



**RISK MANAGEMENT  
AGENCY - OREGON**



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**! USDA's Risk Management Agency (RMA)**

A division of the Farm and Foreign AG Services Division of USDA is placing an emphasis towards educating the agriculture community about managing risks on the farm.

**! RMA's Mission** Provide and support a cost effective means of managing risk for Agriculture producers in order to improve the economic stability of agriculture.

**! AG Areas of Risk** USDA has identified 5 primary areas of risk, some may include:

- Production** - partial or total loss of production or quality.
- Marketing** - receiving a fair market price for the crop(s).
- Financial** - balancing farm records or meeting financial obligations.
- Legal** - possibly harming a neighbor's crop when applying herbicides or not obtaining adequate farm property and liability insurance coverage.
- Human Resources** - not having an estate plan in order, that in the event of something happening, the farm can continue with the least amount of disruption.

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**! Multi-Peril (MP)** Federally subsidized, against many weather-related losses on 60 + crops, nationally. Choose from 50-75% of yield, and 55-100% of price. **CAT Basic Administrative Fee** is \$50, plus an **Additional Administrative Fee** of \$10/crop/county; **(which can be waived for Limited Resource Farmers earning less than \$20,000 annually from all income avenues)**. CAT insurance is the minimum level of insurance coverage at 50% of a producer's yield and **55%** of the price which meets requirements (without a waiver) for a person to qualify for certain other USDA program benefits. **Limited Coverage (below 65/100) Administrative Fee** is \$50/crop/county, not to exceed \$200/county, \$600 total. **Additional Coverage (equal to or greater than 65/100) Administrative Fee** \$20/crop.

**Price Election:**  
Choice of Various Percentage levels of Price established for the 2000 crop year (55% to 100% of FCIC established or projected market price).

**The following crops are insured in**  
**OREGON STATE:**  
Apples, Barley, Dry Beans, Cabbage, Canola, Cherries, Corn, Cranberries, Dry Peas, Forage, Grapes, Green Peas, Nursery, Oats, Onions, Pears, Potatoes, Processing Beans, Safflower, Sugar Beets, Processing Sweet Corn and Wheat

**Causes of Loss:**  
Varies by crop. In general, MPCI covers unavoidable loss of production. (e.g: drought, excess moisture, frost, freeze, other adverse weather conditions, insects, disease, wildlife, etc.

**! Revenue Products**

*New pilot programs* are generating a lot of interest. Based on dollar revenue guarantees instead of Multi-Peril Crop yield guarantees. Revenue policies protect a grower's loss of revenue resulting from fluctuating low prices, low yields, or a combination of the two.

Crop revenue programs use an Actual Production History (APH) just like other MPCI policies, then use commodity board of trade prices to calculate a dollar guarantee. **Some of those programs include:**

**Income Protection (IP)** policy pays when the harvested and appraised production to count, multiplied by the harvest price, is below the IP guarantee. The harvest price is an average of daily futures market closing prices for the crop during the month of harvest. An IP policy indemnity payment will be made when the harvested and appraised production to count, multiplied by the harvest price, is below the IP guarantee. The insurance unit is the grower's share of all acres of the insured crop in the county. **For the 2000 Crop year, IP Wheat and IP Barley is available in all Oregon Small Grain counties.**

**Crop Revenue Coverage (CRC)** {Developed by Redland Insurance, is reinsured by FCIC} Loss will result if the calculated revenue is less than the final guarantee. The difference between these two figures will determine the indemnity to be paid. Losses are based on the minimum or harvest guarantee (whichever is higher) and the calculated revenue.

## 2 USDA/RISK MANAGEMENT AGENCY - OREGON

Additional CRC features include:

Basic, Optional or Enterprise Units  
Prevented Planting High value replacement protection (insurance guarantee can increase if the Harvest Price exceeds the Base Price) and Winter Wheat Coverage Endorsements Options A & B. **CRC is available in all Oregon Wheat counties and all Oregon Corn Grain Counties .**

### **! Adjusted Gross Revenue (AGR) Insurance Product -**

**pilot program** providing an insurance safety net for producers growing insurable and non-insurable crops. The pilot AGR program: provides insurance coverage for multiple agricultural commodities in one insurance product; uses a producer's historic Schedule F tax information as a base to provide a level of guaranteed revenue for the insurance period; uses commodity production-cash receipts as the methods of measurement; reinforces program creditability by using IRS tax forms and regulations to alleviate compliance concerns; provides protection against low revenue due to unavoidable causes. Covered farm revenue includes income from crops, other agricultural commodities and incidental amounts of income from livestock and animal products and aquaculture reared in a controlled environment. Livestock income is representative of the value of crop production fed to livestock. **Limited Availability:** For the 2000 crop year, AGR is available in **Malheur County, Oregon**. Sales Closing Date is January 31, 2000.

### **! Non-insured Crop Disaster Assistance Program (NAP)**

Protection program for growers producing crops where individual crop insurance is not available. NAP payments are made to eligible producers in an area when the average yield for the *area* is less than

65% of the area expected yield (or a 35% or greater loss of yield *per* crop). Payments are determined on an individual unit basis and are made if a producer's loss of production is greater than 50% of the producer's approved yield. Payments are only paid on the loss over 50%. For NAP assistance, contact your local USDA Service Center.

### **! Basic Provisions**

#### **2000 Oregon Sales Closing**

##### **Dates**

Fall & Spring Canola & Fall Onions (Umatilla County **Only**) - 8/31/99; Wheat (with winter coverage endorsement) Fall Forage - 9/30/99; Apples, Cherries, Cranberries, Grapes & Pears -11/22/99; Spring Onions - 2/1/00; Spring Forage (without winter coverage endorsement) and Other Spring Crops - 3/15/00

(Producers who want to make changes in their choice of policy options must notify their MPCI provider by this date (including CAT insureds who wish to buy higher levels). Producers not insured during the previous year who desire to be insured for the coming year must sign an application for MPCI by this date.)

**MPCI cancellation date.** ALL MPCI policies (including CATASTROPHIC (CAT) level coverage) automatically renew each crop year unless insureds cancel their insurance by this date.

### **√ 2000 Oregon Production Reporting Dates**

Earlier of Acreage Reporting Date or 45 days after cancellation date. All MPCI insureds must have reported or updated their APH to their insurance provider. If reports are not received timely, yields will be assigned which will result in lower approved yields. For certain crops, late reporting may void insurability.

### **√ Insurance Effective Date**

At time of planting for annual crops or before perennial crops go into dormancy UNLESS acreage is not timely reported. Can vary by crop, type, variety being grown.

### **√ 2000 Oregon Acreage Reporting Dates**

Fall Canola, Fall Onions, Fall Forage & Winter Wheat (with winter coverage endorsement) - 12/15/99; Apples, Cherries, Cranberries, Grapes & Pears - 1/17/00; Spring Forage (without winter coverage endorsement) - 3/31/00; Spring Onions, Spring Canola, Processing Beans (Malheur County **Only**) & Other Spring Crops (**Including** Spring & Winter/Basic Wheat ) - 6/30/00; Processing Beans (All counties **EXCEPT** Malheur) - 7/17/00

(Insureds must have reported their acres (both insurable and uninsurable) by this date. Acreage not reported timely, may only be insured with special approval.)

### **! Advantages as Risk Management Tools**

Protects crop investment, borrowed capital and current savings. Provides a favorable credit rating, collateral and guaranteed production. Stabilizes income, transfers risk and **provides an ADDED PEACE OF MIND.**

### **! Detailed Information**

**This summary is for general illustration purposes only.** Producers should consult their crop insurance agent to obtain specific information (e.g., insurable types, practices, options, and appropriate deadlines).

### **! Where to Purchase**

All MPCI, including CAT coverage and Revenue insurance policies are available from private insurance agents. A list of crop insurance agents is available at all USDA Service Centers throughout the United States.