

# Disaster Assistance and Risk Management

## *Agriculture Reform, Food and Jobs Act of 2012*

Extreme weather events in 2012 underscore the critical need for the disaster assistance and risk management tools included in the Senate-passed Agriculture, Reform, Food and Jobs Act of 2012. With more than 80 percent of the country facing abnormally dry and drought conditions, farmers are faced with risks unlike those found in any other profession. A few days of bad weather or volatile market conditions can threaten the livelihood of America's farmers, ranchers, and rural small business owners. The 2012 Farm Bill strengthens and improves risk management tools and supports farmers and small business owners who have suffered disasters beyond their control.

### **Strengthens and Reinstates Livestock Disaster Programs for 2012**

The livestock disaster provisions originally enacted in the 2008 Farm bill expired in 2011, leaving producers without disaster assistance for the current crop year. This bill strengthens these programs and makes them retroactive to address the current drought of 2012. As of July 17, approximately 73 percent of cattle producing areas were affected by moderate or more intense drought. Livestock disaster programs are critical as farmers and ranchers experience losses in livestock and grazing land due to extreme heat, drought, and fire. The 2012 Farm Bill provides permanent funding and authority for the Livestock Disaster Programs, including: the Livestock Indemnity Program (LIP), the Emergency Livestock Assistance Program (ELAP), and the Livestock Forage Disaster Program (LFP), which was enhanced by increasing payment rates and streamlining assistance.

### **Supports Specialty Crop Growers without Crop Insurance**

The 2012 Farm Bill will allow producers without access to crop insurance to purchase 65 percent "buy-up" coverage for losses under the Noninsured Crop Disaster Assistance Program (NAP). Producers who elect higher coverage levels would pay a nominal premium based on the value of their production and acres planted and could receive up to \$100,000 to cover their losses. Beginning farmers would receive a discount on fees paid for the new NAP buy-up coverage. This coverage is made retroactive for fruit producers who faced losses due to frosts and freezes in 2012.

### **Continues and Makes Retroactive the Tree Assistance Program**

The 2012 Farm Bill retroactively extends the Tree Assistance Program (TAP) for 2012 and provides it with permanent authority and funding going forward. TAP will be available to all producers who purchased either crop insurance or NAP, and will pay producers the cost of replacing or rehabilitating fruit trees, grape vines, or fruit bushes that are lost to natural disasters.

### **Strengthens Crop Insurance for Fruit and Vegetable Growers**

In the 2012 Farm Bill, crop insurance coverage is expanded for underserved crops and regions, including fruit and vegetable producers. The bill allows the Risk Management Agency (RMA) to conduct research

and development on new or improved crop insurance products and creates a new partnership to expand access to index-based weather insurance products for fruit and vegetable growers who don't have sufficient price or yield data for traditional insurance.

### **Strengthens Conservation Efforts to Prevent another Dust Bowl**

Farm Bill conservation programs are critical for keeping America's farmers and ranchers doing what they do best – growing and producing a safe and stable food supply. Crops need healthy soil and plentiful water to grow, and natural disasters like drought have a long-term impact on soil and water quality. The Farm Bill's conservation title provides farmers and ranchers access to the tools they need to conserve and keep our nation's natural resources as resilient as possible, even in the face of dry conditions, drought and other natural disasters.

### **Provides Tools for Mitigating Fire Risk and Improving Forest Health**

The combination of dry, hot weather as well as high tree mortality due to insect infestations and disease have weakened many of our nations' forests and swaths of the country are on track for a record wildfire season. The Farm Bill promotes forest health by encouraging hazardous fuel reduction projects, lowering fire risk and slowing the growth of insect infestations. By reauthorizing Stewardship End Result Contracting, the bill extends a provision that has helped achieve land management goals at the local level while also supporting community needs.

### **Improves Crop Insurance to Protect Against Disaster**

Crop insurance protects a producer's yield and revenue, as well as providing collateral and a repayment source for operating loans, term loans for machinery, livestock, facilities, and farm real estate loans. Today, over 250 million acres of farm and ranch lands are covered by Federal crop insurance, for an overall participation rate exceeding 80 percent for the major crops. The Senate-passed Farm Bill will make crop insurance more effective for farmers when they face natural disasters by helping producers maintain their Average Production History (APH) by increasing the county transition yield from 60 to 70 percent when disasters strike.

### **Creates New Tools to Allow Producers to Tailor Risk Coverage**

The Supplemental Coverage Option (SCO) allows producers to purchase additional coverage on an area yield and loss basis. The coverage option establishes a trigger on coverage offered only if losses exceed 21 percent for producers enrolled in ARC and 10 percent for all other producers.

### **Provides Increased Access to Crop Insurance for Beginning Farmers and Ranchers**

Beginning farmers and ranchers are given a 10 percentage point discount for all crop insurance premiums. The 2012 Farm Bill also provides beginning farmers and ranchers with an improved production history when they have previous farming experience or when they face natural disasters.