

National Crop Insurance Services 2016 Annual Meeting

FEBRUARY 15, 2016

CALIFORNIA

BRANDON WILLIS, ADMINISTRATOR

USDA RISK MANAGEMENT AGENCY

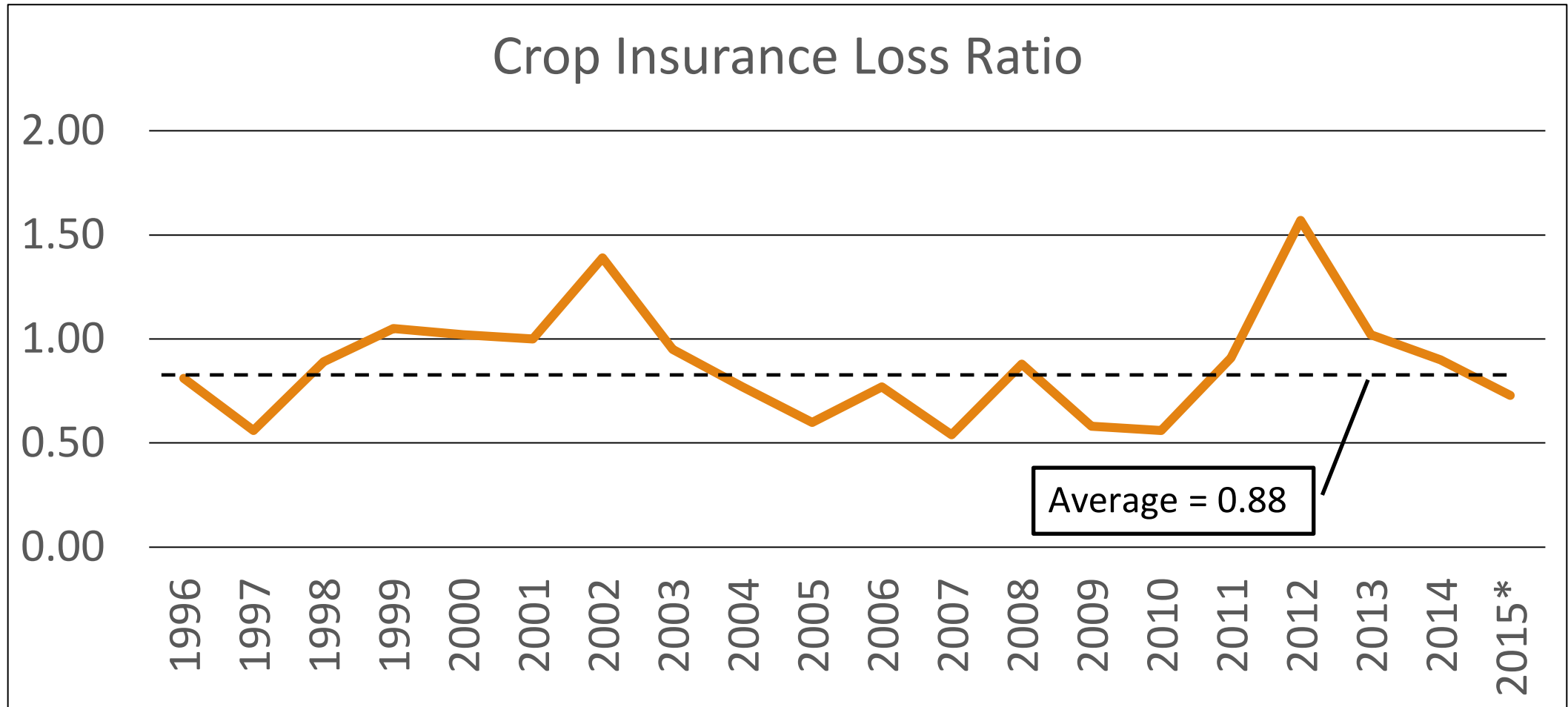
Market Penetration

Crop Category	Item	1990	2000	2011	2014
Principle Crops***	NASS Acres*	246,527,700	253,140,800	253,835,155	258,002,360
	RMA Acres	94,420,238	187,793,518	214,602,614	219,843,840
	Market Penetration	38%	74%	85%	85%
Other Field Crops	NASS Acres*	11,421,300	15,454,200	11,799,727	15,882,869
	RMA Acres	378,054	9,167,445	8,227,024	9,647,757
	Market Penetration	3%	59%	70%	61%
Fruits and Nuts	NASS Acres*	3,501,570	4,100,300	4,037,690	4,285,999
	RMA Acres	607,297	3,002,739	2,938,322	3,184,154
	Market Penetration	17%	73%	73%	74%
Vegetables	NASS Acres*	2,821,910	3,726,910	2,846,570	2,766,090
	RMA Acres	441,138	1,072,964	921,358	992,964
	Market Penetration	16%	29%	32%	36%
Total (excluding hay/livestock/nursery/PRF)	NASS Acres*	264,272,480	276,422,210	272,519,142	280,937,318
	RMA Acres	95,846,727	201,036,666	226,689,318	233,668,715
	Market Penetration	36%	73%	83%	83%

Top 10 Commodities Nationwide by Liability

Rank	2015 Commodity	2015 Liability	Percent of Total
1	CORN	\$40.2 Billion	39.3%
2	SOYBEANS	\$24.2 Billion	23.7%
3	WHEAT	\$8.4 Billion	8.2%
4	COTTON	\$3.0 Billion	2.9%
5	ALMONDS	\$2.9 Billion	2.9%
6	RICE	\$1.5 Billion	1.5%
7	NURSERY	\$1.5 Billion	1.4%
8	GRAPES	\$1.5 Billion	1.4%
9	ORANGE TREES	\$1.3 Billion	1.2%
10	APPLES	\$1.2 Billion	1.1%
	ALL OTHER	\$16.5 Billion	16.3%
	TOTAL	\$102 Billion	

Actuarial Performance



* Projected

2014 Farm Bill Implementation Update

- Conservation Compliance
- Beginning Farmer/Rancher
- Organics
- Whole Farm Revenue Program (WFRP)
- APH – Yield Exclusion (APH-YE)
- Supplemental Coverage Option (SCO)
- Stacked Income Protection (STAX)



Conservation Compliance

- 98.2% of farmers have filed compliance paperwork (AD-1026)
- Extensive outreach
- Exceptions are:
 - New to farming
 - New to Compliance
 - New Entity
 - Extenuating circumstances

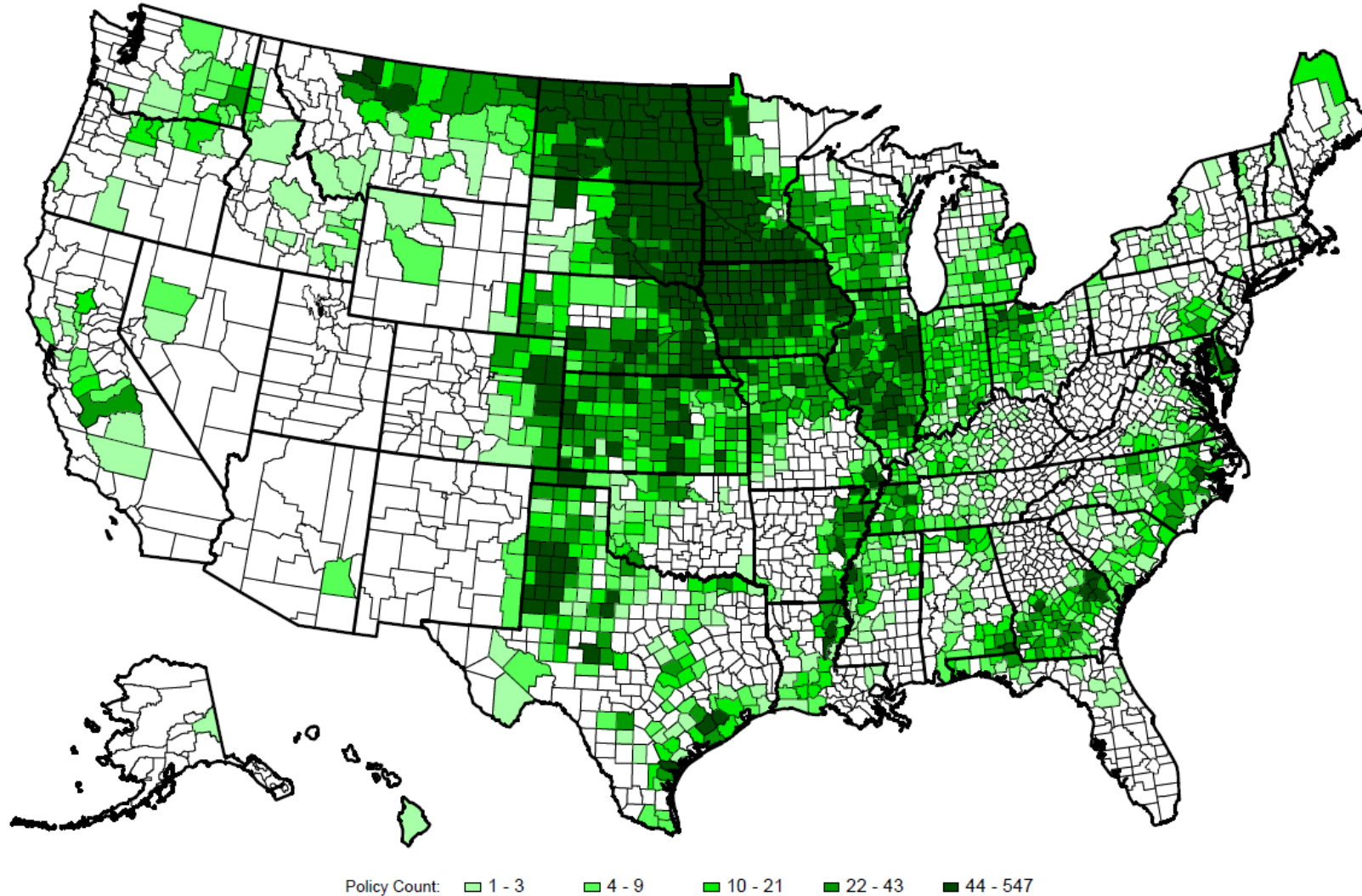
Beginning Farmer/Rancher Analysis

Reinsurance Year 2015 Synopsis – All States

Count of Total RMA Producers	555,988
Count of Primary Producers with BFR	13,713
BFR Additional Premium Subsidy	\$12,872,808
Administrative Fees Waived	\$1,667,550
Count of BFR Producers Using Yields From a Previous Operator	1,219
Count of BFR Producers with YA	4,943
BFR Net Acres	3,804,947

Beginning Farmer Rancher Analysis

Reinsurance Year 2015 Policies by County



Expanding Options for Organic Producers

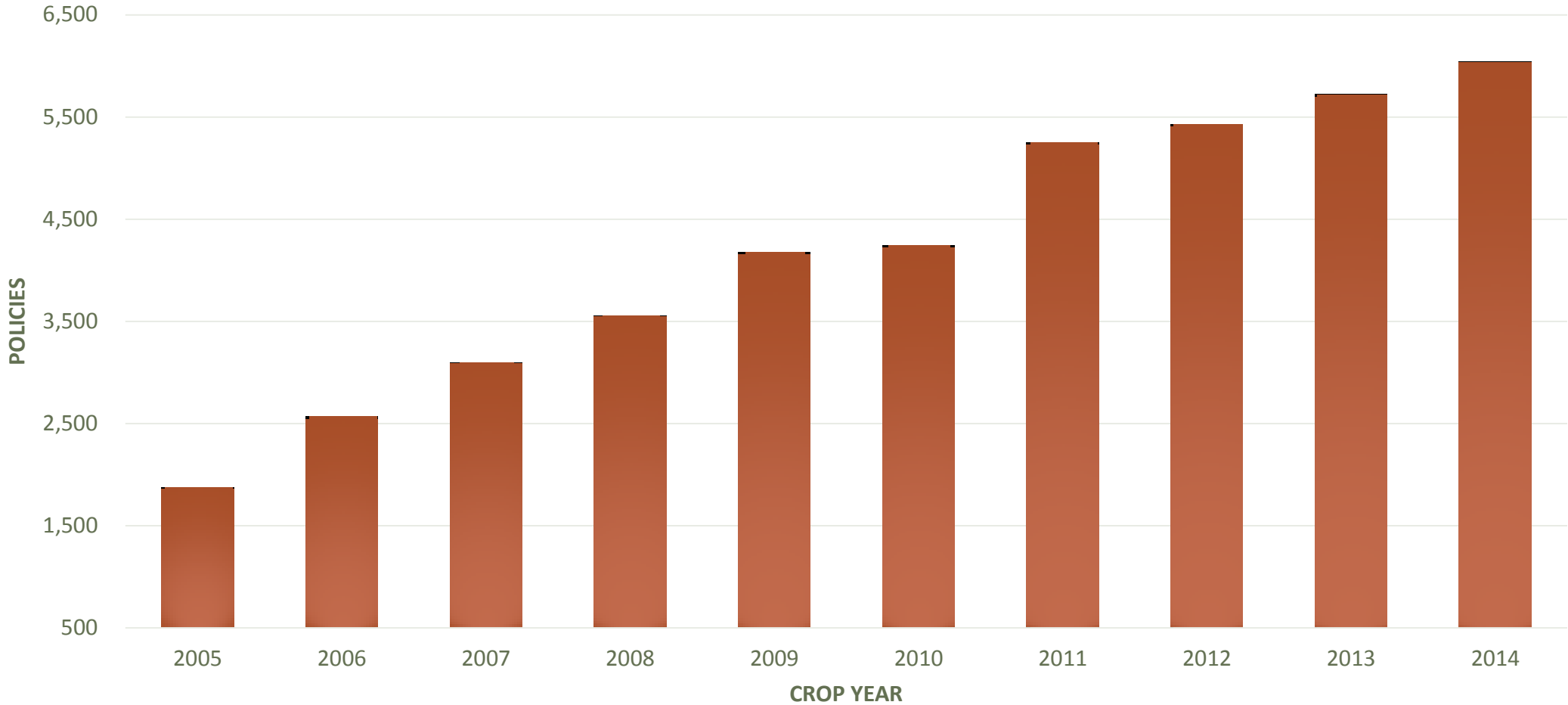
- **Organic Price Elections** have grown from 4 crops in crop year 2011 to 56 crops in crop years 2016 and 2017.
- **Contract Price Option** allows producers who receive a contract price for their crop to get a guarantee that is more reflective of the actual value of their crop and is available for 73 crop types.
- **Simple Average T-Yields:** Plan to authorize for added land for organic practices in CY 2017.

Organic Price Elections Over the Years

From 4 to 56 Crops

- 2011** **Corn; Cotton; Soybeans; Processing Tomatoes (CA)**
- 2012** **Corn; Cotton; Soybeans; Processing Tomatoes (CA)**
- 2013** **ADDED: Avocados (CA); Fresh Freestone Peaches (CA); Fresh Nectarines (CA); Fresh Plums (CA)**
- 2014** **ADDED: Almonds (CA); Blueberries (CA, OR, WA); Peppermint; Juice Grapes (WA); Oats; Fresh and Processing Apples (WA); Pears (WA, OR); *Stonefruit* - Fresh Apricots (CA, ID, OR, WA); Fresh Nectarines; Plums; Freestone Peaches (ID, OR, WA)**
- 2015** **ADDED: Millet; Figs; Walnuts; Flax; Popcorn; Corn Silage; Grain Sorghum; Raisins; Hybrid Sorghum Seed; Hybrid Corn Seed, Silage Sorghum.**
- 2016** **ADDED: Barley, Burley Tobacco, Cabbage, Cigar Binder Tobacco, Cranberries, Cultivated Wild Rice, Dry Air Tobacco, Dry Peas (select states), Flue Cured Tobacco, Forage Production (with the inclusion of Alfalfa in select states), Fresh Market Sweet Corn, Hybrid Sweet Corn Seed, Maryland Tobacco, Onions (fresh Onions in select states), Pinto Beans, Potatoes, Processing Clingstone Peaches, Rice, Rye, Safflower, Sugarcane, Sunflower, Table Grapes, and Wheat. The availability of organic price elections has been expanded for: Avocadoes in Florida, Blueberries in all remaining states, and Pears in California**
- 2017** **ADDED *so far*: Citrus (AZ, CA, FL): Grapefruit; Lemons; Mandarins; Oranges; Tangelos**

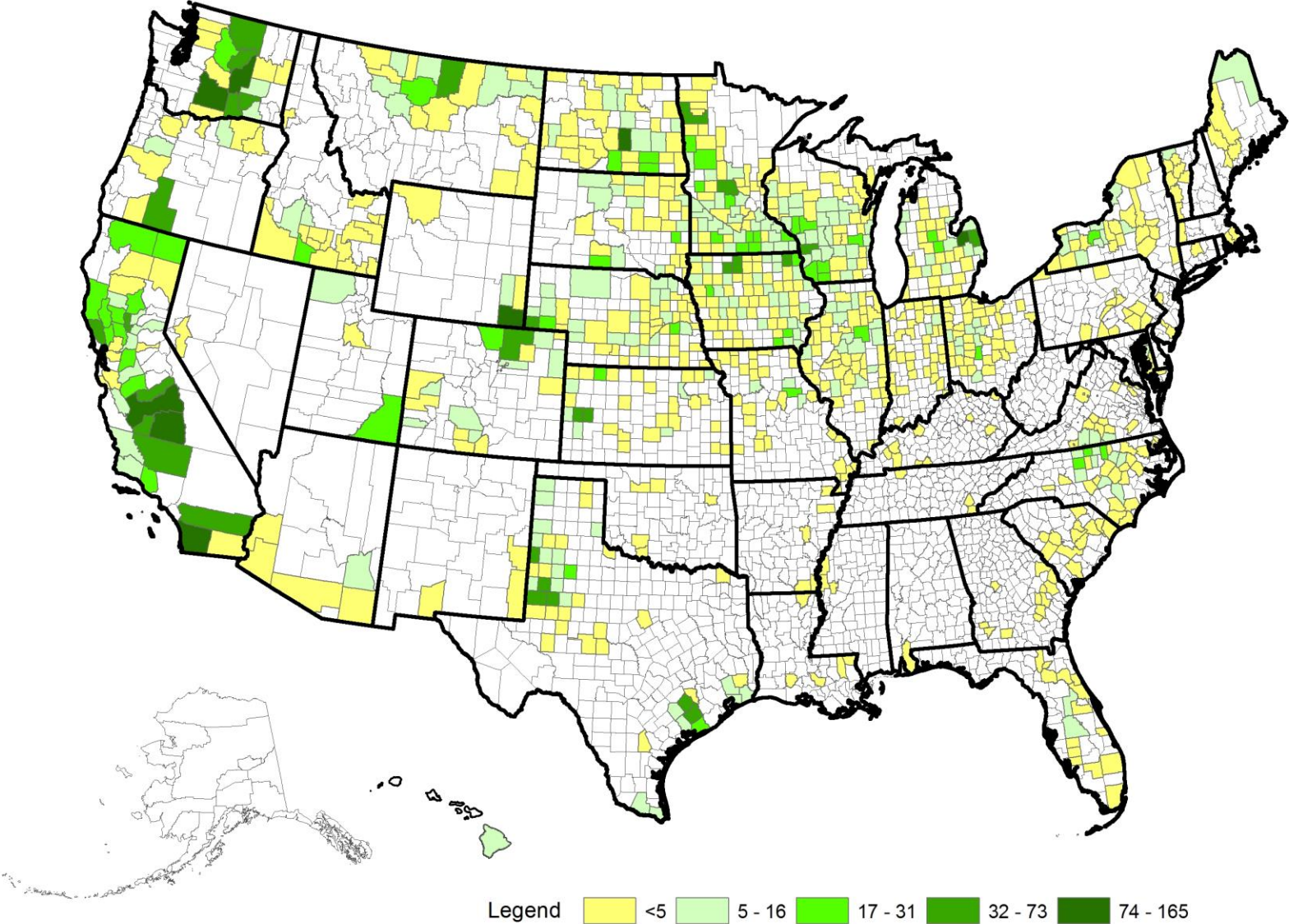
Organic Policies Sold



2015 Top Ten Organic Crops by Liability

Organic Crop	Acres Insured	Liability
Corn	178,608	\$125,967,968
Apples	12,895	\$88,078,837
Soybeans	91,235	\$37,773,463
Wheat	255,731	\$36,917,391
Grapes	11,564	\$32,491,143
Almonds	6,181	\$31,442,273
Rice	41,560	\$26,703,206
Tobacco	6,374	\$25,504,386
Tomatoes	8,455	\$24,559,440
Blueberries	2,765	\$22,225,320

Map of Organic Policies



Whole Farm Revenue Protection

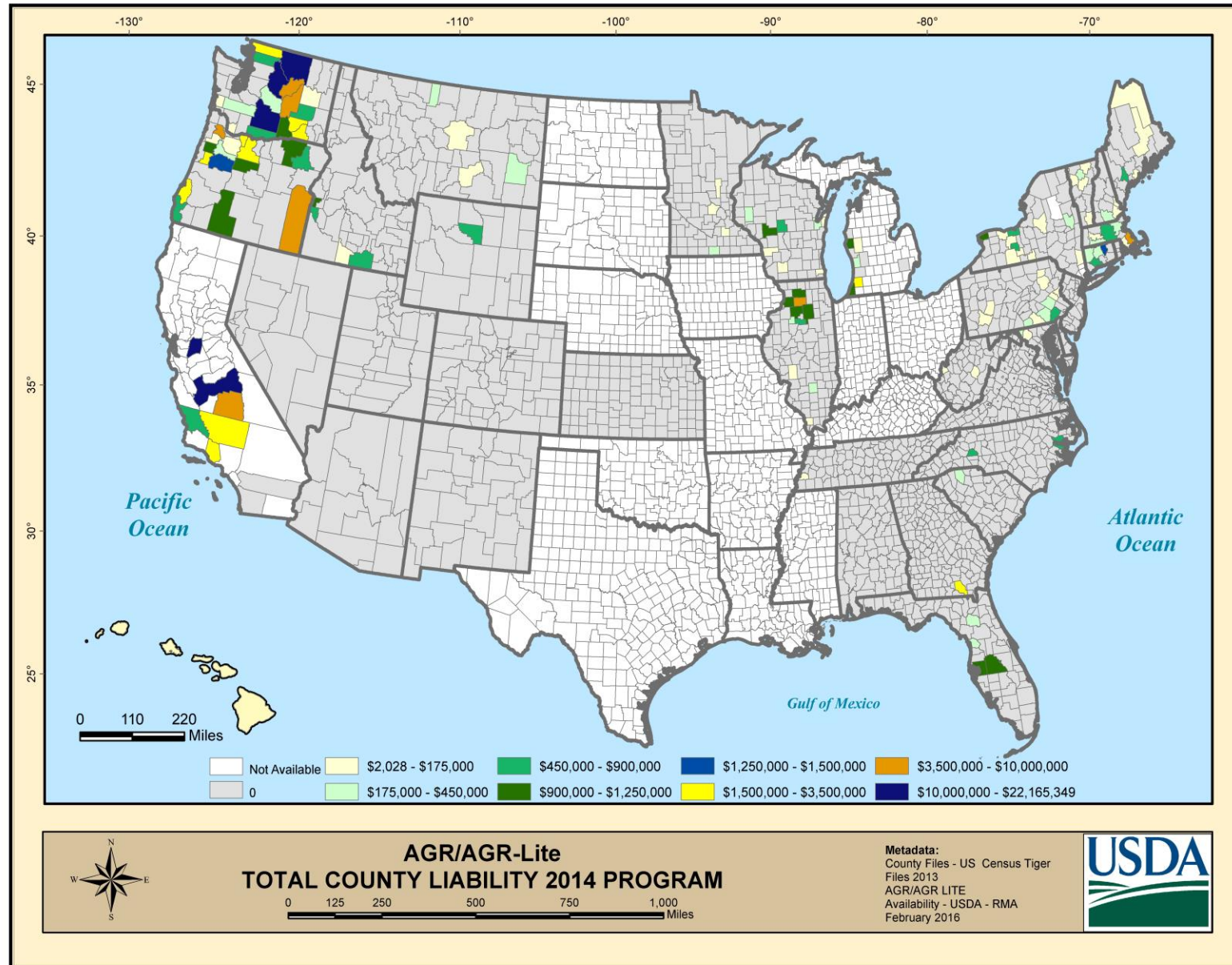
Changes for 2016 – Nationwide!

- Contemporaneous marketing records-acceptable for direct market crops
- Animal & Animal Product Limit \$1 million (Remove 35 % limit)
- Greenhouse/Nursery Limit \$1 million (Remove 35 % limit)
- Allow Increase Up To 35% of Expected Revenue for Expanding Operations
- Farms qualifying for indexing may choose to use it or not
- Beginning Farmers/Ranchers may qualify with three historic years and a lag year
- Farmer's missing a year in history may use lag year to meet requirements

2015 WFRP Compared to 2014 AGR/AGR-Lite

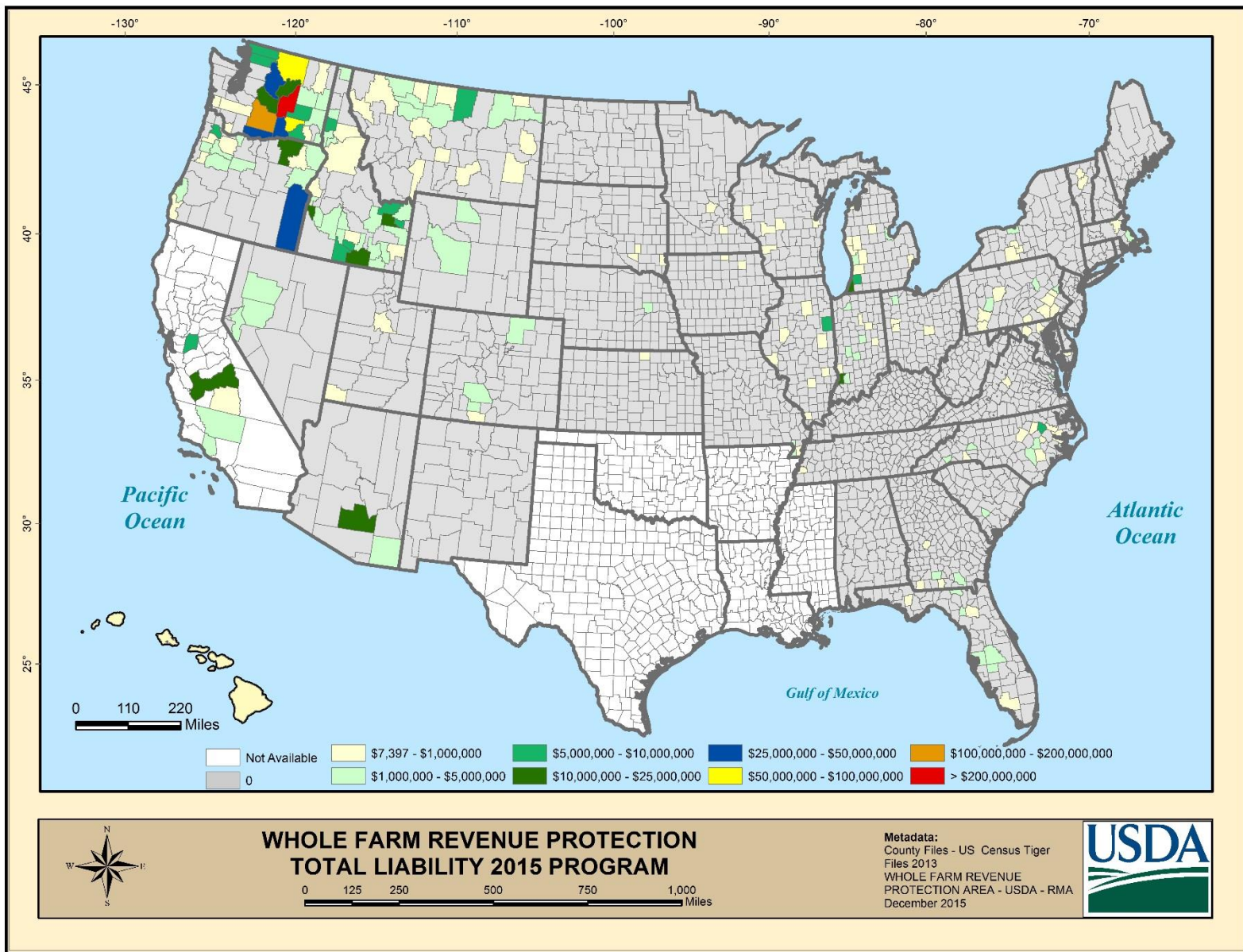
	2015 WFRP	2014 AGR/AGR-Lite	Change
Policies	1089	791	37.7%
Liability	\$ 1,108,506,534	\$ 521,256,768	112.7%
Premium	\$ 52,197,398	\$ 19,484,157	167.9%
Producer Premium	\$ 14,905,341	\$ 8,902,007	67.4%
Subsidy	\$ 37,292,057	\$ 10,582,150	252.4%
States	33	25	32.0%
Counties	208	134	55.2%
Crops	212	198	7.1%

2014 AGR/AGR-Lite: Total Liability by State



- \$521 Million Total Liability
- Average Liability = \$658,984

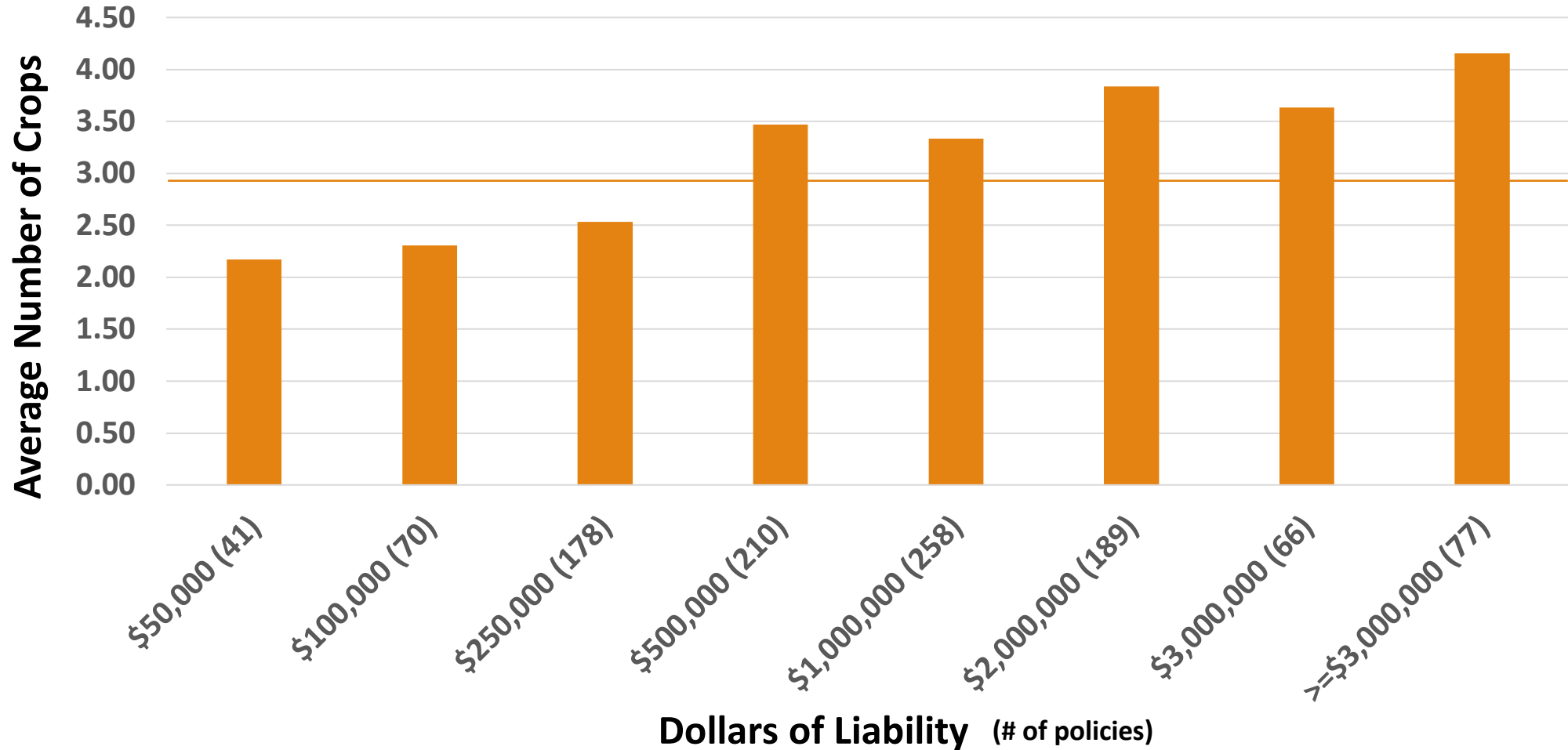
2015 WFRP: Total Liability by State



- \$1.1B Total Liability
- Average Liability = \$1,017,912
- 80% in WA, ID, OR
- No 2015 availability in 'white counties'

WFRP: Average # of Crops by \$ of Liability

Average Number of Crops for all Policies = 3.21



Actual Production History – Yield Exclusion (APH-YE)

Reinsurance Year 2015 Availability

- Corn: 31%
- Cotton: 25%
- Soybeans: 13%
- Wheat: 15%
- Grain Sorghum: 14%
- Peanuts: 6%
- Sunflowers: 10%
- Canola: 5%
- Popcorn: 11%
- Barley: 6%
- Rice: 1%

APH Yield Exclusion (YE) – 2015 Participation

Crop	All Insured Acres*	Percent of All Insured Acres		Avg. YE Impact on Approved Yield
		YE Eligible	YE Selected	
Barley	2,607,795	79%	4%	8%
Canola	1,714,369	37%	1%	8%
Corn	76,353,243	66%	17%	7%
Cotton	8,484,086	90%	23%	22%
Grain Sorghum	6,768,885	100%	17%	12%
Peanuts	1,493,065	52%	2%	7%
Popcorn	189,298	49%	4%	7%
Rice	2,628,872	3%	0%	3%
Soybeans	73,002,384	52%	5%	7%
Sunflowers	1,685,942	99%	9%	8%
Wheat	46,585,151	16%	2%	7%

* Acres Insured Under Insurance Plans Eligible for YE

Actual Production History – Yield Exclusion (APH-YE)

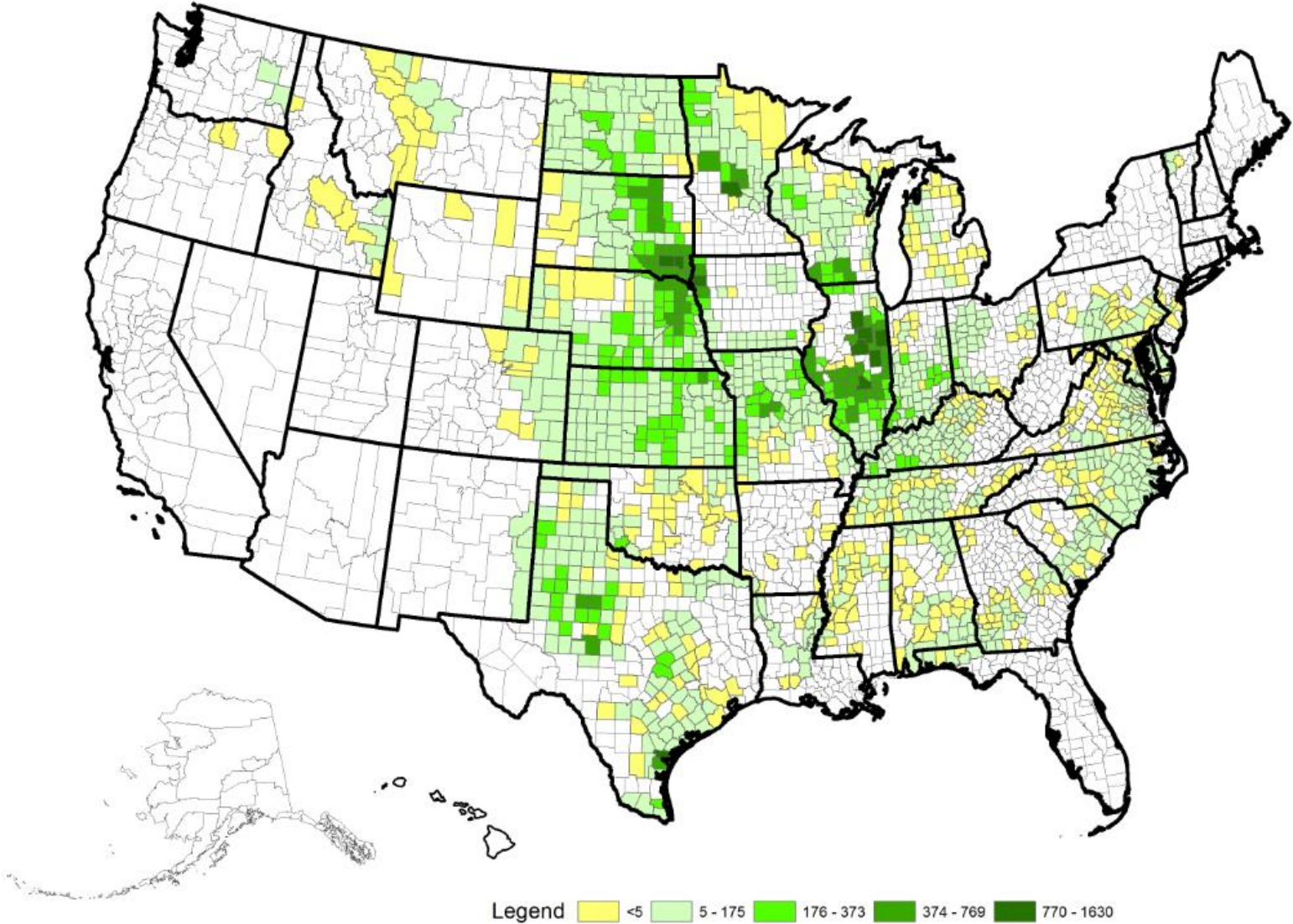
Reinsurance Year 2016 Availability

- Alfalfa Seed
- Apples
- Barley*
- Blueberries
- Buckwheat
- Burley Tobacco
- Cabbage
- Canola*
- Cigar Binder Tobacco
- Corn*
- Cotton*
- Cotton ELS
- Cultivated Wild Rice
- Dark Air Tobacco
- Dry Beans
- Dry Peas
- Flax
- Flue Cured Tobacco
- Forage Production
- Grain Sorghum*
- Grapefruit
- Grapes
- Green Peas
- Lemons
- Mandarins/Tangerines
- Maryland Tobacco
- Millet
- Mustard
- Oats
- Onions
- Oranges
- Peaches
- Peanuts*
- Popcorn*
- Potatoes
- Processing Beans
- Prunes
- Pumpkins
- Rice*
- Rye
- Safflower
- Silage Sorghum
- Soybeans*
- Sugar Beets
- Sunflowers*
- Sweet Corn
- Tangelos
- Tomatoes
- Walnuts
- Wheat*

*APH-YE available in RY 2015

YE – 2015 Participation

Number of YE Policies

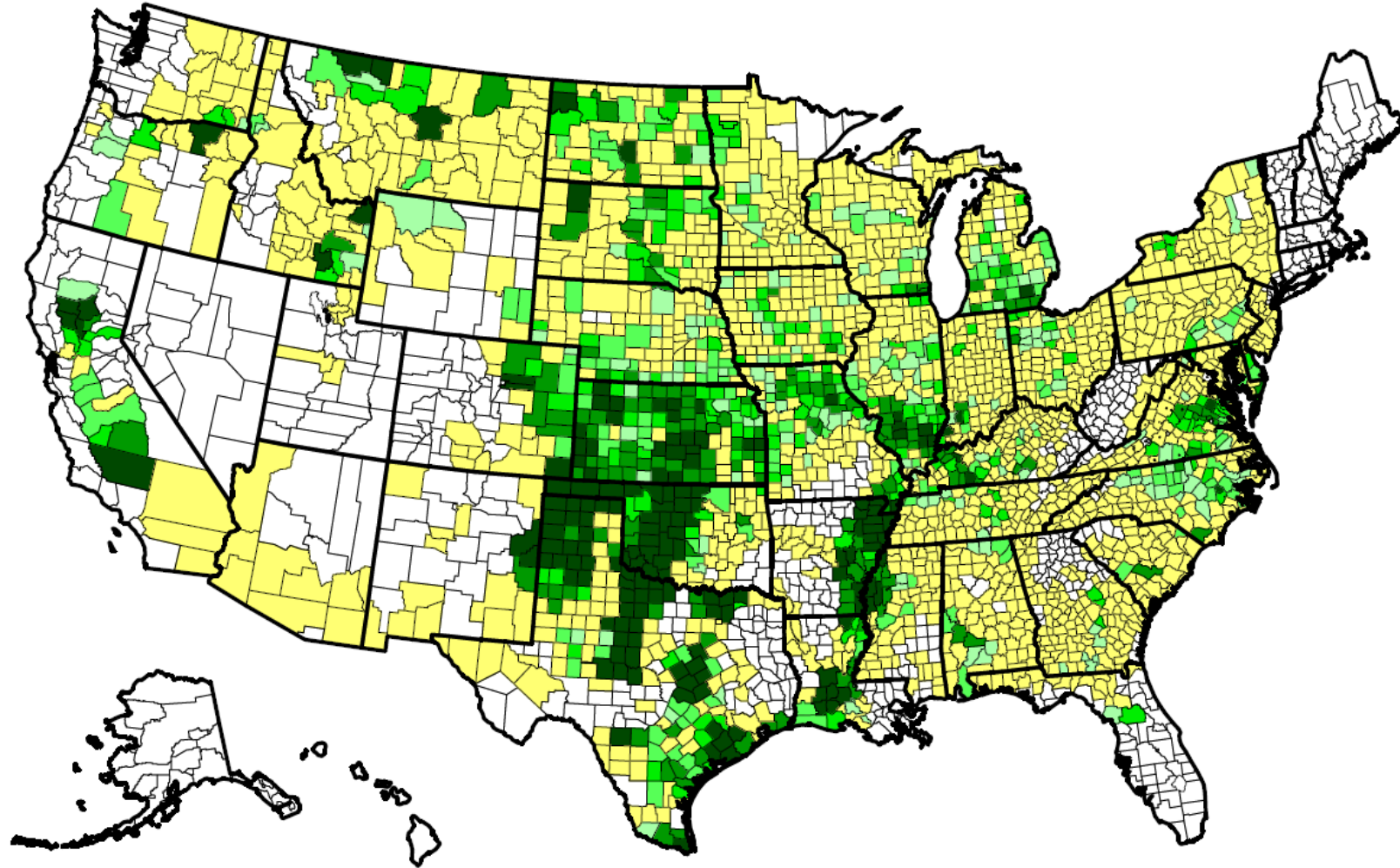


SCO – 2015 Participation

Percent of Insured Acres Covered by SCO			
Crop	All Insured Acres	SCO Acres	Percent SCO
WHEAT	46,585,151	2,892,568	6.2%
RICE	2,628,872	588,157	22.4%
COTTON	8,484,086	5,644	0.1%
CORN	76,353,243	271,950	0.4%
GRAIN SORGHUM	6,768,885	176,281	2.6%
SOYBEANS	73,002,384	296,618	0.4%
BARLEY	2,607,795	32,750	1.3%

Supplemental Coverage Option Analysis

Reinsurance Year 2015 Total SCO Acres



Legend: Available 2 - 152 155 - 475 478 - 1,453 1,453 - 5,344 5,447 - 128,016

Supplemental Coverage Option (SCO)

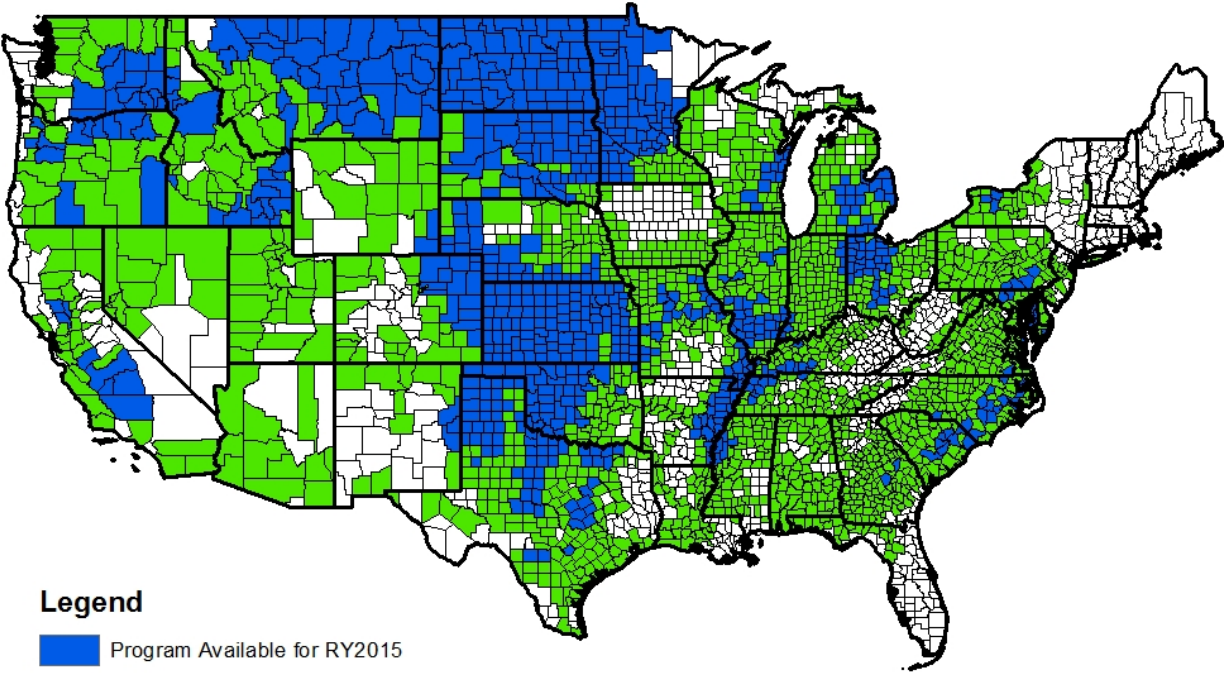
Reinsurance Year 2016 Availability

- Alfalfa Seed
- Almonds
- Apples
- Barley*
- Blueberries
- Buckwheat
- Burley Tobacco
- Canola
- Cigar Binder Tobacco
- Corn*
- Cotton*
- Cotton ELS
- Cucumbers
- Cultivated Wild Rice
- Dark Air Tobacco
- Dry Beans
- Dry Peas
- Fire Cured Tobacco
- Flax
- Flue Cured Tobacco
- Forage Production
- Grain Sorghum*
- Grapefruit
- Grapes
- Grass Seed
- Green Peas
- Hybrid Corn Seed
- Hybrid Seed Rice
- Hybrid Sorghum Seed
- Lemons
- Mandarins/Tangerines
- Millet
- Mint
- Mustard
- Oats
- Onions
- Oranges
- Peaches
- Peanuts
- Popcorn
- Potatoes
- Processing Beans
- Prunes
- Pumpkins
- Rice*
- Rye
- Safflower
- Sesame
- Silage Sorghum
- Soybeans*
- Sugar Beets
- Sugarcane
- Sunflowers
- Sweet Corn
- Tangelos
- Tomatoes
- Walnuts
- Wheat*

*SCO available in RY 2015

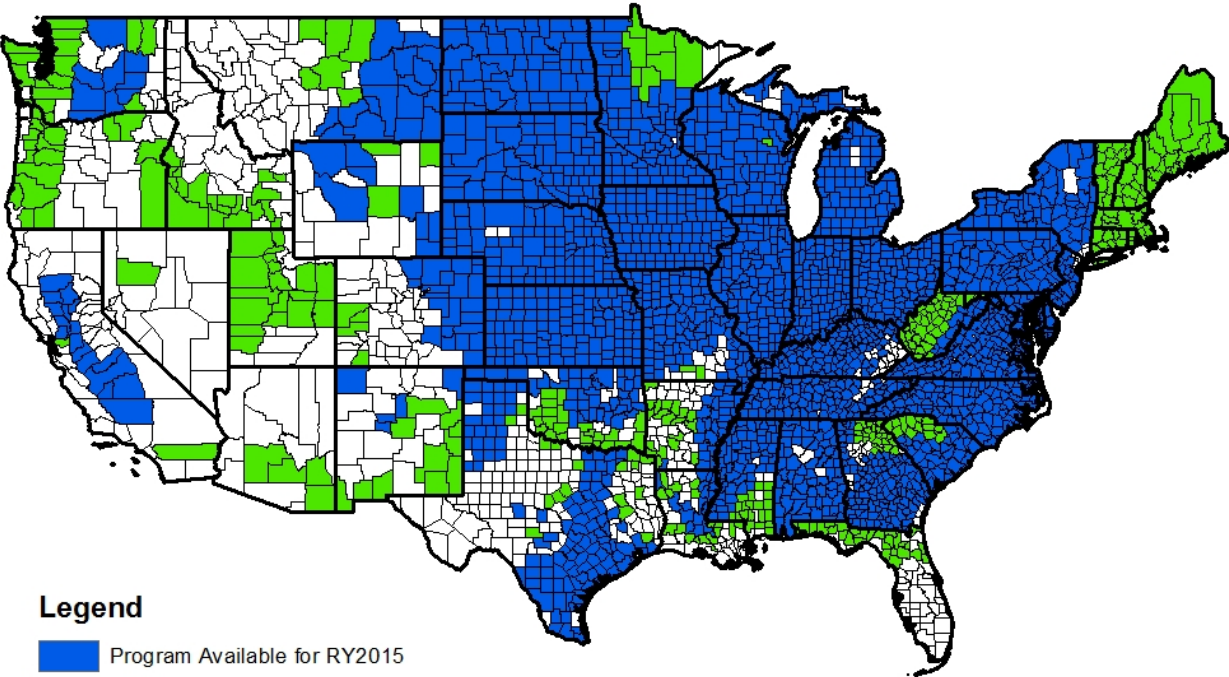
SCO – Crop Data Illustration

Program Availability for Wheat (0011)



- Legend**
- Program Available for RY2015
 - Program Expansion for RY2016

Program Availability for Corn (0041)



- Legend**
- Program Available for RY2015
 - Program Expansion for RY2016

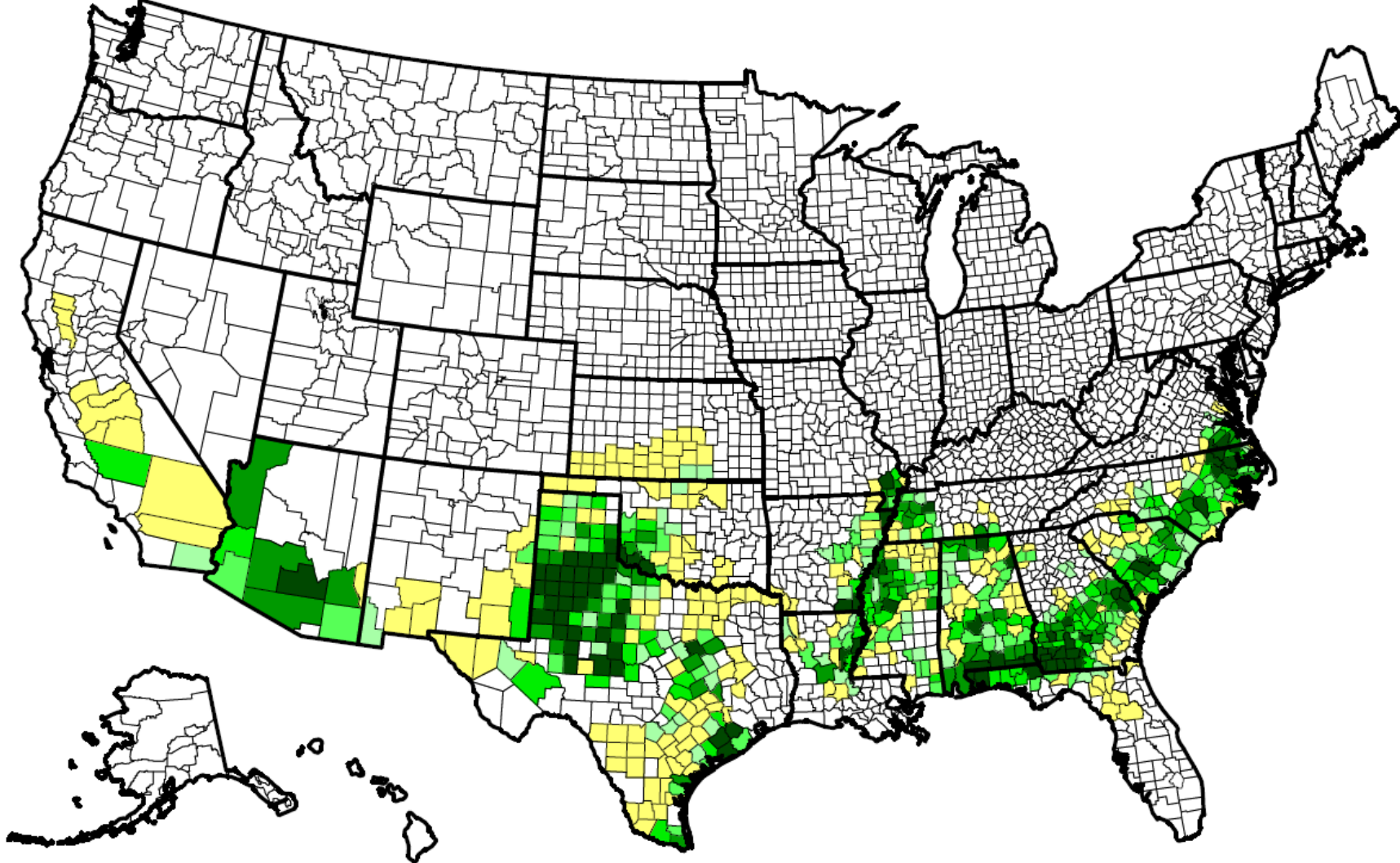
Stacked Income Protection Plan (STAX)

Reinsurance Year 2015 Synopsis – All States

Policies Earning Premium (8,279) vs. Underlying Coverage (36,433) =
22.7%

Net Acres (2,454,881) vs. Underlying Coverage (8,480,595) = 28.9%

Reinsurance Year 2015 Cotton STAX Acreage



Legend: Available 9 - 520 524 - 1,553 1,574 - 3,358 3,374 - 7,354 7,376 - 90,082

Acreage Crop Reporting Streamlining Initiative (ACRSI)

2015 Fall Pilot

- Phased approach – currently 9 crops in 15 States
- Common USDA acreage reporting data standard

Pilot Crops	
Alfalfa	Oats
Corn	Rye
CRP	Soybeans
Fallow	Wheat
Grass	

Pilot States	
Montana	Tennessee
North Dakota	Georgia
South Dakota	South Carolina
Iowa	North Carolina
Illinois	Pennsylvania
Indiana	Delaware
Arkansas	Maryland
Kentucky	

ACRSI 2015 Fall Pilot



ACRSI 2016 Spring Pilot

- Significantly expanded – will cover 13 crops in all 50 States

Pilot Crops	
Alfalfa	Peanuts
Corn	Rice
Cotton	Rye
CRP	Sorghum
Fallow	Soybeans
Grass	Wheat
Oats	

Pilot States
All 50 States

IMPROPER PAYMENTS

	2012	2013	2014	2015
RMA	4.08%	5.23%	5.58%	2.20%
USDA	5.11%	5.36%	5.52%	
Government-wide	4.35%	3.53%	4.02%	

FY 2015 Improper Payment Errors

Types of Errors	% of Occurrences	Reasons for Improper Payment
Acreage Reporting	23%	Over and under reporting acreage, combining or separating units, and entering incorrect descriptions
Production Records	19%	Over and under reporting of production
Production Records - Acceptability	11%	Providing inadequate, unacceptable, and/or unverifiable production records (i.e., not reflecting unit or farm identifiers)
Unit Structure	11%	Insuring units separately that that should have been combined
Land Classification	8%	Incorrectly rating land (i.e., “AAA” vs. “High Risk”)
Yield Reporting Match	8%	Incorrectly entering data and using an incorrect amount for Approved Production History
Share	4%	Incorrectly reporting share for each unit
Practice/Type/Variety match	4%	Misreporting units as irrigated
Contract Selection	4%	Improperly processing the correct coverage level
Revised Acreage Report	4%	Revising an acreage report after the due date
Production to Count	4%	Excluding some of the harvest production from the loss adjustment
Total	100%	

American Bankers Assn
 American Assn of Crop Insurers
 American Farm Bureau Federation
 American Farmland Trust
 American Insurance Assn
 American Malting Barley Assn
 American Sesame Growers Assn
 American Society of Farm Managers and
 Rural Appraisers
 American Soybean Association
 American Sugarbeet Growers
 Assn of Equipment Manufacturers
 California Assn of Winegrape Growers
 Council of Insurance Agents and Brokers
 Crop Insurance and Reinsurance Bureau
 Crop Insurance Professionals Assn
 Ducks Unlimited
 Equipment Dealers Assn
 Farm Credit Council
 Financial Services Roundtable
 Florida Sugar Cane League
 Independent Community Bankers Assn
 Independent Insurance Agents & Brokers of
 America
 National Assn of Mutual Insurance Companies

National Assn of Professional Insurance Agents
 National Assn of State Departments of Agriculture
 National Assn of Wheat Growers
 National Barley Growers Assn
 National Corn Growers Assn
 National Cotton Council
 National Council of Farmer Cooperatives
 National Farmers Union
 National Grain and Feed Assn
 National Peach Council
 National Potato Council
 National Sorghum Producers
 National Sunflower Assn
 Reinsurance Assn of America
 Rio Grande Valley Sugar Growers
 National Sunflower Assn
 Reinsurance Assn of America
 Rio Grande Valley Sugar Growers
 Southern Peanut Farmers Federation
 Southwest Council of Agribusiness
 U.S. Apple Assn
 U.S. Beet Sugar Assn
 U.S. Canola Assn
 U.S. Dry Bean Council
 U.S. Rice Producers Assn



U.S.A. Dry Pea & Lentil Council
 U.S.A Rice
 United Fresh Produce Assn
 Western Growers Assn
 Western Peanut Growers Assn

Thanks for all YOU do!

BRANDON C. WILLIS, ADMINISTRATOR