Hello. Today I'll be giving an overview of the new wingtip risk protection also referred to as wind, caf, or WCR p pilot program.

Just a quick disclaimer that this presentation is intended to highlight some of the features of the wind CAF policy, but is not comprehend two of every aspect and requirement of the policy.

Just a quick program overview to get us started.

TAP was designed to provide coverage to beef cattle calf producers from revenue losses from their Kevin operations for calves up to weaning eggs. What makes weaned calf unique from other livestock insurance products that army offers is that it has a yield component similar to, say, a corn or wheat policy that you may be familiar with. When calf has an apparatus that allows producers to utilize their own yield history to establish their guarantee.

Also similar to row crop policies, the plains of insurance that are available are yield protection revenue protection and revenue protection. Harvest price exclusion Coverage levels available are 50 to 85%, with catastrophic coverage also being offered, producers are required to insure all insurable caps. And one important note that I want to emphasize here, and we'll go into greater detail later, is that insurance attaches at the time that the kids are included on a calf report.

Insurance ends the earlier of and these are the most common actions that Cubs insurance to end but weaning so the kids or the end of the insurance period date which for the 2024 crop here is January 31st 2025 and currently we're only insuring spring borne calves.

This initial program here, we're piloting the program in all counties in South Dakota, Nebraska, Colorado and Texas.

And like our previously mentioned, we're currently only insuring spring borne calves, which for the purposes of this program are calves born between February one and July 31st week. Calf was designed with the common commercial beef calf in mind. In order to be insurable, they must be a beef type calf and would typically have a feeder cattle grade of medium or large frame and one or two thickness dairy cattle, miniature breeds, double muscle breeds such as Belgian blue or piedmontese and specialty breeds are not insurable.

So for the majority of this presentation, I'm going to go through the policy in chronological order at the time of this recording. It's currently early January 2024. We've already passed the contract change date, which is the date we had to get the policy published by and we are in the price discovery period. We have uses the CRM, the November feeder cattle contract for price discovery for the projected price.

We're looking at the November contract from December 15th, 2023 to January 15th, 2024. And then for the harvest price, we look at that November contract again during the month of October. We have also has a few features that I'll cover in greater detail in the next few slides, but there's a regional factor which allows the program to recognize a regional basis for price with a £650 calf being the standard base weight used for price discovery.

And there is a price adjustment factor that is used to adjust the price based on calf weight. For the regional factor, we use AMS pricing regions and South Dakota, Nebraska and Colorado or in the north central region along with Montana, North Dakota, Wyoming and Iowa and Texas. It's in the south central region with New Mexico, Oklahoma, Kansas and Missouri.

Here's the formula for calculating the regional factor. But essentially we are taking the AMS regional report for a £650 cap and dividing that by the CME futures price

or the formulas for calculating the price adjustment factors. And what these do is they create a price slide to adjust on a per pound basis, because we all know that the odds of having exactly £650 calves are slim and lighter calves are worth more on a per pound basis, and heavier calves typically bring less per pound.

And for those of you who are like me and don't want to do the math for this equation, we conveniently publish this factor on the actual information browser for each county under the prices tab.

This demonstrates how that price adjustment factor price slide works. If $2.60 per pound is the projected price for 650 pounders and the price adjustment factor is 0.000 $0.04 per pound, then 200 pounders would be worth $3.06 per pound and £750 would be worth $2.49 per pound.

Here are the projected price calculations and in a couple of slides I'll show slide that indicates which one of these calculations to use when depending on the plan of insurance, you elect some other things to initially gain from this slide or that the formulated price is used when establishing the production guarantee and uses the approved yield, whereas the adjusted price is used when calculating the production account and uses the actual yield.

The other thing to notice on this slide is that the adjustment slide has a minimum of £200 and a maximum of £750. Same story is the projected price. The next slide will say what his win, but formulated is used for the guarantees and adjusted is used for calculating the production to account.

This slide shows which one of the calculations in the last two slides to use when if you elect yield protection, then you'll use the formulated producer or projected price to establish your production guarantee and the adjusted producer projected price to calculate the production account.

If you elect revenue protection, the guarantee will be calculated with the formulated projected price. If the projected price is higher than the harvest price or the formulated harvest price, if the harvest price is higher than the projected price and will always use the adjusted harvest price for production account. If you collect revenue projection harvest price exclusion, the guarantee will use the formulated projected price and the production account will use the adjusted harvest price.

So moving down the line. The next item is the sales closing date, which is January 31st. That is the date you have to have signed up for a policy with an agent by if you want to have one cap insurance for 2024. I would highly recommend if at the end of this presentation you're thinking that you're interested in taking our policy for the 2024 crop year to start locating and having conversations with an agent soon.

And do not wait until the last day. It will make your and your agent's life less stressful. When you sign up for a wing cap, you'll fill out an application on the application you will is the county where you intend to raise calves. On the slide you will see in red list only one county per application. Do that because this is a pilot and it's the first year we expect to find some items that we need to fix for subsequent years.

This is the first one of those we've identified. The policy has some language that would allow for multiple counties on an application that has the potential repercussion of costing additional insurance premiums for some of those producers. So we have instructed all of the insurance companies and they've trained their agents that we need to list only one county per application.

You can have as many applications as you need for the number of counties you operate in. You will also like what coverage level you want. State your insurer will share in those calves and the plan of insurance that you want. We're only offering basic units, so unless you have multiple share arrangements, all of your cattle in one county will be insured together.

The rest of this slide I'm going to cover in greater detail in upcoming slides. But you cannot have LRP feeder cattle endorsements for anything except dairy in the 2024 crop year. And you will also complete the pre acceptance worksheet often referred to as the pol every year, which will just include some basic information about your plan for the year and your operation.

We passed livestock risk protection, often called LRP, have a complicated relationship. You can have an LRP policy and that's fine, but if you have taken out an LRP feeder cattle endorsement for steers, weight one steers weight to heifers late, one heifers late to Brahman white, one Brahman wait two unborn steers and heifers or unborn Brahman on or after July 1st, 20, 23, which is the beginning of a 2024 crop year, You can't have a weaned calf policy where the two play nice together is.

You can have LRP Fed cattle, LRP, swine LRP feeder cattle for a dairy type or LRP feeder cattle in another state. County and on different calves. I also want to make a note here that weaned calf is a continuous policy. So if you take out weaned calf insurance in 2024, you would have a policy in 2025 unless you tell your agent to cancel it before January 31st, 2025, and you would be ineligible to buy an LRP feeder cattle endorsement for any of the excluded types until you cancel your weaning policy every year that you have.

We have insurance. You have to fill out a PA by the sales closing date, which is January 31st. It contains just basic information about your policy, like where you plan to have cattle located, your number of cows and your plans regarding animal nutrition and animal health. When you're expecting to start calving and any changes that you're making in your operation from the previous year, like changes in planning practices or saving, I'm going to go over the pair in the next slide, but just know that some items on the PA may trigger the insurance company to perform a pair.

So the pre acceptance and inspection report, also known as the pair, is done by the insurance company and they must complete it within 30 days of the sales closing date, which again is January 31st. To complete the pair, the insurance company must inspect all cattle in all locations for the county on the application. This is simply just the insurance company's opportunity to make sure that everything is in place for your operation, to make sure that the cars being insured would have the potential ability to reach their guarantee appears required for all new applicants, which for 2024 is everyone, because it's a new policy.

So everyone's a new applicant. Also, in future years, if you change insurance companies when significant changes are made to your operation, if there's been damage to your water or pasture in the prior year, or if you answer no or none to the animal health and nutrition questions on the PA or additionally at the discretion of the insurance company for new insureds, the records that will be required will be your application form the PA and the pair that we just talked about, as well as your weaning weight records from the last 4 to 10 years.

If you have them and they are well and deemed acceptable for most producers, those records will be your sales tickets that show the number of head and weight when you sold them after weaning. Next, we're going to talk about production reporting and establishing your production guarantee. The production reporting date will normally be March 15th, but this year that falls on the weekend, so it's moved to March 17th.

What is establishing your production guarantee for new insurance? We do have fields available for those who do not have willingness, sorry for those that do have applicable and acceptable weaning weight records. Those will be used to establish a production guarantee. However, for new insureds, those records are capped at 125% of the applicable till after the initial year of coverage.

Those third party verified records are utilized and 125% cap is not applied. As long as we have coverage continues. But if you have a breaking continuity, those records become subject to the cap. Acceptable records must be verifiable, include the number of head and weight and align with the requirements found in Part four of the Wind Health Insurance Standards Handbook and Part 14 of the Crop Insurance Standards Handbook.

Also note that you must tell your agent by the production reporting date, which again is normally March 15th. But this year's March 17th, any changes in practices or other circumstances that may reduce the expected yield below the yield upon which the insurance guarantee was based. The insurance company may reduce your yield based on changes in practices if necessary.

So here's an example of how 125% of your capital work. For this example, we're going to assume in the field is £500, which makes 125% of the to yield £625. So for crop year 2024, the producer brought in nine years of records and you'll see that every year that the producer average carefully exceeded 625 it was capped. Then we average those nine years weights and with the caps and the producers approved yield is £608.

Then in 2025 they come back in and their average weight was £670. In 2024 that exceeds the £625 cap. But because it was an injured year, the cap is not applicable for that year's production, but remains in effect for the prior years. The then ten year average gives an improved yield of £614. Then in 2026 they come back in again and their average cap weight in 2025 was £582.

So the cap is not applicable, but 2015 falls out of their database history because it's based on a rolling ten year average, giving the produce an improved yield of £610 for 2026. Next, we will talk about the Kevin period, which runs from February one to July 31st. And the final report kind of reporting is probably going to be one of the most important parts of your participation.

We've kept. I would suggest that you find an agent you like working with if you have this program, because during CAP reporting you'll likely be in communication with them frequently.

Cap reporting begins when you notify your agent of the first half born during the carrying window. So the first calf born on or after February 1st, you must notify your agent within three days of that gives birth that Kevin has begun.

The cap report is a summary record of all life calves born at different times from the beginning of calving to the calf reporting date or final calf reporting date and the calf reporting date is the earlier of 60 days after the date calving began for the unit or August 1st, which is the final step. Reporting date insurance attaches only to calves reported on the calf report.

So three key takeaways you have to notify your agent within three days of the first calf. Born after February 1st, we're only going to ensure a maximum of a 60 day having window and a calf has to be alive to be added to the calf report and insurance doesn't attached to them until they're included on the calf report.

And if you don't have any insured calves in the county for the crop year, you must submit a zero calf report. Your report must include all insurable and uninsurable live calves by type located in the county. The number of cows and estimated number of calves that may be born after the calf report is filed. That way, those calves are considered as uninsurable and not as underreported, which would have penalties and would potentially impact indemnity.

The date having began for each unit, your land I.D., share and signature. And you may revise the calf report as often is required to report the birth of additional calves until the earlier of the calf reporting date, which again is 60 days after having began on the unit or the final calf reporting date. I would highly recommend revising your calf report frequently so that insurance is getting attached to those calves in case they die or some other covered peril happens.

Reports can be made in-person or by phone and confirmed in writing within 15 days. So one thing that is unique about cattle that we had to account for in this program as opposed to row crop policies, is that cattle can move if you're going to move your calves while they're still in the cow to another county in the pilot area, which is South Dakota, in Nebraska and Colorado or Texas, you must tell your agent and get permission from the insurance company.

Your premium for those calves being removed will be based on the higher of the premium rate of the county listings on the application or the county they are moving to. If you're moving cattle to a county in a state outside of the pilot area, then it works just like the ones moving within the pilot area only we've published the state rate for the additional 46 states in the Act's real documents, which will likely be higher than the county they're coming from, and that will apply only to the cattle being moved.

If you're shipping cattle to another country like Canada or Mexico, things get different. You have to give notice within three days prior to the date they're being moved. And that allows for things like making sure that waits can be obtained on those calves and coverage ends on those calves. Once they're moved. Premium is based on the original county when they're moved to another country.

We have had the question, what happens if I send cattle to Canada and then bring them back coverage on those calves ended when they left and it does not reattached to them. So let's walk through some scenarios of moving cow. You start with a 100 head and counting a with to 7% premium rate and scenario one you move 20 head to county B, which is in the pilot area and has a premium rate of 6%.

The receiving county's premium rate is lower than the originating county, so you would pay 7% premium on all 110. And scenario two, you move 20 head to County C, which has a premium rate of 8% that's higher than the 7% in county. A So you would pay a 7% premium on 80 head and an 8% on the 20 head that moved.

In scenario three, you move 20 head to an uninsured state outside of the pilot area and the actuarial documents list that state's premium rate is 12%. You would then pay the county a 7% on Arrowhead and the county D 12% rate on the 20 head that moved. And then in scenario four, you ship 20 head out of the country, you would pay the 7% county a premium rate for all 100 head, but covered would end for that 20 head that left the country when they moved going to move cattle.

You must provide notice to your agents telling them why you're moving them, where they're coming from, where they're going to the number of head going, the number of heads staying, and when the cattle that are moving will arrive at their new location next to review, winning ending of insurance and causes of loss insurance is the earliest of total destruction of the insured calves.

Final adjustment of a loss on the unit, abandoning of the insured calves, putting the case to an alternate use such as backgrounding, selling the cows. The calendar data calves are weaned moving the insured calves to another country or January 31st of the year. Immediately following the sales closing date for the crop year, which for 2024 would be January 31st, 2025.

The Weaning Weight report must be completed by you and verified by an acceptable, disinterested third party. Weight must be determined within five business days after winning a third party verifier must be present. At the time the Cavs are weighed, Scales must meet applicable requirements such as being certified scales. A representative sample of the calves must be weighed to determine the total weaning weight of calves being cleaned on each weighing date.

So if you win on multiple dates, you must take multiple weights. The minimum sample will be 20% of the number of calves being weaned not to exceed 30 calves. No, While the adjuster or AP representative does not have to be present at the time of weighing the adjuster, a representative has the final say in the number of calves weighed and other loss adjustment procedures.

Here's a list of who qualifies as an acceptable third party verifier for weighing tests. Auction sale, barn and livestock exchanges, as well as in loss adjusters, will probably be the most common. But other acceptable verifiers are livestock commission representatives, county Agricultural and Natural Resources extension agents, licensed vets, state extension beef cattle specialists, State Department of AG, Animal Health, Livestock Measurement and Standards Division Personnel, State Cattlemen's Association Officials and Authorized Farm Service Agency personnel.

So you intend to background your kids for a period and do not have a way of obtaining weaning weight at the time of weaving? This is where the background adjustment report comes into play. It's completed by you and is used to document calculations and adjusting the average weaning weight of calves that are backgrounded after being weaned and before obtaining a weaning weight.

Information on the behavior is used for the weaning weight report. So sale or weight documentation must be included and the weight must occur no later than within five business days of the end of the insurance date, which for crop year 2024 would be February 7th of 2025. Feel free to pause the presentation if you're going to walk through the steps of the background adjustment report.

But simply what it does is it reduces the weight of the Cavs obtained at the end of backgrounding by a panel and a half per head per day post winning

XV was the win cap for the five based upon or adverse weather conditions. Fire, wildlife, earthquake. Volcanic eruption, disease but not damage due to insufficient or improper application of disease control measures.

Other causes directly damaging pastures and other forms of grazing such as insects, provided the acceptable control measures were followed calf death due to a covered peril occurring during the insurance period, which remember for it to be during the insurance period, that calf had to make it onto your calf report. But such as disease, freezing temperatures, flood, fire, hail or predation, as well as change and harvest price from projected price for both revenue protection and revenue protection.

Price exclusion plans. So what we have is not going to cover our aborted pregnancies, stillborn calves, calves that die before your calf report is submitted and failed conceptions. All four of those that calf never made it into the calf report for insurance to attach to it. It also won't cover calves that you're required to destroy by order of official governmental authority calves that are seized or quarantined and are not released during the insurance period.

Calf death due to any causes while the kids are under quarantine or calves that die while in transit. So if you're moving calves from, say, South Dakota to Idaho and they die on the truck, those calves also are not covered in the event of damage or loss. What are your duties? First, protect the commodity from further damage by providing sufficient care.

And then my advice would be second, call your agent. But in the event of a calf death, you need to establish that the death occurred during the insurance period, that it was due to an insured cause of loss and provide acceptable documentation of the death with things like pictures. You also need to get consent from the insurance company before destroying any insured calves.

Putting any insured calves to another use, such as backgrounding, abandoning calves, selling any of the insured calves prior to the date, the cares would normally be weaned or selling any of the kids other than through a sale barn or other established buyer. So if the neighbor kid wants to buy, if he's feared for their assets project, you need to let your agent know so they have time to arrange to get waits and provide consent prior to selling those calves.

Once the premium billing date for the 2024 crop year is February 1st, 2025, as three of likely weaned and probably had a chance to market the calves. And if you don't pay your premium bill by March 31st of 2025, your policy would terminate and would make you ineligible to purchase crop insurance.

Look through a few examples. First, the Yield protection Plan of insurance.

The producer has a £600 approved yield per calf, a 75% coverage level, which gives them a £450 production guarantee per calf. They have 100 cows and 100% share and price selection. The premium rate is 5% and at £362 actual weaning weight per calf. But the losses due to insurable causes when calculating the liability, you would take the 100 Cavs times the £450 production guarantee per calf times the dollars 64 projected price, and we would use the formulated projected price because that is yield protection and that would give you a liability of $73,800.

When calculating the premium, you would take the $73,800 times the 5% premium rate to get a $3,690 premium. So now we're going to go through the potential indemnity calculation for that example, step one and two just calculates the liability we just established on the previous slide. And the step three and four takes the 100 insured calves multiplied by the 362 average weight and multiplies that by the price.

And because this is yield protection, we'll use the adjusted producer projected price and you'll notice that the price is higher than the formula price we use for the liability. And that's because the £362 calves are lighter than the 600 pounders we were expecting and base the liability on. So the price adjustment factor uses the price slide to compensate for that.

So multiply the dollar 83 per pound to get a total production discount of $66,246. Then we simply subtract the difference to see that we are $7,554 less than the liability, and with a 100% share, you get an indemnity of $7,554. Now with a revenue protection example, we're still going to keep the £600 approved yield and 75% coverage level, which gives you a £450 of actual guarantee per calf and Kels and 100% share and price selection.

Just like the yield protection example, the premium rate is 11% and we're going to say two calves die due to insured causes, leaving 98 head remaining and a £362 actual weaning weight per calf with the loss being due to insured causes. So calculating the liability, you're going to take the hundred insured calves, multiply that by the £450 production guarantee per care and then because this is revenue protection, you're going to use the higher of the formulated producer projected price or the formulated producer harvest price, the projected prices higher.

So we're going to use a dollar 64 to get us $73,800 liability. When calculating premium, you're going to just take the liability times the 11% premium rate to get a premium of $8,118. Now, on the divinity calculation, you can again take the liability and then to calculate your production discount, you take the 98 head, the remaining times, the £362 average weight, multiply that by the dollars 76 adjusted producer harvest price, which again is more than the formulated producer harvest price.

Because these calves are lighter and the price adjustment factor comes into play to give you a total production account of $62,438, you subtract the difference between your liability and production discount to give you a total of $11,362. And with the 100% share, your indemnity is $11,362. And finally, what's appropriate in protection harvest price exclusion example we still have the £600 approved field per cap, 75% coverage level £450.

Production guarantee a 100 reported calves, 100% share in price selection with an 8% premium rate. They seem to have died the uninsured causes and you still have a £362 actual weaning weight per calf with loss to the insured causes. So in calculating the liability, you take the same 100 calves times £450 production guarantee and then you multiply that by the 64 projected price, which is the formula to produce a projected price to get a liability of $73,800.

Then you take your liability times your 8% premium rate to get a premium bill of $5,904 for the indemnity calculation, you're simply going to take the liability, which is again is 73,800, and then you're going to take the production discount, which would be 98 times the 362 average weight per ten times the dollar, 99 per pound, which is the adjusted producer harvest price in the situation to equal a production discount of $70,597.

In step five, you subtract corrections account from the liability to give you $3,203. And with a 100% share, your indemnity is $3,203 to quote liabilities premium at various coverage levels. You can either visit with an agent or use the cost estimate or tool available on our website at the address above or from our maze Home page at Orem dot USDA dot Gov Select Tools and the banner at the top of the page and then select the cost estimate in the dropdown.

If you need help locating an agent, you can go to the link at the top of this slide or from ami dot USDA Ncov Select tools from the banner and then Select Agent Locator. You will then enter in your location and any other search criteria you need, and it should provide you with a list of agents in your area.

If there's any questions about risk protection, you may email ami dot KC The livestock at USDA dot gov. Also at the web page listed, you'll find a section towards the bottom of the page with resources for weakest. Thank you for your time.