



## Risk Management Agency

# About the Risk Management Agency

Fact Sheet - August 2021

### Overview

The United States Department of Agriculture's (USDA) Risk Management Agency (RMA), created in 1996, serves America's agricultural producers through effective, market-based risk management tools to strengthen the economic stability of agricultural producers and rural communities. RMA is committed to increasing the availability and effectiveness of Federal crop insurance as a risk management tool.

RMA manages the Federal Crop Insurance Corporation (FCIC) to provide innovative crop insurance products to America's farmers and ranchers. Approved Insurance Providers (AIP) sell and service Federal crop insurance policies in every state through a public-private partnership with RMA. RMA backs the AIPs who share the risks associated with catastrophic losses due to major weather events. In addition, RMA assumes some of the risk generated by the crop insurance program administered by the Commonwealth of Puerto Rico.

### RMA's Vision Statement

Securing the future of agriculture by providing world class risk management tools to rural America.

### Budget

RMA's fiscal year 2021 operating budget was \$67.1 million. RMA managed more than \$114 billion worth of insurance liability in 2020, the most recent completed crop year.

### Structure

RMA employs approximately 390 permanent staff in offices around the country. The RMA Administrator serves as FCIC's manager. Apart from the Office of the Administrator, the Agency has three program areas:

- **Insurance Services** ensures the crop insurance program is adaptive, effective, and actuarially sound at the local level by being responsive to regional stakeholders, producers, and crop insurance providers. A primary focus is on risk management education and outreach efforts and ensuring coverage for producers through the exceptions, or written agreements process.
- **Product Management** is responsible for overseeing product development and maintaining existing policies.
- **Compliance** is responsible for safeguarding the integrity of the Federal crop insurance program by assessing and investigating program vulnerability, fraud, waste, and abuse; and recommending changes in policies, loss adjustment, and farm-service-related procedures, agreements, and contract services.

### Federal Crop Insurance Corporation

FCIC is a wholly owned government corporation that administers the Federal crop insurance program.

The FCIC Board approves any new policy, insurance plan, or major modification to an existing plan or other materials under procedures established by the Board.

The FCIC Board includes three members from USDA and six members from the private sector. The members from USDA include the Under Secretary of Farm and Foreign Agricultural Services, USDA's Chief Economist, and the RMA Administrator (non-voting) who serves as manager. The members from the private sector include four farmers (one of whom grows specialty crops), an insurance professional (often an agent), and an individual who's knowledgeable about reinsurance or regulation.



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### Crop Insurance

#### The Farm Safety Net

Agriculture is an inherently risky business. Farmers and ranchers need to regularly manage for adverse weather and financial, marketing, production, human-resource, and legal risks.

Federal crop insurance is the pre-eminent risk management solution for farmers and ranchers, providing effective coverage that helps them recover after severe weather and bad years of production. For some farming and ranching operations, crop insurance is the difference between staying in business or going out of business after a disaster. For the next generation, crop insurance provides the stability that will allow them to begin farming.

#### Public-Private Partnerships

The public sector's strengths benefit the crop insurance program in many ways. By forming public-private partnerships, RMA enhances its ability to offer new options and expanded coverage, thereby making our nation's food production more resilient.

#### Outreach and Education

RMA offers agricultural training programs to equip agricultural producers with the knowledge and tools necessary for effective risk management. Through its Risk Management Education Division (RMED), RMA develops training materials, conducts workshops, and provides resources that help farmers and ranchers nationwide navigate federal crop insurance programs.

In addition, RMED administers the Risk Management Education Partnership Program, which funds collaborations with universities, nonprofits, and industry organizations to deliver risk management training at the local level. These partnerships teach producers about financial planning, marketing strategies, and methods to mitigate risks.

By providing training opportunities, RMA ensures that farmers and ranchers can make informed decisions to protect their operations from uncertainty.

#### Expanding Insurance Availability

By listening, learning, and testing new or expanded insurance options, RMA continues to ensure that a critical safety net is available for the greatest number of farmers and ranchers. RMA's innovative insurance options help promote sustainable growth for the industry, support crop diversification, and most importantly, keep farmers and ranchers on their land.

The 2014 Farm Bill strengthened crop insurance by directing RMA to provide more risk management options for farmers and ranchers and by making crop insurance more affordable for beginning farmers. It continued the growth of the crop insurance, and provided avenues to expand farm safety net options for organic producers and specialty crop producers. It provided for increased program integrity, guaranteeing that tax dollars are used effectively and efficiently as we expand the farm safety net.

RMA's innovative Whole-Farm Revenue Protection plan offers revenue insurance for all of a farm's commodities at one time. More tools are available for beginning farmers and ranchers, organic farmers, and specialty crop farmers, such as fresh fruit and nut growers.

#### Where to Buy Crop Insurance

All crop insurance policies are available from private insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at [Agent Locator](#).

##### National Office

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This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of our risk management needs, contact a crop insurance agent.