What's New: Risk Management Agency (RMA) and the 2018 Farm Bill

Overview

- The 2018 Farm Bill makes several improvements to existing insurance products, speeds the creation of numerous new products, and strengthens the integrity of the program through new outreach and compliance requirements.

Improved Prices and Actuarial Data

- Actuarial operations, like determining price elections and yields, will use more internal USDA data, including data from the National Agricultural Statistics Service (NASS) and Farm Service Agency (FSA).

Specialty Crops

- Allows for the Federal Crop Insurance Corporation (FCIC) to offer policies for industrial hemp.
- Creates Specialty Crop Liaisons in each RMA Regional Office.
- Creates a dedicated Specialty Crop website.
- Requires RMA to submit to the Board, for consideration, more specialty crop insurance products and expansions for existing specialty crop insurance.

Conservation and Cover Cropping

- Specifies cover cropping as a good farming practice if done per Natural Resources Conservation Service (NRCS) guidelines.
- Clarifies insurability of subsequent crops and the applicability of the summer fallow practice.
- Segments penalties for native sod on land tilled between current and 2014 Farm Bills.
- Limits penalties for newly tilled land on native sod to four cumulative years.

New Policy Features

- Allows for an enterprise unit to include land across county lines.
- Requires underwriting rules to cap individual actual production history declines at 10 percent when due to insurable causes of loss.
- Creates a Veteran Farmer or Rancher category so veteran farmers will receive additional benefits.

Underserved Producers

- Requires recurring study to increase participation in states and for underserved producers.
- Defines Beginning Farmer as having not held an insurable interest for more than 10 years for the Whole Farm Revenue Protection Program.
- Requires the USDA to select State-level Beginning Farmer or Rancher coordinators.
- Creates a Veteran Farmer or Rancher category like current Beginning Farmer or Rancher, which means veteran farmers will receive additional crop insurance benefits such as an increased subsidy.

Treatment of Forage and Grazing

- Repeals ban on catastrophic coverage for crops and grasses used for grazing.
- Allows for separate coverage on crops that are both grazed and mechanically harvested.

Private Product Submissions
• Allows for submitters of approved Concept Proposals to receive records collected for their products in the same manner as 508(h) private product owners. • Defines 508(h) reimbursement costs more specifically to use two times the Bureau of Labor Statistics wage rate plus benefits. • Clarifies Approved Insurance Providers vs. applicant roles within the maintenance of policies. • Allows resubmission of reimbursement requests which the board previously denied since Oct. 1, 2016.
FCIC Board of Directors (Board) Operations
• Updates board procedures and instructions to improve operations and reflect other updates to services.
Administrative Fees
• Increases catastrophic coverage fee from $300 to $655.
Program Integrity and Efficiency
• Adds NASS data as a source for the FSA program monitoring used for program compliance. • Requires Approved Insurance Providers (AIPs) to submit actual production history data to RMA within 30 days of the producer's production reporting date. • Requires FCIC to expand continuing education requirements for loss adjusters and agents. • Requires stakeholder meetings to research ways to reduce paperwork and find efficiencies for the Whole Farm Revenue Protection product. • Adds authority for the National Institute of Food and Agriculture to awards grants to for producer education.
Funding Adjustments
• Reduces a program administration fund from $9M to $7M. • Reduces funding for contracting from $12.5M to $8M but focuses the fund for research and development purposes. • Increases funding for partnerships from $5M to $10M, including at least $5M towards underserved producers.
Interagency Impacts
• If producers switch to Agriculture Risk Coverage (ARC), they may not purchase Supplemental Coverage Option (SCO) coverage for that crop on that FSA farm. If producers enroll in ARC or Price Loss Coverage (PLC) for seed cotton, they may not purchase Price Loss Coverage (PLC). • Removes the prohibition on Livestock Gross Margin with participation in Dairy Margin Coverage (formerly Margin Protection Program). • Continues support for the Acreage Crop Reporting Streamlining Initiative. • Limits liability of agents and AIPs when using FSA data.
Reports to Congress on New Research and Development
• Study subjects include: tropical storm or hurricane insurance; quality loss; citrus insurance; hops insurance; subsurface irrigation; grain sorghum insurance improvements; limited irrigation; rice irrigation practices; a greenhouse insurance policy; a local foods insurance policy; and a corn, cotton, and soybean production on batture land in the Lower Mississippi River Valley.