



Climate Adaptation of Risk Management Resources

Agricultural Outlook Forum – February 24, 2023
Xuan Pham, Senior Actuary

**Risk
Management
Agency**

rma.usda.gov

Agenda

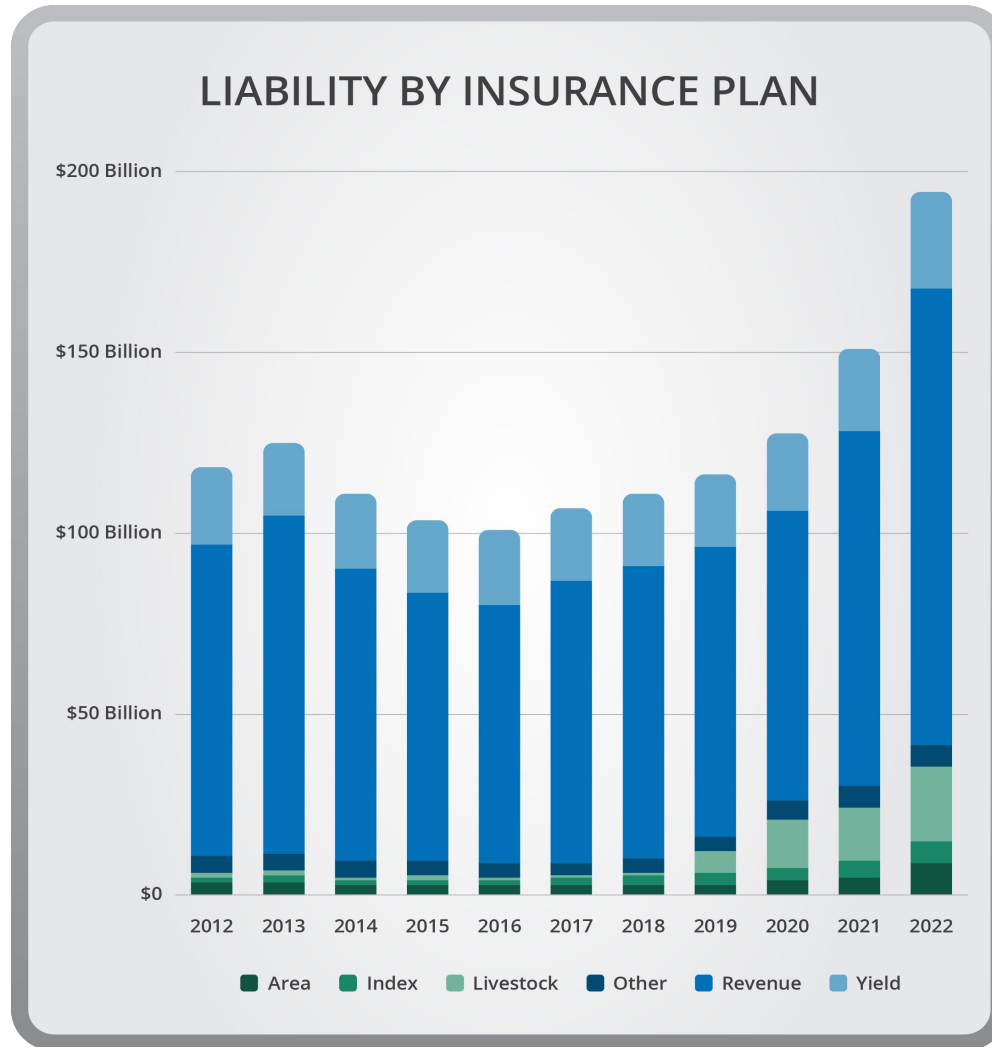
Overview of the
Federal Crop
Insurance Program

RMA Climate
Adaptation
Actions

Objectives of the Federal Crop Insurance Program

1. Provide effective risk management products to farmers and ranchers
2. Increase program participation by expanding commodity programs and geographic availability
3. Actuarial soundness

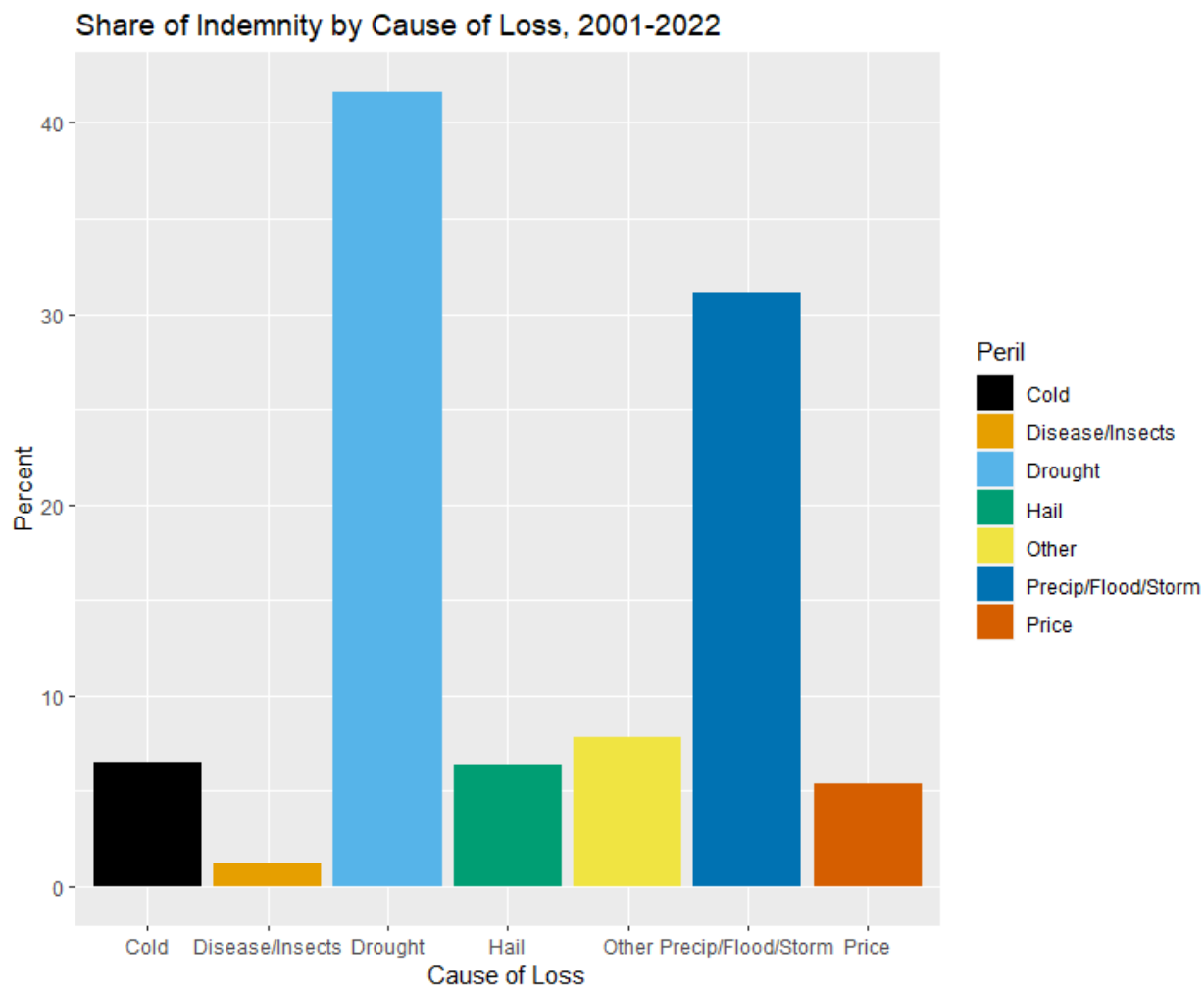
Growth of Federal Crop Insurance



Risk Management Toolbox

- Multiple peril coverage insurance (MPCI)
- Coverage levels from catastrophic to:
 - 85% for individual
 - 95% for area/group/index
- Yield Coverage
 - Actual yield compared to historic average
- Revenue Coverage
 - Yield coverage with added price protection

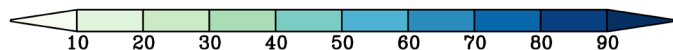
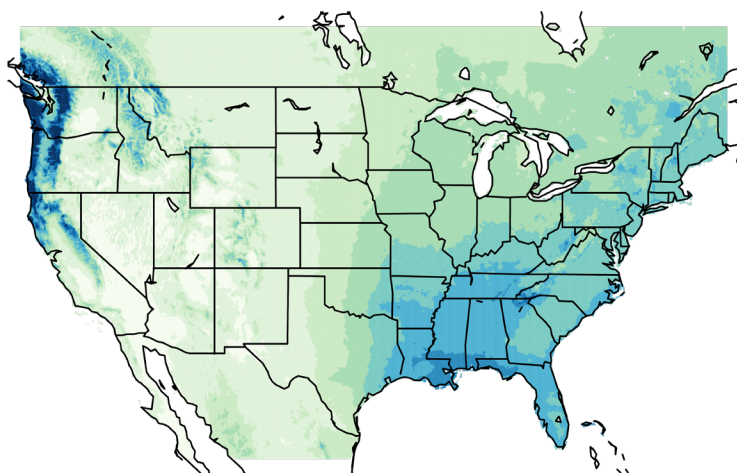
Causes of Loss



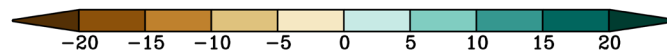
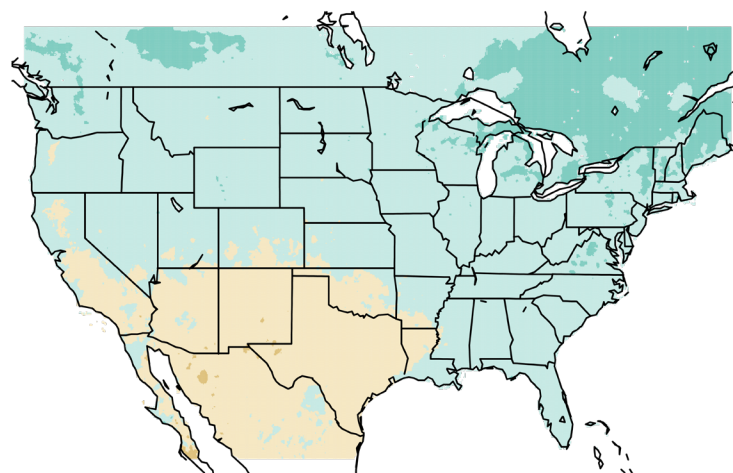
Summary of Business data as of 2/21/2023. Reporting for 2022 is incomplete.

Asymmetric Effects

Mean annual total precip:1976–2005, inches



Change (%) in annual total precip by early 21st century



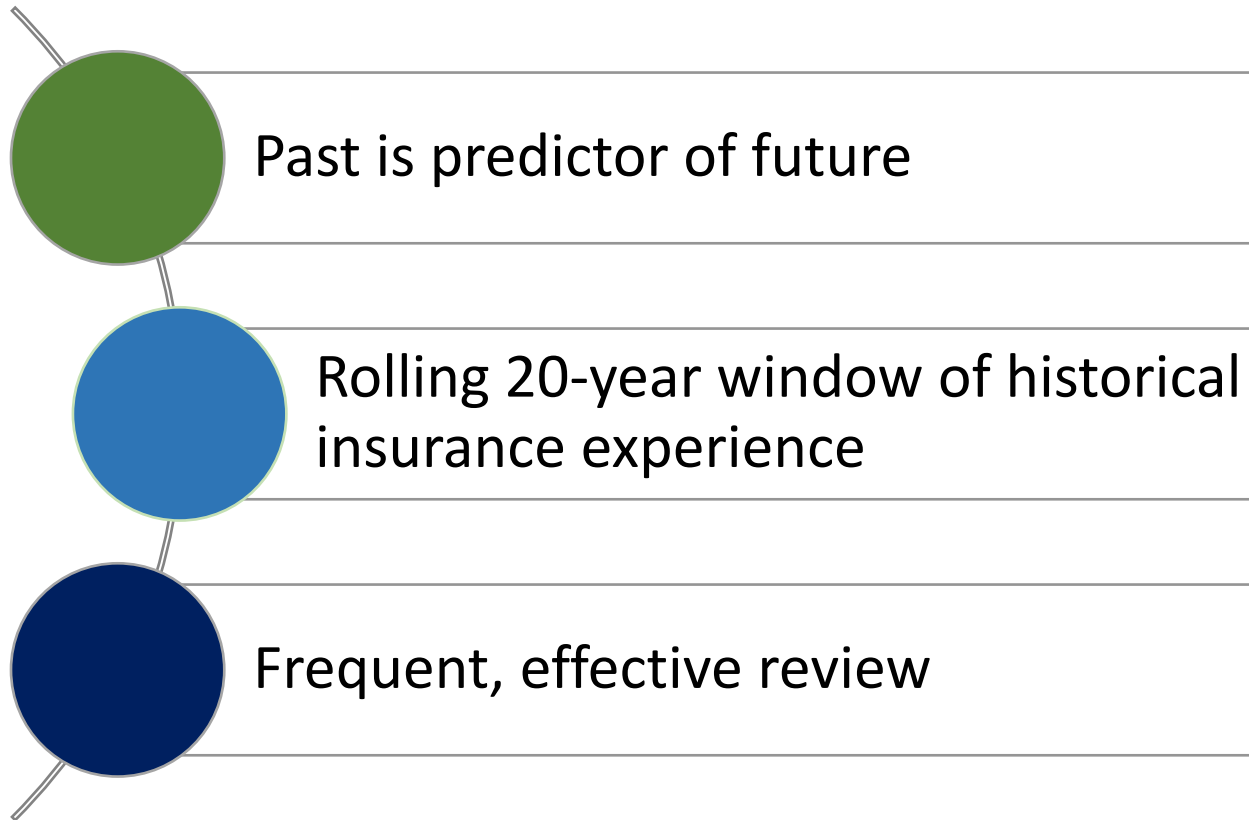
Source: National Climate Assessment (2023). Scenarios for the National Climate Assessment, Localized Constructed Analogs (LOCA) Viewer, Historical Climate Mean Annual Total Precipitation: 1976–200, inches and Change (%) in Annual Total Precip by Early 21st Century. Accessed 9 Feb 2023. <https://scenarios.globalchange.gov/loca-viewer/>

Monitor, Review, and Update

Key Program Information

- Premium Rates, Prices, Yields
- Dates, Map Areas, Program Availability, & Procedures

Insurance Premium Rates



Innovate

Program improvements

- Cover crops
- Split-apply nitrogen
- Producers with diverse operations and local food producers
- Hurricanes

Cover Crops

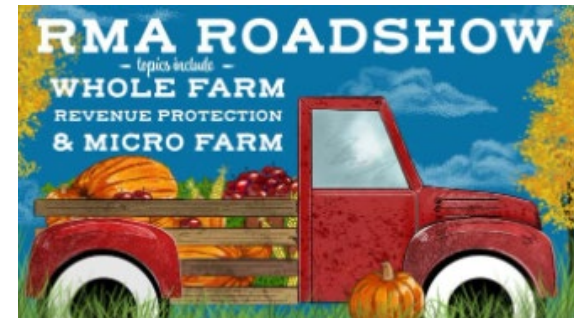
- **Pandemic Cover Crop Program (PCCP)**
 - \$5/ac of additional premium subsidy on insured crop that followed a cover crop
 - \$100 million in premium support on over 20 million net acres in 2021 and 2022 crop years
- **State Cover Crop Subsidy Programs**
 - Illinois, Indiana, Iowa, & Wisconsin
 - Similar \$5/ac on state-certified land
- **Producers can now hay, graze, or chop cover crops on prevented planting acreage**

Post Application Coverage Endorsement (PACE)

- Provides supplemental coverage when producer plans for post-applying nitrogen but is prevented due to field conditions created by weather
- Available in insurable non-irrigated corn counties in 11 states
 - Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin
- **Post application window**
 - 2 to 3-week period after plant emerges
 - V3-V10 corn growth stage

Whole Farm Revenue Protection (WFRP) and Micro Farm

- Doubled maximum insurable revenue for WFRP to \$17 million
 - Reduced paperwork
- Increased Micro Farm revenue limit from \$100K to \$350K
- WFRP/Micro Farm Roadshow - Outreach and education to inform producers of these programs and recent improvements



Hurricane Insurance Protection – Wind Index (HIP-WI)

- Provides supplemental coverage for hurricanes
- Covers the deductible portion of the base policy, up to 95% of crop value
- If a hurricane occurs during insurance period, payment is made

Reinsurance Year	Policies Earning Premium	Liability
2020	17 thousand	\$650 million
2021	23 thousand	\$1.1 billion
2022	24 thousand	\$1.4 billion

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[RMA Climate Adaption Plan](#)