-0629

Western National Mutual Insurance Co.
(ARMtech Insurance Services, Inc.)
5102 29th Drive, Suite B
Lubbock, Texas 79407
Phone: 806-473-0333
Fax: 806-473-0334