

# 29<sup>TH</sup> ANNUAL SPRING AG FORUM



Friday, March 7, 2025



**FRIDAY MARCH 7<sup>TH</sup>, 2025**

# **RESILIENCE IN ARIZONA AGRICULTURE**



Getting old is like climbing a mountain;  
you get a little out of breath, but the  
view is much better.

*Ingrid Bergman*



The idea is to die young as late as possible.

*Ashley Montagu*





Everything that truly makes us happy is quite simple: love, sex and food!

*Meryl Streep*



# TODAYS DISCUSSION:

- ▶ Navigating Drought, Crop Insurance & the Farm Bill
- 1. Crop Insurance 101 Crash Course - Gary McKenzie
- 2. Pasture, Rangeland, Forage Rainfall Index – Tucker Knight
- 3. Farm Bill Update – Gary McKenzie



# TYPES OF INSURANCE

- Auto
  - Health
  - Home
  - Life
  - Liability
  - Farm and Ranch
- ▶ **Crop** – Single largest annual cash investment.



# TYPES OF CROP INSURANCE

- ▶ Named Peril Crop Insurance
  - ▶ Private Insurance – each company sets premium rates to insure company profits.
    - ▶ Examples - Hail and Fire Insurance
- ▶ Multi Peril Crop Insurance (MPCI)
  - ▶ Administered by the Federal Government – RMA sets premium rates based on a 1:1 payout.





# CROP INSURANCE



- ▶ Risk Management Tool
- ▶ Return on Investment?

# IS THIS INSURANCE???

- Premium Rates set to pay 1:1
- Premium Subsidized up to 80%
- Premium due AFTER coverage
- Individual Losses will Not Raise Rates
- Quality Loss Adjustments
- Replacement Cost

**Or is it a  
USDA Safety Net?**



# RISK MANAGEMENT AGENCY - RMA

- ▶ Offers a variety of risk management tools designed to assist the American Farmer.
- ▶ MPC/CAT Policies
  - ▶ Cotton
  - ▶ Wheat
  - ▶ Barley
  - ▶ Alfalfa
  - ▶ Corn



# RISK MANAGEMENT AGENCY - RMA

- ▶ Offers a variety of risk management tools designed to assist the American Farmer.
- Livestock Policies
- Pasture, Rangeland and Forage Policies
- Citrus and Stonefruit Policies
- Nursery Policies
- Chile/Potato Policies
  - NO vegetables or produce





# INSURABLE CAUSES OF LOSS

- ▶ Hail
- ▶ Fire
- ▶ Flooding
- ▶ Earthquake
- ▶ Excessive Heat
- ▶ Frost/Freezing
- ▶ Drought
- ▶ Excess Wind
- ▶ Hot Wind
- ▶ Wildlife
- ▶ Plant Disease
- ▶ Decline in Price
- ▶ Tornado/Cyclone
- ▶ Excessive Moisture
- ▶ Insects
- ▶ Cold/Wet Weather

**\*Must Follow Good Farming Practices\***



# WHAT IS NOT AN INSURABLE CAUSE OF LOSS?

- Poor Farming Practices
- Damage Due to Spray Drift
- Failure to Market Crop



# COVERAGE OPTIONS

- Revenue Protection (RP)
  - Seed Endorsement (SE)
  - Supplemental Coverage Option (SCO)
  - Enhanced Coverage Option (ECO)
  - Stacked Income Protection Plan (STAX)



# ENHANCED AND SUPPLEMENTAL COVERAGE OPTIONS

Example 1: 95% ECO Trigger	
Deductible (no coverage)	100% - 95%
ECO coverage range	95% - 86%
SCO or ARC coverage range	86% - MPCl coverage level
MPCl coverage level	up to 85%



Deductible (no coverage)	100-95%
ECO Coverage range	95-86%
SCO or ARC Coverage range	86-75%
MCPI coverage range	75%

GROWER  
COVERAGE  
AT 75%

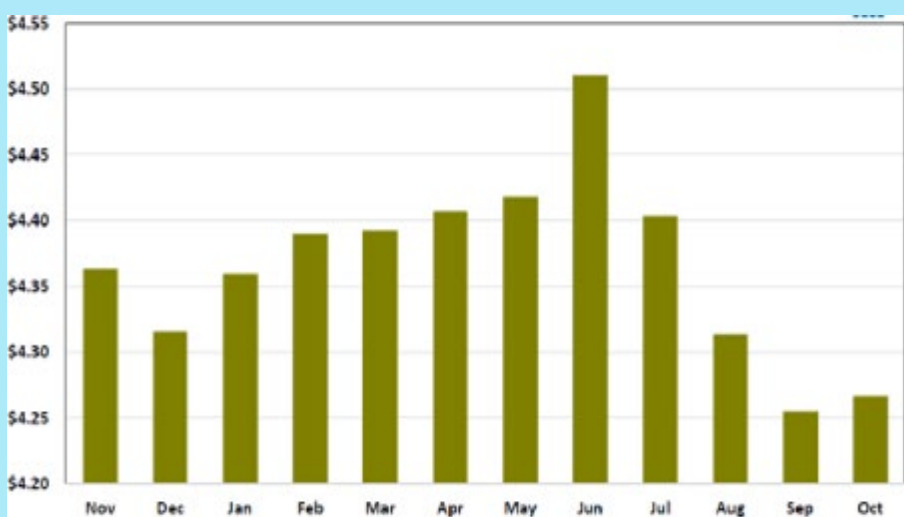
# WAYS TO MINIMIZE RISK?



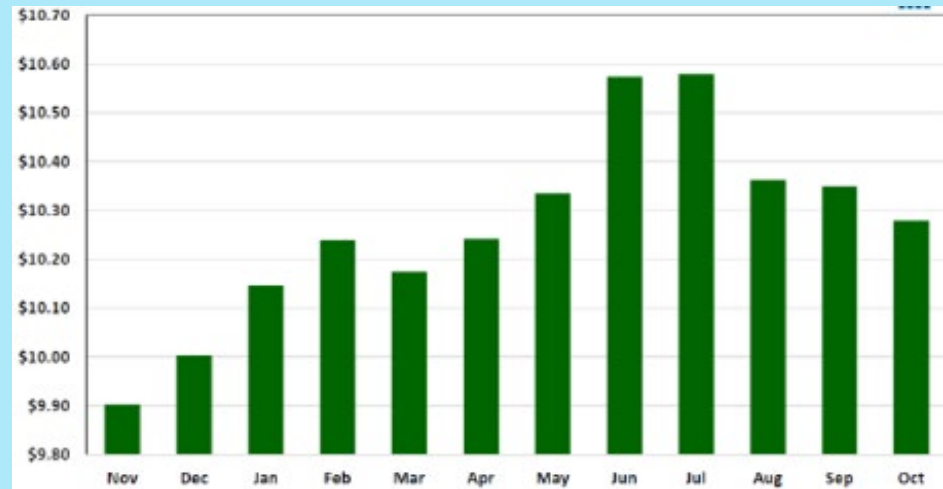
- Crop Insurance
- Forward Marketing

# FORWARD CONTRACTING

CBOT December Corn Average Futures Price by month – previous 15 years.



CBOT November Soybean Average Futures Price by month – previous 15 years.



# CROP INSURANCE – RMA

## ► Public/Private 3-Legged Stool.

1. Farmer
2. Private Insurance Companies and Agents
3. Federal Government

Every **Tax-Payer** Dollar Spent in the Farm Bill Goes Further with Crop Insurance.

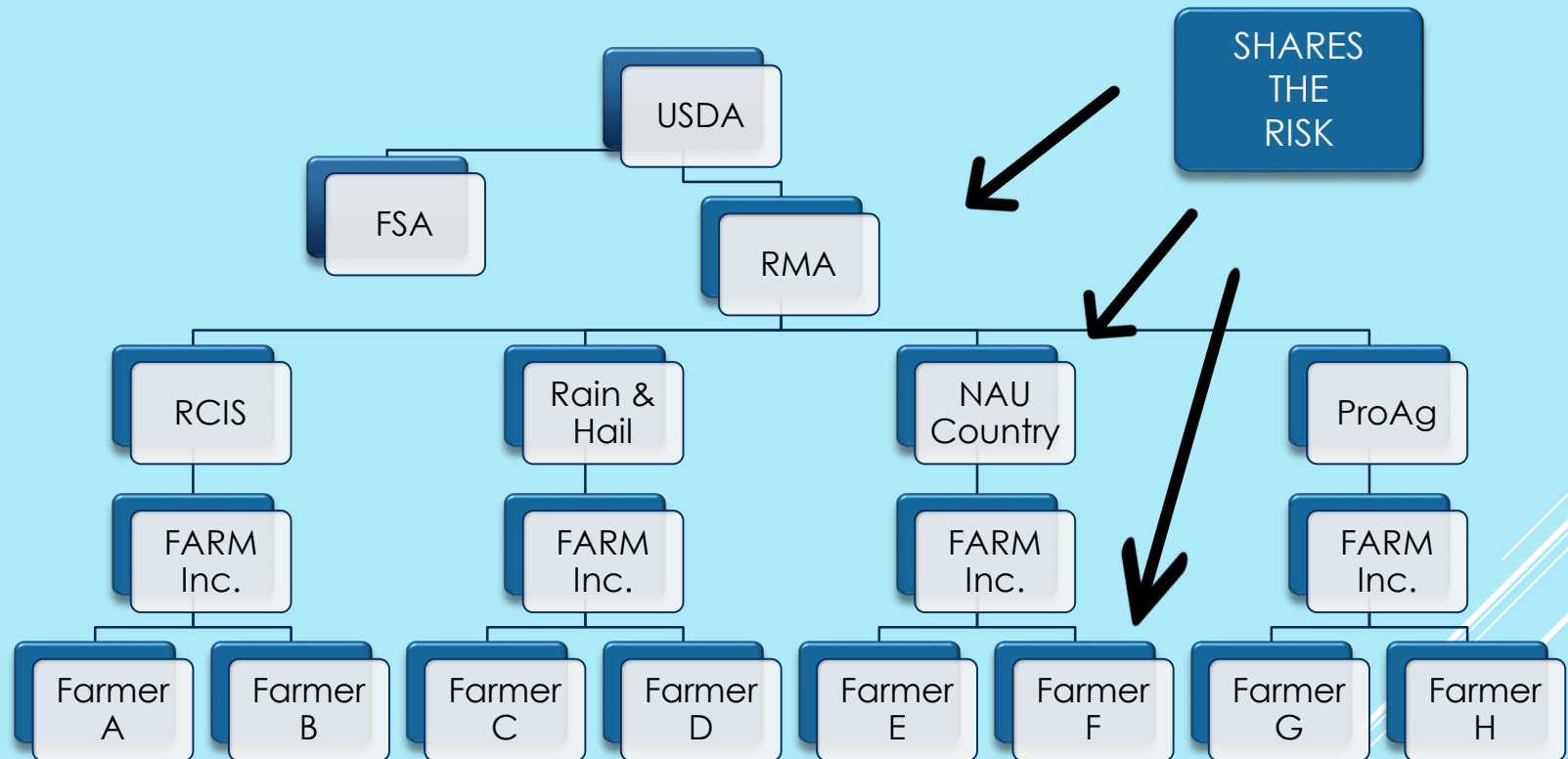


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# PUBLIC/PRIVATE SECTOR OF CROP INSURANCE



# PUBLIC/PRIVATE SECTOR PROGRAM

- ▶ Growers sign up with private agencies who write a policy with insurance provider that is delivering a product for which all rules, premium rates and subsidy rates are set by RMA.



# SUMMARY OF CROP INSURANCE BUSINESS – US (NET ACRES AND DOLLARS IN THOUSANDS)

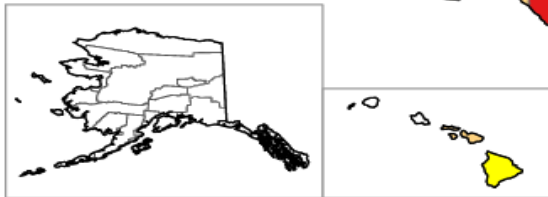
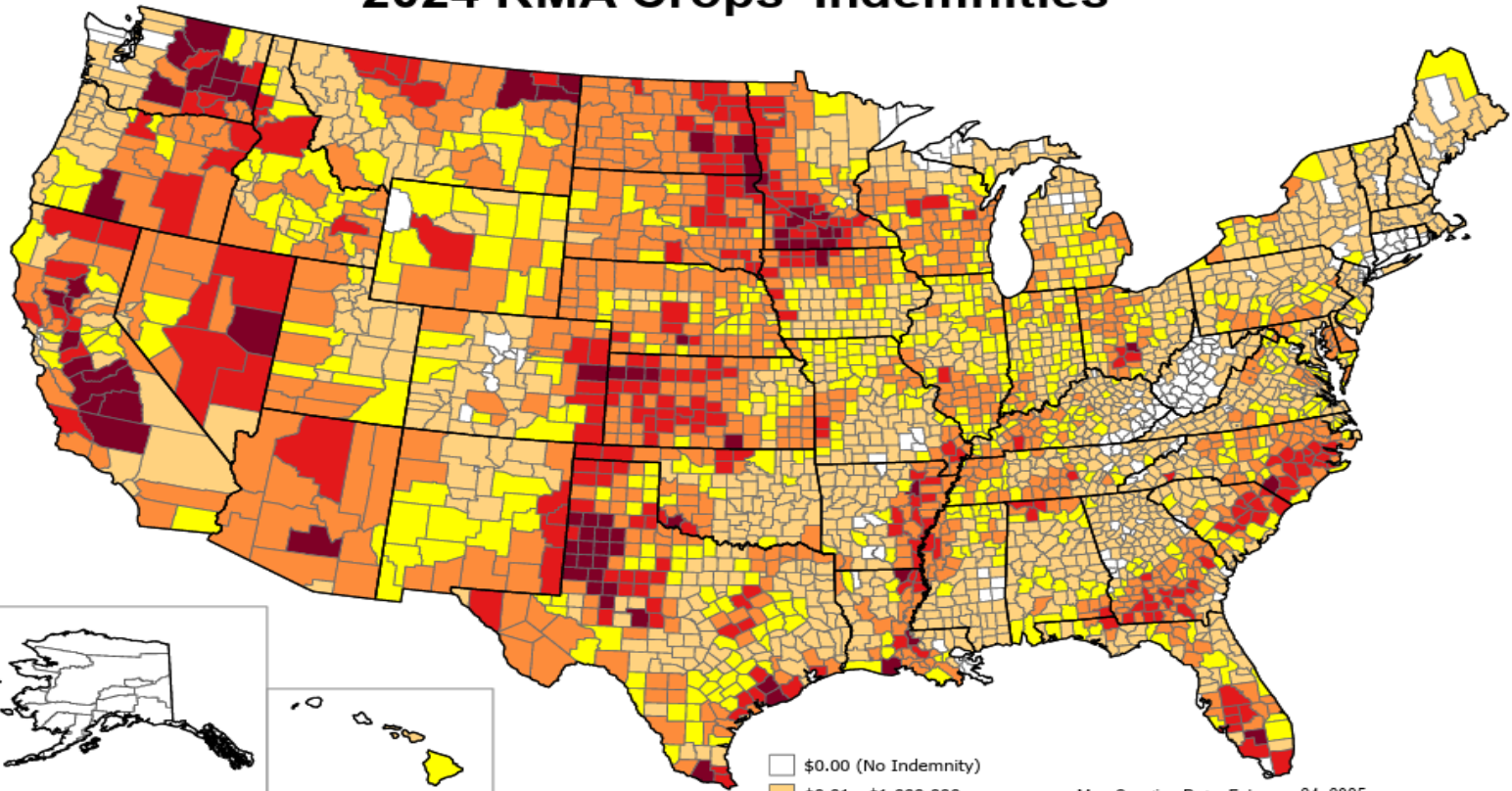
	1990	2000	2010	2020	2023
# of MPCl Policies	894,756	1,323,243	1,140,622	1,089,411	1,218,401
Acres Insured	101,361	206,466	256,167	390,263	534,352
Liability (\$)	12,828,368	34,443,753	78,100,447	118,411,985	176,999,586
Total Premium (\$)	836,468	2,540,163	7,593,722	10,149,660	18,034,718
Subsidy (\$)	215,308	951,191	4,710,969	6,284,744	11,256,313
Indemnity (\$)	973,032	2,594,835	4,253,035	9,125,066	17,585,369
Loss Ratio	1.16	1.02	.56	.90	.98

\* Preliminary information.

Source of information – [RMA.usda.gov](https://www.rma.usda.gov)



# 2024 RMA Crops' Indemnities



This map depicts weekly crop insurance indemnity data by county as of the data current date denoted on the map and is published biweekly.

The information displayed in this map is intended to serve as an aid in displaying data provided or stored by the Risk Management Agency. It does not modify, replace or supersede any USDA published policy provisions or procedures. Maps created by USDA Risk Management Agency are for spatial and visual context for depicting the basic information for "where". Maps are not considered a survey. General Reference Only.

- \$0.00 (No Indemnity)
- \$0.01 - \$1,000,000
- \$1,000,000.01 - \$2,500,000
- \$2,500,000.01 - \$10,000,000
- \$10,000,000.01 - \$25,000,000
- \$25,000,000.01 - \$120,880,515

Map Creation Date: February 24, 2025  
 Layer Credits: USDA  
 Source: USDA Risk Management Agency - Summary of Business  
 Data Current Date: February 24, 2025  
 Map Projection: USA Contiguous Albers Equal Area Conic  
**RMA Risk Management Services Division**

— Public Information —



# SUMMARY OF CROP INSURANCE BUSINESS – AZ

	<b>1991</b>		<b>2001</b>		<b>2011</b>		<b>2021</b>		<b>2023</b>	
# of MPCl Policies	168		2,116		2,145		2,901		4,104	
Acres Insured	\$	33,089	\$	388,190	\$	477,501	\$	30,267,675	\$	40,980,986
Liabilites (\$)	\$	21,182,337	\$	159,902,817	\$	342,857,799	\$	567,123,058	\$	811,320,689
Total Premium (\$)	\$	1,138,885	\$	9,226,658	\$	33,227,563	\$	103,377,344	\$	150,347,890
Subsidy (\$)	\$	227,675	\$	5,430,121	\$	22,837,994	\$	56,526,775	\$	81,336,260
Indemnity (\$)	\$	2,906,747	\$	18,551,338	\$	13,515,602	\$	134,224,368	\$	196,690,992
Loss Ratio	2.55		2.01		0.41		1.30		1.31	



Source of information – [RMA.usda.gov](https://rma.usda.gov)

# 2023 Arizona Crop Insurance Summary

<u>Crop</u>	<u>#Policies</u>	<u># Paid Indem.</u>	<u>Acres</u>	<u>Gross Premium</u>	<u>Grower Premium</u>	<u>Indemnity</u>	<u>Grower Loss Ratio</u>
ALL Crops	4,104	1,484	41.0MM	\$150.3MM	\$69.0MM	\$196.7MM	2.85
PRF	901	788	40.7MM	\$111.2MM	\$52.4MM	\$104.1MM	1.99
Cotton	902	209	113.30K	\$20.3MM	\$8.8MM	\$39.8MM	4.53
All others	2,301	487	211.99K	\$18.9MM	\$7.8MM	\$52.7MM	6.77



# 2023 AZ INDEMNITIES

Apache	\$12,019,331
Cochise	\$13,394,871
Coconino	\$20,811,330
Gila	\$5,374,229
Graham	\$8,492,391
Greenlee	\$1,315,598
La Paz	\$3,778,524

Maricopa	\$12,518,705
Mohave	\$6,555,882
Navajo	\$19,322,284
Pima	\$14,776,896
Pinal	\$68,006,843
Santa Cruz	\$1,973,695
Yavapai	\$7,645,264
Yuma	\$705,149

# ILLUSTRATION OF HOW RP INSURANCE WORKS

- ▶ RP Provides both a **Production** and **Price** guarantee resulting in a Revenue Guarantee.

Initial Guarantee:

1,500 lbs./Acre x 80% x \$.82/lb. = Per acre Revenue Guarantee

**1,200 lbs./Acre Production Guarantee x \$0.82 = \$984.00    Per Acre Revenue Guarantee**  
**x    500.0    Acres of Cotton**  
**\$492,000 Total Revenue Guarantee**





# ILLUSTRATION OF HOW RP INSURANCE WORKS

- ▶ Harvest Price (Measured from Oct 1 – Oct 31 off of the Dec 2024 ICE.)
- ▶ If the Harvest price RISES, the insured receives a higher revenue guarantee:

1,200 lbs./Acre x \$.90 /lb = \$1,080.00 Per acre Revenue  
x 500.0 Acres of Cotton  
\$540,000 Total Revenue Guarantee

1,200 lbs./Acre x \$1.00 /lb = \$1,200.00 Per acre Revenue  
x 500.0 Acres of Cotton  
\$600,000 Total Revenue Guarantee



# ILLUSTRATION OF HOW RP INSURANCE WORKS

- If the Harvest price FALLS, the insured receives a higher production guarantee:

**\$984.00 per acre / \$.70 per lb. = 1,406 lbs. per acre yield guarantee**

**\$984.00 per acre / \$.60 per lb. = 1,640 lbs. per acre yield guarantee**

**\$984.00 per acre / \$.50 per lb. = 1,968 lbs. per acre yield guarantee**



# ACTUAL 2024 GROWER RESULTS

- ▶ RP Provides both a **Production** and **Price** Guarantee resulting in a Revenue Guarantee.

Initial Guarantee:

1,728 lbs/Acre x 80% x \$.82/lb = Per acre Revenue Guarantee

**1,382 lbs/Acre Production Guarantee x \$82 = \$1,133.24 Per Acre Revenue Guarantee**  
**x 589.5 Acres of Cotton**  
**\$668,045 Total Revenue Guarantee**



# ACTUAL 2024 YUMA GROWER RESULTS

- ▶ Harvest price declined, so the insured received a higher production guarantee:

**\$1,133.24 per acre / \$.72 per lb. = 1,574 lbs. per acre Yield Guarantee**

**Does the Grower have a Payable Claim?**



Yuco Gin, Inc. II- Staple (YUCOSTAP)  
Field Production Report

Farm ID	Field ID	Variety	Area	Pk	Mods	Rounds	Trls	Bales	SdCotton	Lint	Seed	Per Area(x6)		500/lb	Lint	Seed Loan Value	Bale Value	
												T/o	Bales					
		NG-5150B:	9.2	1	2	9	0	21	28340	10595	15362	37.39	2.28	2.3	1151.63	1669.78	632.92	0
		NG-5150B:	28.9	1	6	26	0	76	111600	38751	56191	34.72	2.63	2.68	1340.87	1944.33	764.23	0
		NG-5150B:	22.3	1	1	6	0	12	11880	6049	8772	50.92	0.54	0.54	271.26	393.36	153.67	0
		NG-5150B:	18	1	3	10	0	32	48360	15843	22973	32.76	1.78	1.76	880.17	1276.28	504.78	0
		NG-5150B:	22.6	1	5	22	0	60	90500	30019	43528	33.17	2.65	2.66	1328.27	1926.02	754.38	0
			101	5	17	73	0	201	290680	101257	146826	34.83	1.99	2.01	1002.54	1453.72	569.02	0
		DP-2012 B:	11.8	1	2	5	0	19	26360	9216	13365	34.96	1.61	1.56	781.02	1132.63	427.46	0
		DP-2012 B:	18.2	1	3	12	0	42	68020	20906	30315	30.74	2.31	2.3	1148.68	1665.66	637.56	0
		DP-2012 B:	15.5	1	2	8	0	26	47360	12877	18668	27.19	1.68	1.66	830.77	1204.39	456.92	0
			45.5	3	7	25	0	87	141740	42999	62348	30.34	1.91	1.89	945.03	1370.29	521.54	0
		DP-2012 B:	18.7	1	4	16	0	62	78880	29364	42580	37.23	3.32	3.14	1570.27	2277.01	220.66	0
		DP-2012 B:	19.9	1	3	11	0	42	63500	20272	29394	31.92	2.11	2.04	1018.69	1477.09	437.24	0
		DP-2012 B:	17.3	1	4	13	0	47	67480	22357	32422	33.13	2.72	2.58	1292.31	1874.1	726.28	0
		NG-5150B:	12.2	1	3	9	0	30	44900	15203	22045	33.86	2.46	2.49	1246.15	1806.97	706.86	0
			68.1	4	14	49	0	181	254760	87196	126441	34.23	2.66	2.56	1280.41	1856.7	499.5	0
		FM 868AXT	11.2	1	2	4	0	16	25680	7971	11558	31.04	1.43	1.42	711.7	1031.96	402.26	0
		DP-2012 B:	7	1	3	0	0	49	66420	24337	35289	36.64	7	6.95	3476.71	5041.29	1970.34	0
		DP-2012 B:	8.1	1	1	0	0	17	22060	8350	12110	37.85	2.1	2.06	1030.86	1495.06	576.41	0
		DP-2012 B:	6.6	1	2	8	0	29	41300	14151	20521	34.26	4.39	4.29	2144.09	3109.24	1222.77	0
		DP-2012 B:	9.4	1	3	8	0	32	45200	15944	23122	35.27	3.4	3.39	1696.17	2459.79	967.41	0
		DP-2012 B:	7.8	1	1	4	0	14	19980	6806	9870	34.06	1.79	1.74	872.56	1265.38	492.97	0
			50.1	6	12	24	0	157	220640	77559	112470	35.15	3.13	3.1	1548.08	2244.91	877.76	0
		DP2239B3:	22	1	3	0	0	46	57980	22657	32855	39.08	2.09	2.06	1029.86	1493.41	588.81	0
		DP2239B3:	13.5	1	2	0	0	32	36180	15580	22590	43.06	2.37	2.31	1154.07	1673.33	660.12	0
		DP2239B3:	11.6	1	3	0	0	41	49780	19684	28540	39.54	3.53	3.39	1696.9	2460.34	971.9	0
		DP2239B3:	18.7	1	3	0	0	44	56900	22484	32603	39.51	2.35	2.4	1202.35	1743.48	660.83	0
		DP-2012 B:	35.1	1	6	20	0	84	113420	40970	59409	36.12	2.39	2.33	1167.24	1692.56	667.41	0
		DP-2012 B:	9.9	1	2	8	0	28	40020	14029	20345	35.05	2.83	2.83	1417.07	2055.05	808.73	0
		DP-2012 B:	9.4	1	1	4	0	9	20980	4461	6469	21.26	0.96	0.95	474.57	688.19	267.32	0
		DP2239B3:	40.9	1	12	65	0	117	163940	60107	87160	36.66	2.86	2.94	1469.61	2131.05	841.9	0
		DP2239B3:	28.6	1	5	0	1	61	81160	30730	44560	37.86	2.13	2.15	1074.48	1558.04	613.54	0
		DP2239B3:	28.2	1	5	12	0	64	85660	33398	48429	38.99	2.27	2.37	1184.33	1717.34	660.32	0
		DP2239B3:	33.1	1	8	34	0	99	142560	51741	75027	36.29	2.99	3.13	1563.17	2266.68	879.75	0
		DP2239B3:	13.8	1	2	0	0	28	35340	14493	21016	41.01	2.03	2.1	1050.22	1522.9	602.35	0
		NG-5150B:	13.5	1	2	0	0	28	38900	14204	20595	36.51	2.07	2.1	1052.15	1525.56	568.3	0
		NG-5150B:	11.7	1	3	0	0	38	49620	18716	27138	37.72	3.25	3.2	1599.66	2319.49	907.11	0
		NG-5150B:	17.9	1	4	0	0	54	75840	27382	39706	36.1	3.02	3.06	1529.72	2218.21	864.17	0
			307.9	15	61	143	1	773	1048280	390636	566442	37.26	2.51	2.54	1268.71	1839.69	718.51	0
			572.6	33	111	314	1	1399	1956100	698647	1014527	35.77	2.44	2.44	1221.88	1771.79	664.38	0

FARM Inc./Financial And Risk Management

2024 RP Cotton Insurance Payment Analysis Prepared For: Yuma Grower

Section	Planted Acres	APH Yield	Percent Coverage	Original Price	Guarantee Per Acre	Total Guarantee	Actual Yield	Final Price	Per Acre Amount of Revenue	Per Acre Amount of Indemnity	Total Amount of Indemnity	Total Lint Lbs.	
1	44.1	1539	80%	\$ 0.82	\$1,009.58	\$44,523	975	\$ 0.72	\$ 702.02	\$307.56	\$13,563	42,999	
2	54.2	1629	80%	\$ 0.82	\$1,068.62	\$57,919	1,328	\$ 0.72	\$ 956.36	\$112.26	\$6,084	71,993	
3	113.5	1535	80%	\$ 0.82	\$1,006.96	\$114,290	892	\$ 0.72	\$ 642.34	\$364.62	\$41,385	101,257	
4	141.1	2108	80%	\$ 0.82	\$1,382.85	\$195,120	1,350	\$ 0.72	\$ 971.92	\$410.93	\$57,982	190,469	
5	63.9	1849	80%	\$ 0.82	\$1,212.94	\$77,507	1,258	\$ 0.72	\$ 905.97	\$306.97	\$19,616	80,405	
6	46.1	1539	80%	\$ 0.82	\$1,009.58	\$46,542	1,308	\$ 0.72	\$ 941.81	\$67.77	\$3,124	60,302	
7	116.0	1587	80%	\$ 0.82	\$1,041.07	\$120,764	1,181	\$ 0.72	\$ 850.46	\$190.61	\$22,111	137,019	
8	10.6	1677	80%	\$ 0.82	\$1,100.11	\$11,661	1,434	\$ 0.72	\$ 1,032.66	\$67.46	\$715	15,203	
						589.50			\$668,326			\$ 164,581	699,647

Yield Per Acre: 1,187 lbs.

This is an estimate. The above analysis is subject to review by an adjuster.

This estimate is based on optional units.

Enterprise Units:	Guarantee:	\$668,326
	Actual:	\$ 503,746
	Indemnity:	\$164,581



**2024 Yuma Cotton Grower**  
**589.5 Planted Acres**  
**1,728 lbs./A. Yield History**  
**80% Coverage**  
**1,187 lbs./A. Actual Yield**

	[----- Lint -----]		[----- Seed -----]	
	<u>Indemnity</u>	<u>Premium</u>	<u>Indemnity</u>	<u>Premium</u>
Revenue Protection	\$164,581	\$14,062	\$39,525	\$2,270
SCO	\$ 50,122	\$ 4,084	\$12,033	\$ 981
ECO	\$ 33,416	\$ 7,347	\$ 8,022	\$ 768
<b>TOTALS:</b>	<b>\$248,119</b>	<b>\$25,493</b>	<b>\$59,580</b>	<b>\$4,019</b>
 Total Per Acre:	 \$ 420.90	 \$ 43.25	 \$ 101.07	 \$ 6.82

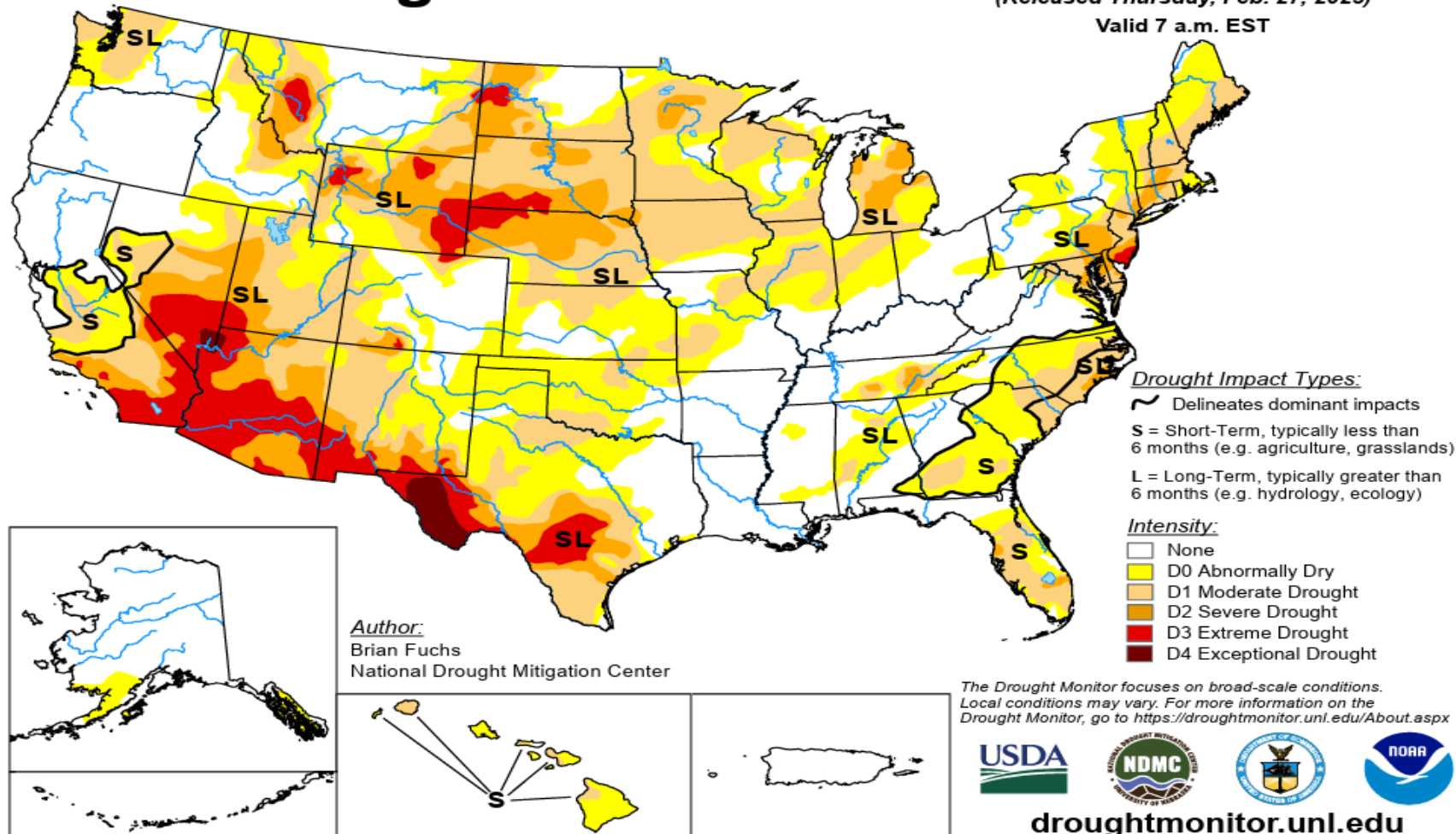
Total Lint and Seed:	\$307,699 Indemnity	\$29,512 Premium
Per Acre:	\$ 521.97/Acre	\$ 50.07/Acre
Total Guarantee:	\$ 1,581/Acre	



Drought conditions  
February 25, 2025

# U.S. Drought Monitor

**February 25, 2025**  
(Released Thursday, Feb. 27, 2025)  
Valid 7 a.m. EST





# PREVENTED PLANTING

- I. PP Eligible Crops
- II. Eligible Acres
- III. 1 in 4 Rule
- IV. Add PF on Policy



# ELIGIBLE CROPS



- I. Cotton
- II. Corn
- III. Barley
- IV. Wheat



# ELIGIBLE ACRES

Crop History of last 4 years

4

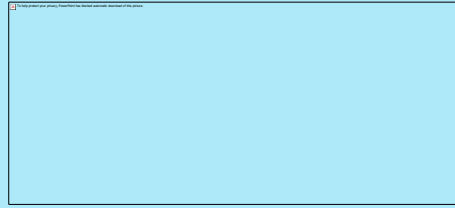


# 1 IN 4 RULE

- New in 2021 – on pause for 2025
- Be sure to have alfalfa insured







# PRF INSURANCE

(PASTURE, RANGELAND & FORAGE)

- 1) HOW IT WORKS
- 2) TRANSFERRING COVERAGE
- 3) HOW PRF HAS IMPACTED AZ & THE U.S
- 4) FUTURE OF PRF





# HOW IT WORKS



- 1) Signing up
- 2) Selecting Intervals/Grids
- 3) How claims are calculated/paid
- 4) Billing

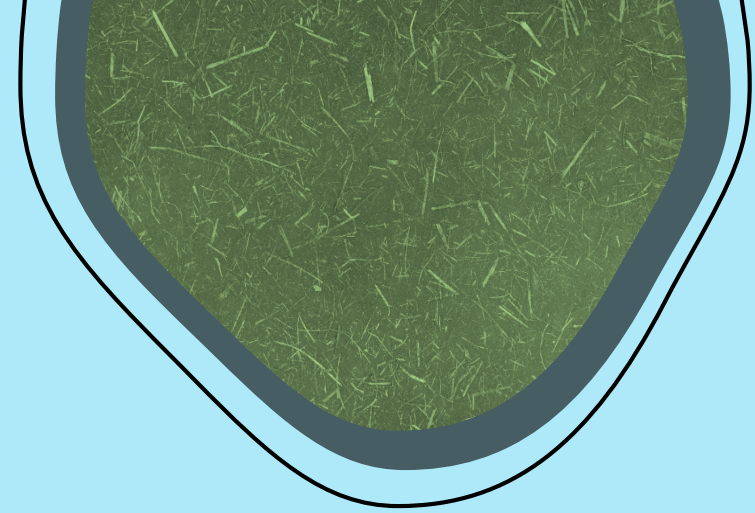


# SIGNING UP WITH PRF

- Basic information on entity or person that owns the cattle.
- Location of the property (State, County, Allotment(s), etc.)
- Coverage Level/Productivity factor (90/150)
- Calculate insurable Acres
- Deadline Dec 1<sup>st</sup>
- Have an FSA AD-1026 form signed with FSA (Conservation Compliance Form)



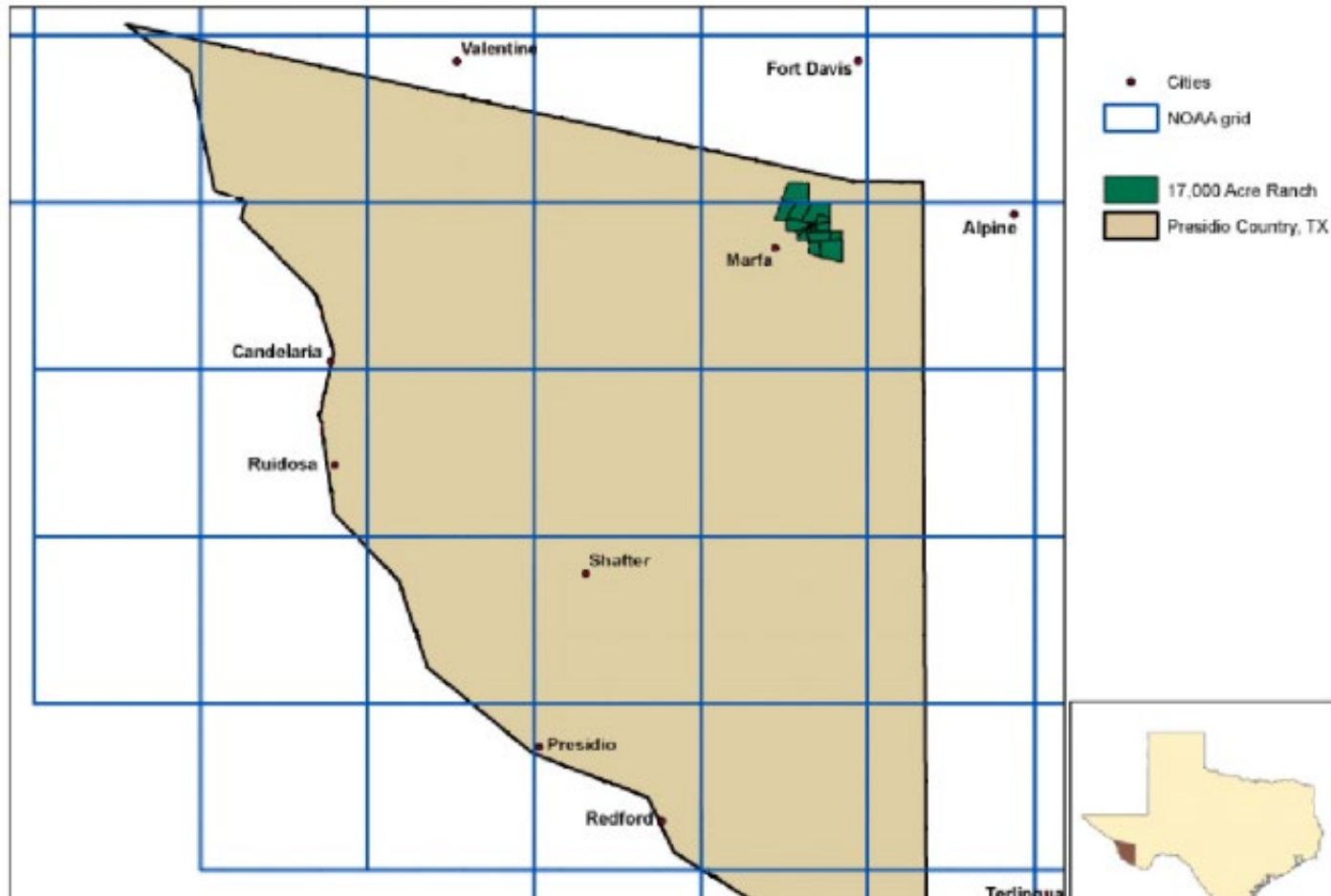
# SELECTING INTERVALS/GRIDS



- 2 Month intervals (Jan/Feb)
- Can't overlap in same Grid (Jan/Feb & Feb/Mar)
- Up to 50% of acres in any interval
- Grids (12 Mile by 12 Mile) based off Lat/Long
- Performance of each Grid/interval Varies



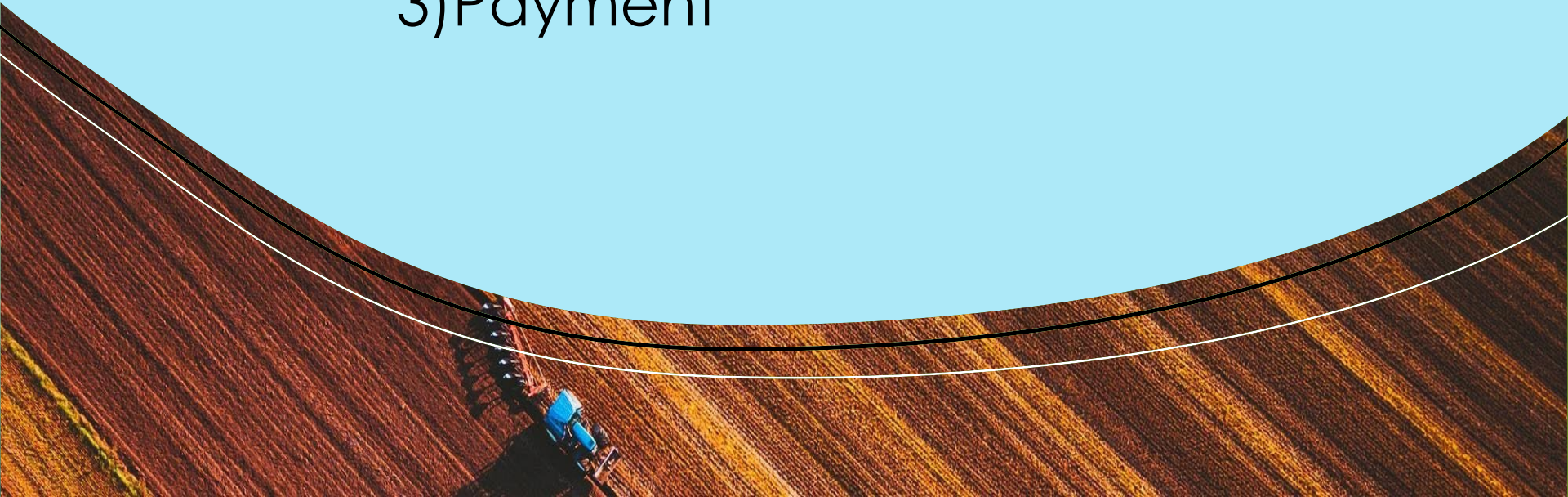
- Area of insurance =  $0.25^\circ$  grids ( $\sim 12 \times 12$  miles)





# HOW CLAIMS ARE CALCULATED

- 1) Amount of Coverage
- 2) Avg Rainfall vs Actual
- 3) Payment





# AMOUNT OF COVERAGE

Example (Coconino County AZ)  
50,000-acre ranch

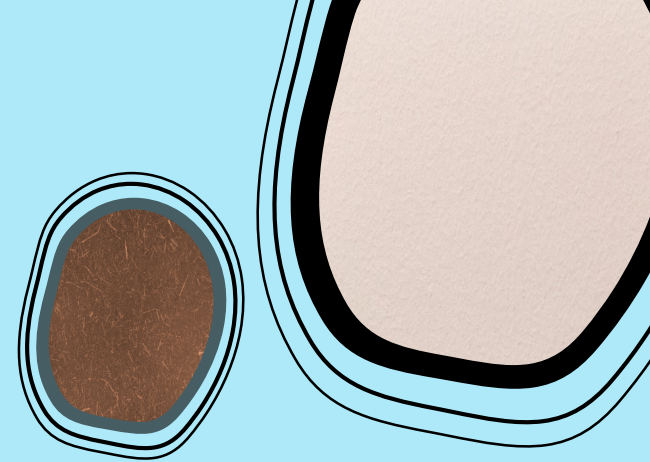
County Base Value = \$7.80/Acre

Coverage level = 90%

Productivity Factor = 150%

Coverage/Acre =  $(\$7.80 * 90\% * 150\%) = \$10.53/\text{Acre}$

Total Coverage =  $50,000 * \$10.53 = \$526,500$



# AVG RAINFALL VS ACTUAL



## 2025 Rainfall Index Report (Non-Policy) AZ-COCONINO

### Agency Info

FARM INC FINANCIAL & RISK MANAGEMENT (023026)  
2069 E RANCH ROAD  
TEMPE AZ 85284-3509  
Business: (480) 491-1444  
Email: farminc@cox.net



Based on historic and current Precipitation averages

Grid Id		JAN-FEB	FEB-MAR	MAR-APR*	APR-MAY*	MAY-JUN*	JUN-JUL*	JUL-AUG*	AUG-SEP*	SEP-OCT*	OCT-NOV*	NOV-DEC*
17475	Rainfall Index	13.50	12.00	0.00								
	Average Rainfall	5.56	5.37	4.14	2.04	1.25	3.44	6.43	5.62	3.85	3.63	4.75
	Current Rainfall	0.75	0.64									
17476	Rainfall Index	16.00	14.50	0.00								
	Average Rainfall	4.43	4.19	3.17	1.66	1.18	3.51	6.45	5.40	3.63	3.35	4.02
	Current Rainfall	0.71	0.61									

NOAA File Date: 03/02/2025

Rainfall amounts are estimates only and will not be used to determine final loss information. Indemnity payments will be determined based on RMA issued data files.

\*Interval data is incomplete and subject to change.

## 2025 Estimated Rainfall Index Coverage Report



**Coconino Rancher**

**State : Arizona**

**County: Coconino**

**Base Value : \$ 7.80**

**Protection Per Acre : \$ 10.53**

**Acres insured : 50,000.00**

**Coverage Level: 90%**

**Productivity Factor: 150%**

**Intended Use: Grazing**

### Comments

#### January/February

Grid #	Acres	Percent of Value	Payment Factor	Amount of Coverage	Final Index Value	Indemnity
17475	25,000.00	25%	0.8500	\$ 65,813	0.1350	\$ 55,941
17476	25,000.00	25%	0.8222	\$ 65,813	0.1600	\$ 54,113
Totals:				\$ 131,625		\$ 110,053

**Total Premium: \$ 74,756**

**\$ 1.50**

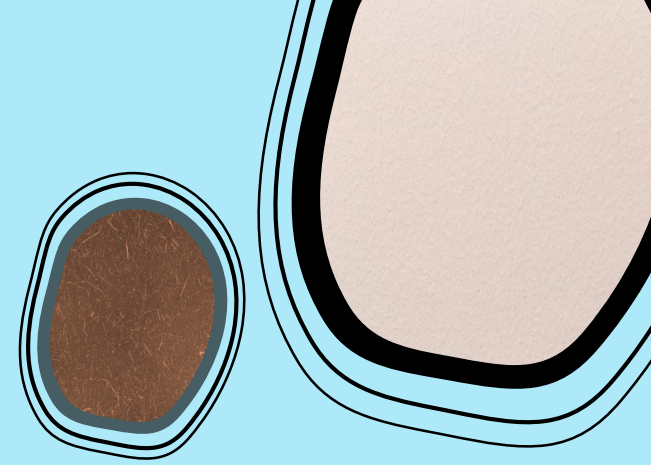
**YTD Total Indemnity: \$ 110,053**

**Remaining Premium: \$0**

**Net Received: \$ 35,297**

**Total Coverage: \$ 526,500**





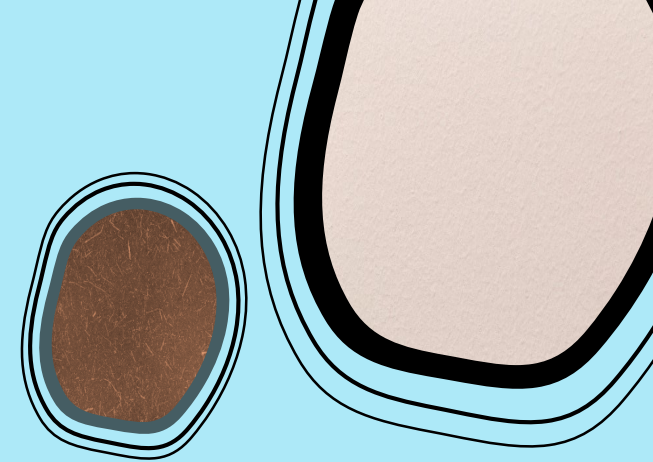
# BILLING

- PRF Premiums are not billed until Sep 1<sup>st</sup>.
- Any indemnities earned throughout the year will be applied to premium until the premium is paid.



# TRANSFERRING COVERAGE

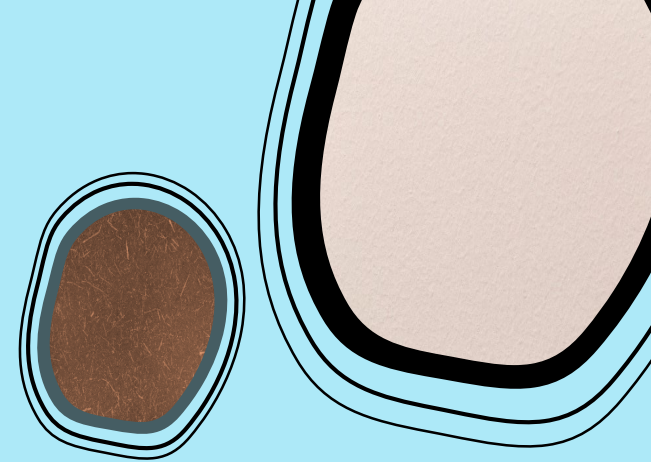
- 1) Sold land or Lost lease?
- 2) When?
- 3) Important forms (AD-1026)



## SOLD LAND OR LOST LEASE

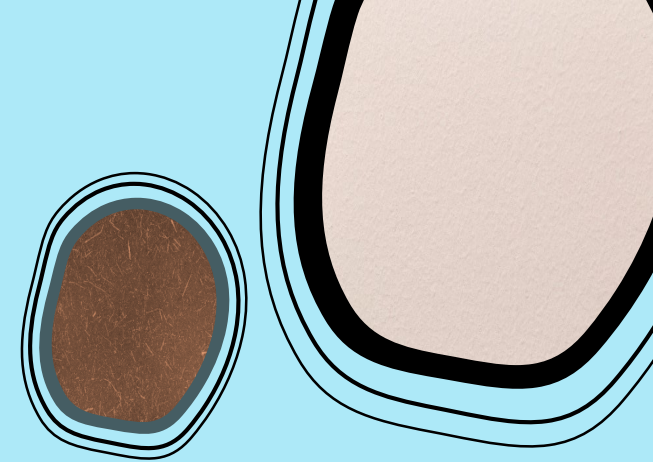
- The coverage on land that has been sold can be transferred to the buyer. However, coverage will cease for the seller and the seller is still liable for the premium.
- If you lose a lease under circumstances out of your control. Coverage will continue on that lease the rest of the year.





## WHEN?

- Depending on when the sale of the land occurred the Buyer and Seller can agree to prorate the Premium/indemnity through any date and share intervals.
- Example – Ranch sells on Feb 15<sup>th</sup>, 2025. If the Seller had coverage for both Jan/Feb and Feb/March. The buyer and seller can share parts of both Jan/Feb and Feb/March.



# IMPORTANT FORMS

- Transfer of Coverage and Right to Indemnity Form- This is the form needed to transfer coverage and prorate any Premium/indemnity between parties.
- FSA AD-1026 form (VERY IMPORTANT). This form allows growers to qualify for the government subsidy on these policies. If this is not on file, the premium will double. (If the buyer is a first time insured we have an exemption form).
  - If the buyer is transferring the coverage and does not have the 1026 form on file **both** the seller and buyer will be liable for the increased premium.

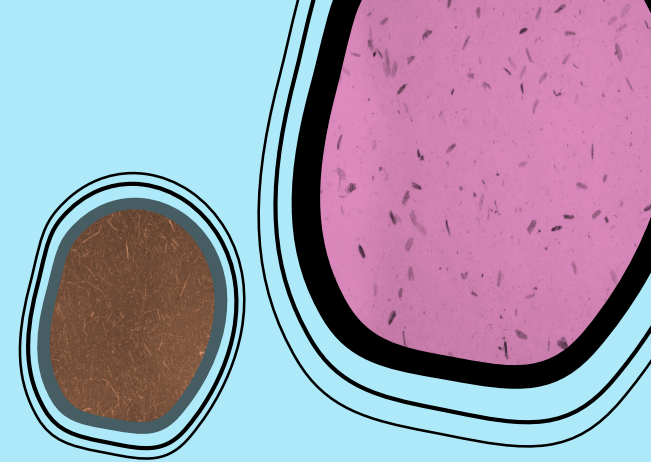


# HOW PRF HAS IMPACTED AZ & THE U.S

1) Stats (AZ and U.S)





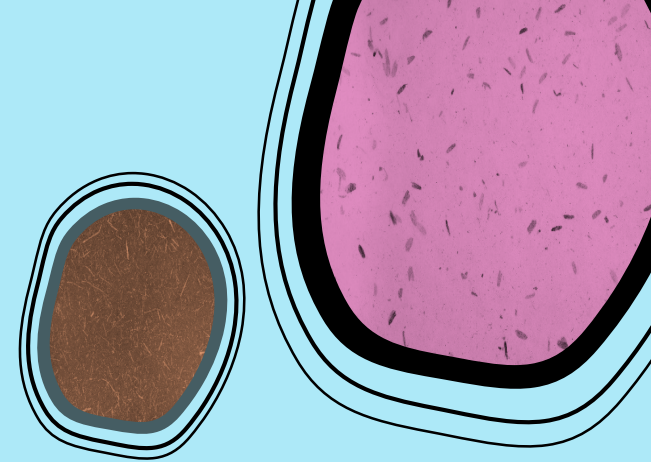


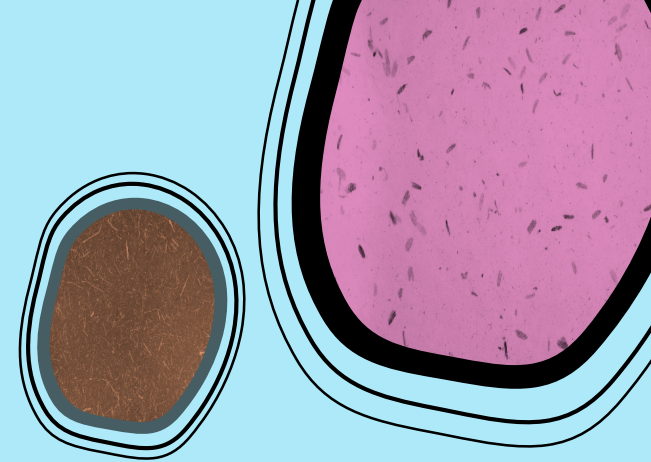
\*\* 2021 and 2022 Additional Subsidy Represents Pandemic Cover Crop Program Amount. \*\*

<u>Year</u>	<u>State</u>	<u>Commodity</u>	<u>Policies Sold</u>	<u>Quantity</u>	<u>Quantity Type</u>	<u>Liabilities (\$)</u>	<u>Total Prem (\$)</u>	<u>Subsidy (\$)</u>	<u>Indemnity (\$)</u>	<u>Loss Ratio</u>
2016	AZ	Pasture,Ran	55	798,128	Acres	\$ 16,986,585	\$ 4,533,936	\$ 2,470,819	\$ 3,669,249	0.81
2017	AZ	Pasture,Ran	266	15,256,612	Acres	\$ 270,329,807	\$ 80,025,898	\$ 42,312,527	\$ 93,742,625	1.17
2018	AZ	Pasture,Ran	488	24,031,941	Acres	\$ 387,583,733	\$ 112,620,541	\$ 59,813,409	\$ 128,173,688	1.14
2019	AZ	Pasture,Ran	651	28,534,410	Acres	\$ 265,343,739	\$ 77,981,599	\$ 41,310,542	\$ 25,066,769	0.32
2020	AZ	Pasture,Ran	697	29,877,275	Acres	\$ 275,571,119	\$ 81,187,528	\$ 42,934,022	\$ 128,423,705	1.58
2021	AZ	Pasture,Ran	775	29,979,217	Acres	\$ 271,975,934	\$ 78,364,431	\$ 41,609,672	\$ 98,994,681	1.26
2022	AZ	Pasture,Ran	830	37,302,173	Acres	\$ 342,033,547	\$ 100,049,530	\$ 53,356,913	\$ 110,820,883	1.11
2023	AZ	Pasture,Ran	901	40,655,694	Acres	\$ 378,621,794	\$ 111,181,952	\$ 58,750,788	\$ 104,132,337	0.94
2024	AZ	Pasture,Ran	904	40,494,695	Acres	\$ 375,960,988	\$ 108,411,609	\$ 57,436,293	\$ 62,393,088	0.58

## AZ RMA PRF Data as of 03/03/2025

<u>Year</u>	<u>Policies</u>	<u>Grower Premium</u>	<u>Indemnity</u>	<u>Net</u>
2016	55	\$ 2,063,117.00	\$ 3,669,249.00	\$ 1,606,132.00
2024	904	\$ 50,975,316.00	\$ 62,393,088.00	\$ 11,417,772.00

[illegible]

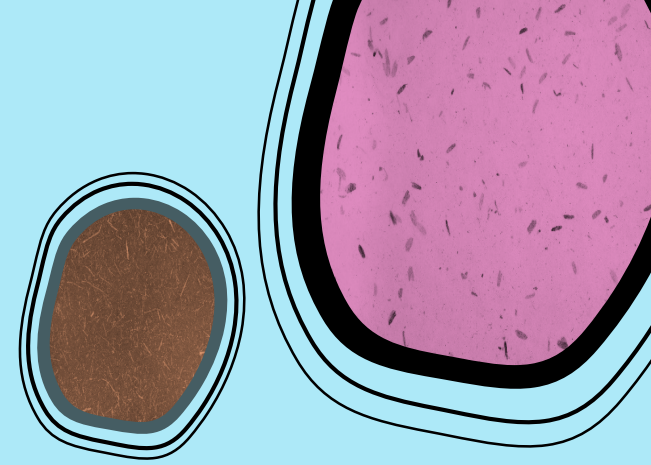


\*\* 2021 and 2022 Additional Subsidy Represents Pandemic Cover Crop Program Amount. \*\*

Year	Commodity	Policies Sold	Quantity (Acres)	Liabilities (\$)	Total Prem (\$)	Subsidy (\$)	Indemnity (\$)	Loss Ratio
2016	Pasture,Rar	25,287	51,561,151	1,390,841,171	280,799,385	151,276,230	178,758,545	0.64
2017	Pasture,Rar	28,474	74,936,300	1,744,753,278	380,383,559	202,998,653	341,224,966	0.90
2018	Pasture,Rar	32,708	98,283,617	2,377,950,750	520,177,152	278,221,376	499,647,200	0.96
2019	Pasture,Rar	37,139	140,054,736	2,623,675,332	581,191,717	310,194,464	363,315,873	0.63
2020	Pasture,Rar	38,186	159,606,067	2,988,079,135	674,503,145	359,426,915	886,723,738	1.31
2021	Pasture,Rar	45,141	202,233,571	3,847,760,670	859,447,582	457,686,757	982,001,085	1.14
2022	Pasture,Rar	52,616	247,525,168	4,714,524,597	1,067,570,416	567,902,718	1,433,955,108	1.34
2023	Pasture,Rar	67,032	289,930,082	5,925,073,001	1,333,256,945	706,674,277	1,123,242,478	0.84
2024	Pasture,Rar	72,980	297,097,678	6,332,048,311	1,399,680,386	740,024,174	1,143,426,065	0.82

## National RMA PRF Data as of 02/24/2025

Year	Policies	Grower Premium	Indemnity	Net
2016	25,287	129,523,155	178,758,545	49,235,390
2024	72,980	659,656,212	1,143,426,065	483,769,853




# The Future of PRF

1)Unknown

2)RMA has looked at insuring Animal Units instead of acres, as well as base value, and productivity factor changes.

3) All can change with a swipe of a pen.



# THANK YOU

## QUESTIONS?

- ▶ Tucker Knight
- ▶ 928-551-5285
- ▶ [Tucker@farminc.biz](mailto:Tucker@farminc.biz)



# FARM BILL HISTORY

1862-President Abe Lincoln Signed Dept. of Ag. Act.

1933-1<sup>st</sup> Farm Bill in US History.

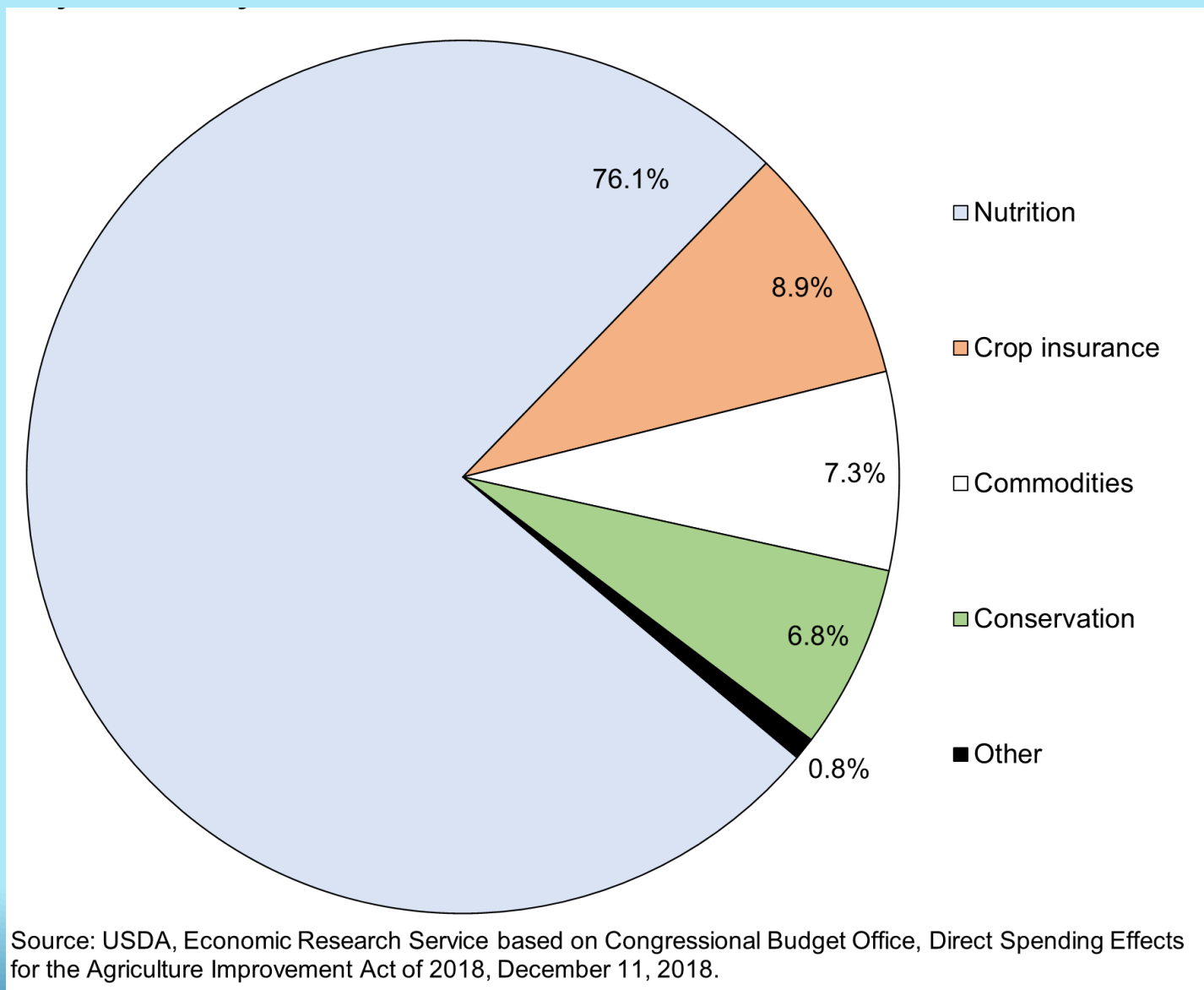
2018-Farm Bill was 18<sup>th</sup> in US History.

2023-Farm Bill – 2024 thru 2028.

Will be 1st \$1 Trillion Farm Bill

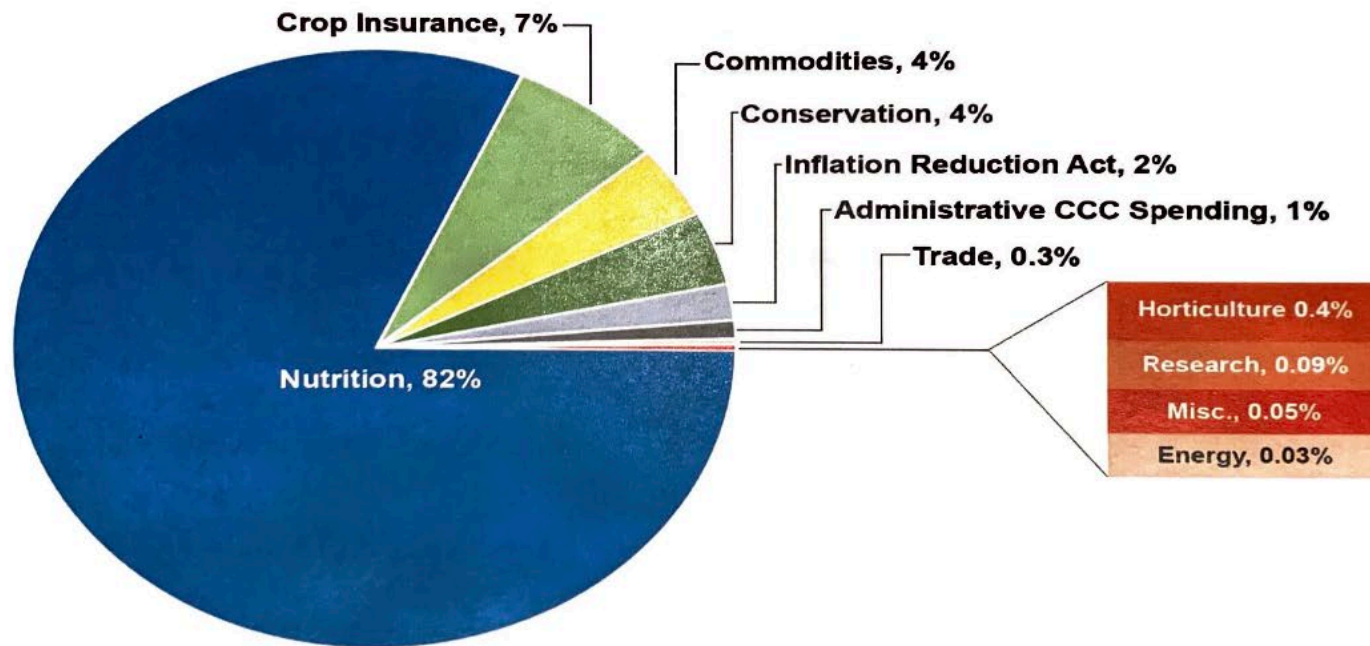


## PROJECTED OUTLAYS UNDER THE 2018 FARM ACT 2019-2023



# FARM BILL: Spending

## Projected Farm Bill Program Spending, 2024-2033



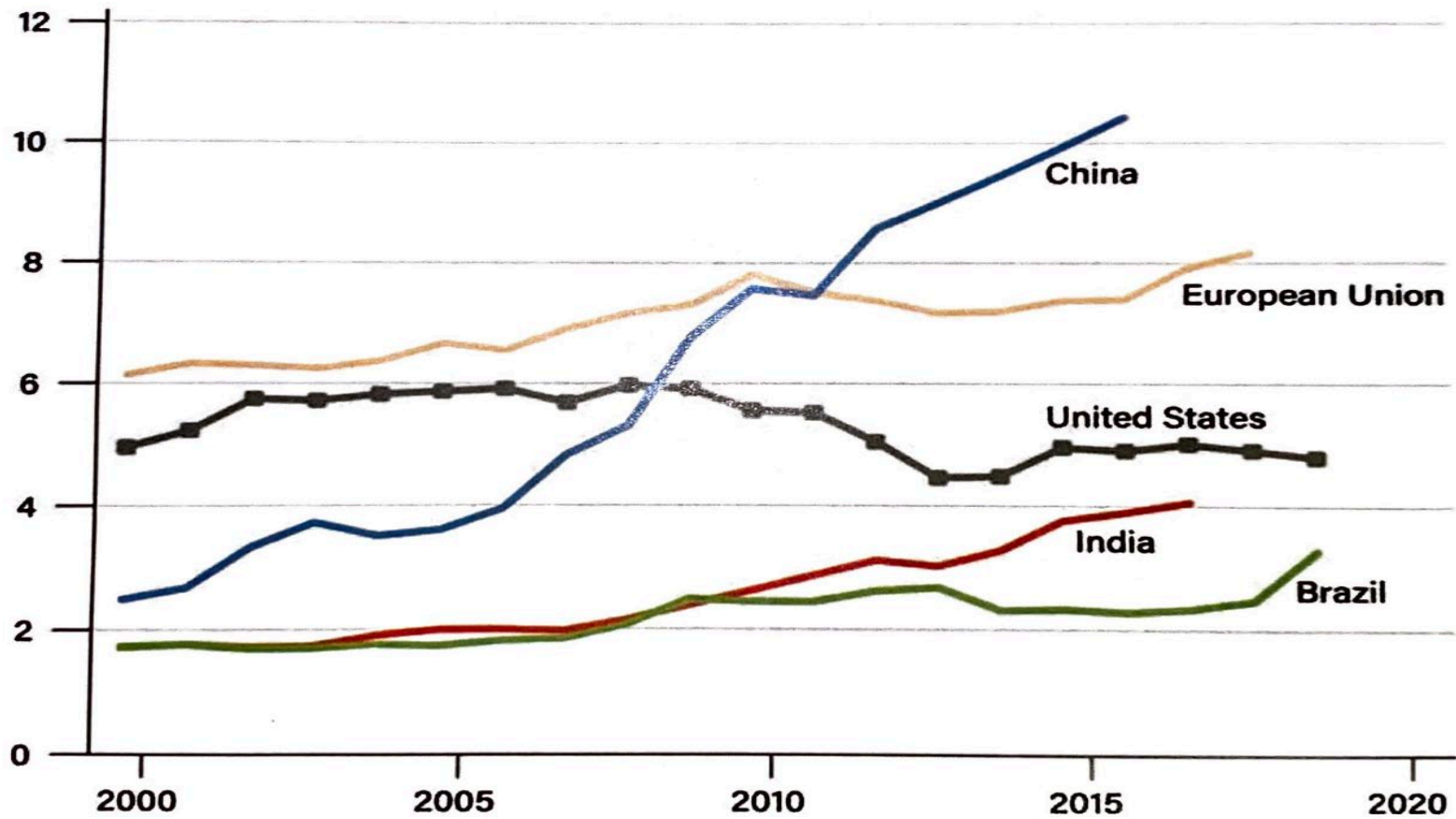
Source: CBO

## Investment in public agricultural research and development, 2000-19



Economic Research Service  
U.S. DEPARTMENT OF AGRICULTURE

Inflation-adjusted 2015 U.S. dollars, billions



# WORK TOGETHER



- ▶ FSA & RMA
- ▶ Current Examples:
  - ▶ Conservation – 1026 Forms for Highly Erodible Lands.
  - ▶ Cover Crop - \$5 per acre Discount
  - ▶ ERP – Paid the Deductible and Returned the PREMIUM.

Both have the same goals:

- Do what's best for the Farmer

Wish List Example:

- Grower reports acres one time.

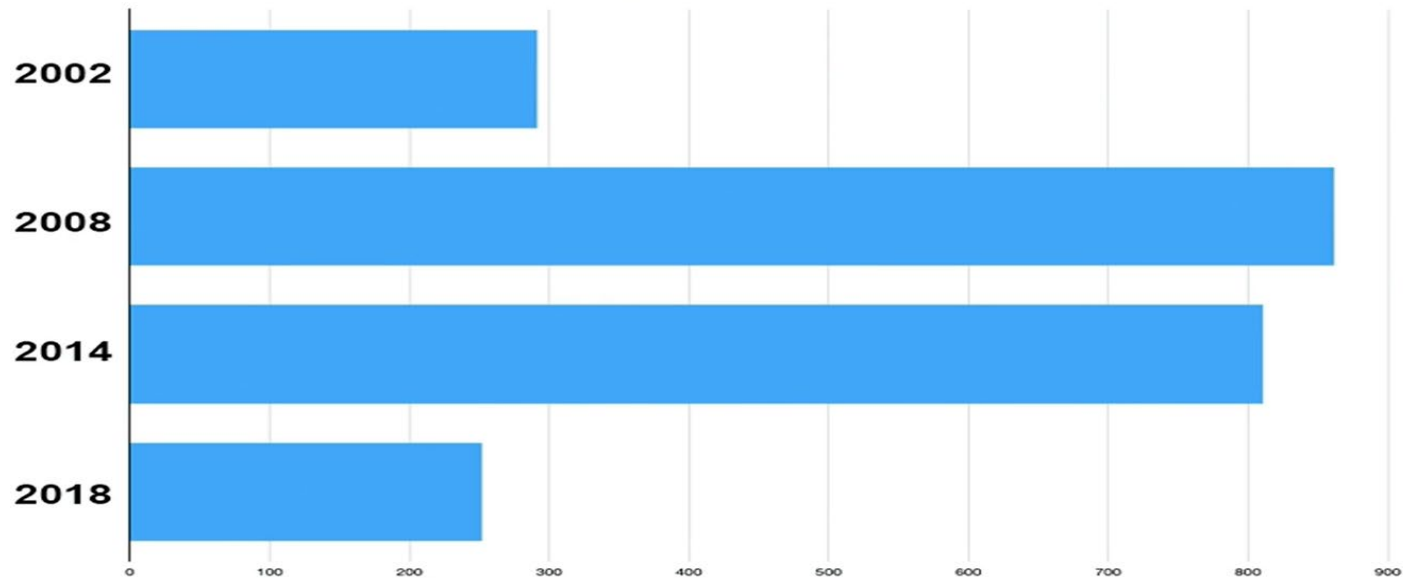


# FARM BILL HISTORY

## Trajectories of Farm Bill Past (Past)



**Timelines of the last four farm bills**  
*(in days from first legislative action through becoming law)*

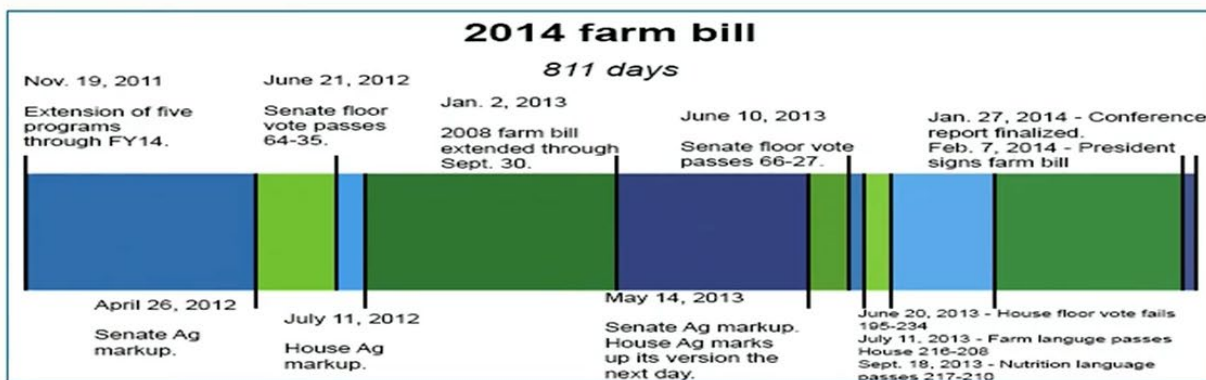


Source: Agri-Pulse



# FARM BILL HISTORY

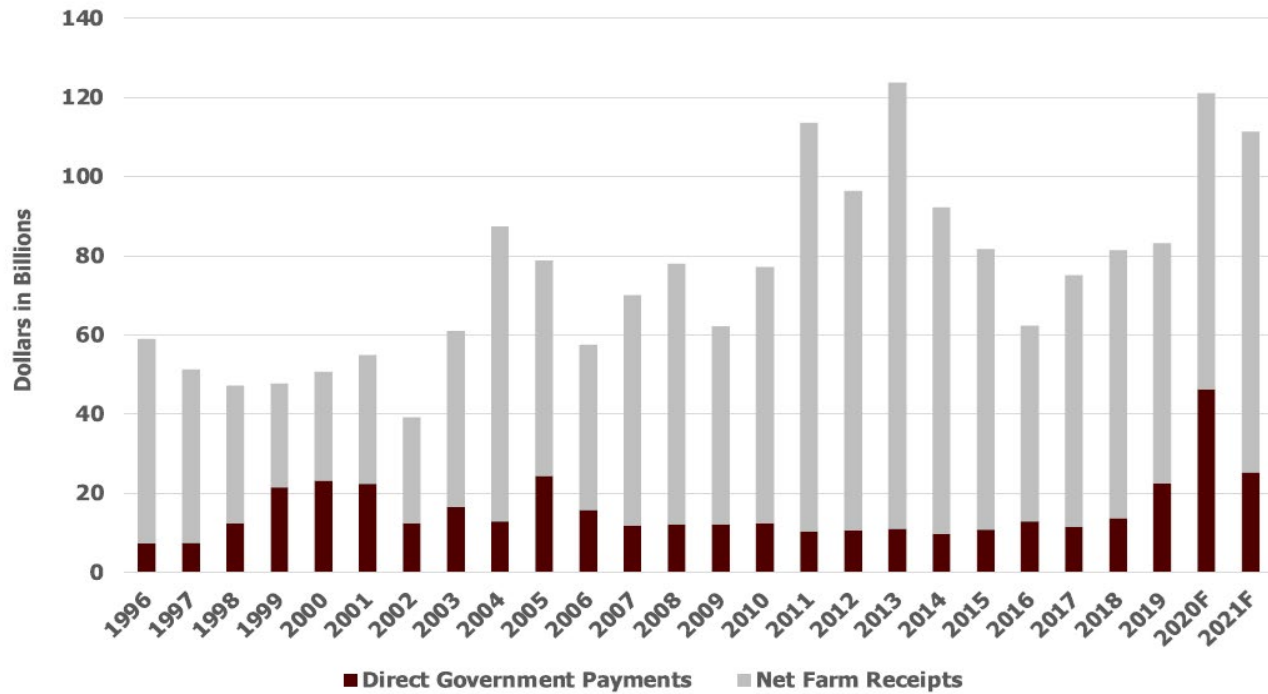
## Trajectories of Farm Bill Past (Recent)



Source: Agri-Pulse



# Net Farm Income



Source: TAMU Ag Econ Dept



# WHO ARE WE WRITING THE FARM BILL FOR?

- ▶ Whose Safety Net?
  - ▶ Large or Small?
  - ▶ Protect the Family Farm?
- ▶ 2MM Farmers in the U.S.
- ▶ 100k have Greater than \$1MM Gross Income.
  - ▶ Ex: It takes less than 1,000 acres of Cotton to reach \$1MM



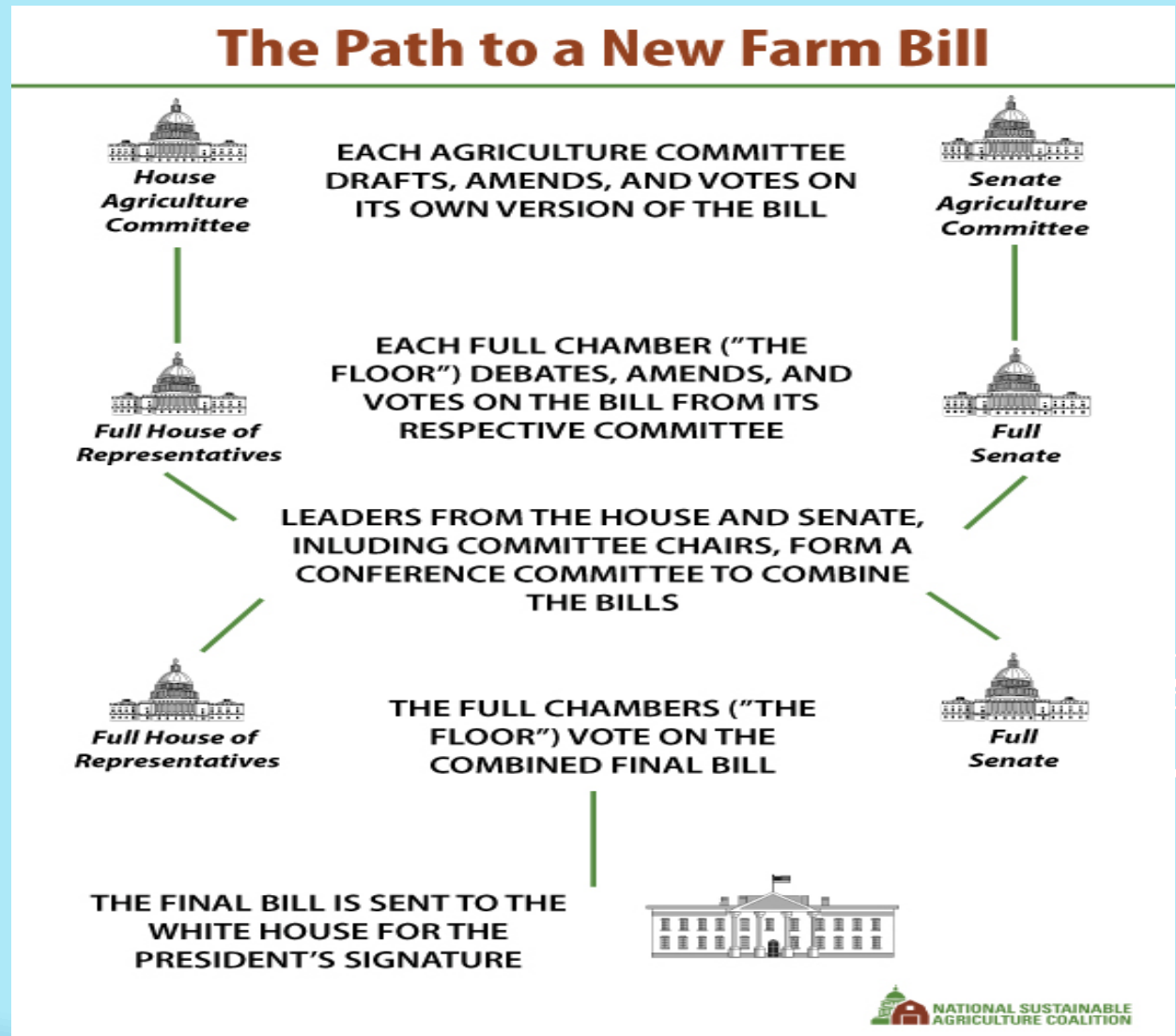
# FARM BILL

- ▶ Numerous discussions related to possible caps:
  - ▶ Premium subsidy amounts
  - ▶ Indemnity payments
  - ▶ Income means test?
  - ▶ Tied to conservation compliance



# FARM BILL

- What will a new bill look like?



# WHAT ARE SPECIALTY CROPS?

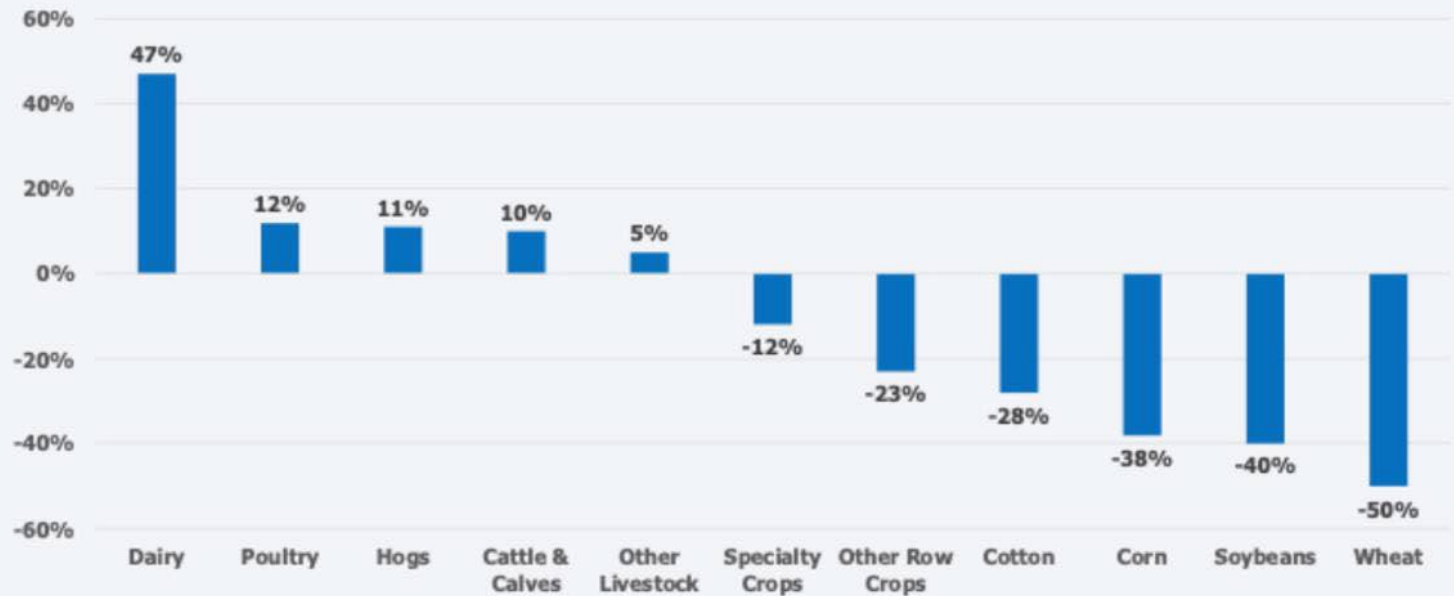
- a) Fruits, vegetables, nuts and nursery crops
- b) Exotic Fruits
- c) Non-edible crops
- d) Soy, corn, wheat

Answer: *Fruits, vegetables, nuts and nursery crops are considered "specialty crops" because they only represent 1.5% of all U.S. farmland. Though they take up relatively little space, these crops are usually "high value," comprising 21% of total agricultural sales.*



# NET CASH INCOME : BIG DIFFERENCES

Percent Change in Inflation Adjusted Net Cash Farm Income by Commodity, 2023 to 2024.



Source: <https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/>



# An Important End to 2024!

1. Economic Assistance

2. Disaster Assistance

3. Strengthened Farm Bill

\*Extended.  
Again



"Two out of three ain't bad"





# Economic Assistance for Crop Year 2024

Program Funding: \$10 Billion

Payment Limits:

\$125,000 for those with a farming average gross income of less than 75%

\$250,000 for those with a farming average gross income of 75% or higher

Key points:

- Commodity program/marketing loan crops
- Based on projected losses per acre for FSA-certified planted and prevented plant acres in 2024
- 50% of PP acres eligible for payment

See our One-Pager on [Economic Assistance](#)

**Due March 21**  
**Expected earlier...**

Commodity	Estimated Payment (\$/Acre)
Corn	\$43.80/acre
Soybeans	\$30.61/acre
Wheat	\$31.80/acre
Cotton	\$84.70/acre
Rice (L/M)*	\$71.37/acre
Sorghum	\$41.85/acre
Oats	\$78.42/acre
Barley*	\$21.76/acre
Peanuts*	\$76.30/acre
Dry peas*	\$16.16/acre
Lentils*	\$19.32/acre
Chickpeas, large*	\$24.16/acre
Chickpeas, small*	\$25.04/acre
Sunflower*	\$23.38/acre
Rapeseed*	\$23.23/acre
Canola*	\$26.76/acre
Safflower*	\$15.71/acre
Flaxseed*	\$17.48/acre
Mustard*	\$11.42/acre
Crambe*	\$19.37/acre
Sesame*	\$5.28/acre

\*indicates minimum payment formula was used



# Disaster Assistance for **Calendar** Year 2023 & 2024 Losses

Program Funding \$20.78 billion

**Timeline: TBD**  
**(expecting rules in**  
**early '25)**

## Qualifying losses

Losses of revenue, quality, or production of crops due to droughts, wildfires, hurricanes, floods, derechos, excessive heat, tornadoes, winter storms, freeze, polar vortex, smoke exposure, and excessive moisture.

## Key Points

- Includes losses for livestock, block grants (timber, Mexico 1944 Water Treaty, dairy, sugar beet, and sugar cane processors, etc.)
- Separate payment limits for 2023 & 2024 and separate payment limits from economic aid
- Historic funding compared to previous disaster programs
- Should look similar to ERP for 2020 and 2021/WHP+ disaster programs

See our One-Pager on [Disaster Assistance](#)

# So Remind Me.. ERP for 2020 & 2021 Model

## ERP Payment Calculation

ERP Payment = (Expected Value x ERP Factor - Actual Value) x  
Share, - Indemnity Amount, + Producer Premium +  
Administrative Fees

## Payment Limits

Agriculture average gross income of less than 75% = \$125,000

Agriculture average gross income of 75% or higher = \$250,000

Specialty crops... if agriculture average gross income >75%  
then = \$900,000

*CY 20/21 -Final payments had a factor of 78.5%*

*CY 23/24 -\$21 billion available*

*\*For reference only - ERP factors may differ or be unnecessary given the sum of funds available, and the new Administration could decide to change the methodology*

Crop Insurance Coverage	ERP Factor
Catastrophic	75%
<55%	80%
55%	82.50%
60%	85%
65%	87.50%
70%	90%
75%	92.50%
>80%	95%



## Farm Bill Players 2025



Can we go from..



to..





# Prospects for a 2025 Farm Bill

"Looking ahead to the 119th Congress, I hope to move quickly to enact a five-year farm bill that aligns the farm safety net with the needs of producers, among many other policies, to minimize the need for annual economic aid." – Chairman "GT" Thompson (R-PA)



- Groundwork has been laid, and the need in rural America is real
- Aid in the CR makes a strong point
- New leadership on Agriculture Committees looks promising

# House Agriculture Committee



**Chairman Glenn "GT"  
Thompson (R-PA-15)**

Rep. Frank Lucas (OK-03)  
Rep. Austin Scott (GA-08)  
Rep. Rick Crawford (AR-01)  
Rep. Michael Bost (IL-12)  
Rep. Scott DesJarlais (TN-04)  
Rep. Doug LaMalfa (CA-01)  
Rep. David Rouzer (NC-07)  
Rep. Trent Kelly (MS-01)  
Rep. Don Bacon (NE-02)  
Rep. Dusty Johnson (SD-AL)  
Rep. Jim Baird (IN-04)  
Rep. Tracey Mann (KS-01)  
Rep. Randy Feenstra (IA-04)  
Rep. Mary Miller (IL-15)  
Rep. Barry Moore (AL-02)  
Rep. Kat Cammack (FL-03)  
Rep. Brad Finstad (MN-01)  
Rep. Monica De La Cruz (TX-15)  
Rep. Ronny Jackson (TX-13)  
Rep. John Rose (TN-06)  
Rep. Zach Nunn (IA-03)  
Rep. Derrick Van Orden (WI-03)  
Rep. Dan Newhouse (WA-04)  
Rep. Tony Wied (WI-08)  
Rep. Rob Bresnahan (PA-08)  
Rep. Mark Harris (NC-08)  
Rep. Mark Messmer (IN-08)  
Rep. David Taylor (OH-02)



**Ranking Member Angie  
Craig (D-MN-02)**

Rep. David Scott (GA-13)  
Rep. Jim Costa (CA-21)  
Rep. Jim McGovern (MA-02)  
Rep. Alma Adams (NC-12)  
Rep. Jahana Hayes (CT-05)  
Rep. Shontel Brown (OH-11)  
Rep. Sharice Davids (KS-03)  
Rep. Andrea Salinas (OR-06)  
Rep. Marie Gluesenkamp Perez (WA-03)  
Rep. Don Davis (NC-01)  
Rep. Jill Tokuda (HI-02)  
Rep. Nikki Budzinski (IL-13)  
Rep. Eric Sorensen (IL-17)  
Rep. Gabe Vasquez (NM-02)  
Rep. Jonathan Jackson (IL-01)  
Rep. Shri Thanedar (MI-13)  
Rep. Adam Gray (CA-13)  
Rep. Kristen McDonald (MI-35)  
Rep. Shomari Figures (AL-2)  
Rep. Eugene Vindman (VA-7)  
Rep. Josh Riley (NY-19)  
Rep. John Mannion (NY-50)  
Rep. April McClain Delaney (MD-6)  
?  
?



# Senate Agriculture Committee



**Chairman**  
**John Boozman**  
**(R-AR)**

**Sen. Mitch McConnell (KY)**  
**Sen. John Hoeven (ND)**  
**Sen. Joni Ernst (IA)**  
**Sen. Cindy Hyde-Smith (MS)**  
**Sen. Chuck Grassley (IA)**  
**Sen. John Thune (SD)**  
**Sen. Deb Fischer (NE)**  
**Sen. Roger Marshall (KS)**  
**Sen. Tommy Tuberville (AL)**  
**Sen. Jerry Moran (KS)**  
**Sen. Jim Justice (WV)**



**Ranking Member**  
**Amy Klobuchar**  
**(D-MN)**

**Sen. Michael Bennet (CO)**  
**Sen. Tina Smith (MN)**  
**Sen. Dick Durbin (IL)**  
**Sen. Cory Booker (NJ)**  
**Sen. Ben Ray Lujan (NM)**  
**Sen. Raphael Warnock (GA)**  
**Sen. Peter Welch (VT)**  
**Sen. John Fetterman (PA)**  
**Sen. Adam B. Schiff (CA)**  
**Sen. Elissa Slotkin (MI)**

# SUMMARY

Is Crop Insurance our ~~new~~ safety net?

ONLY





# Questions?

**Gary McKenzie**

**Email: [Farminc@cox.net](mailto:Farminc@cox.net)**

**Office: (480)-491-1444**

**Tucker Knight**

**Email: [Tucker@farminc.biz](mailto:Tucker@farminc.biz)**

**Cell: (928)-551-5285**



[Link to website](#)

