

# SUPPLEMENTAL REVENUE ASSISTANCE GUARANTEE PROGRAM (SURE) OVERVIEW

## **What is SURE?**

SURE is a new federal disaster assistance program that was introduced with the new farm bill. It provides a disaster payment in the event that there is a qualifying natural disaster and a natural disaster declaration is made by the Secretary of Agriculture for the "disaster county." When declared, the term "disaster county" also includes contiguous counties and any farm that has a total loss of production related to weather that is *greater than* 50 percent of the normal production of the farm.

## **Does SURE require insurance?**

A producer must purchase catastrophic risk protection (CAT) coverage or higher and/or noninsured crop assistance program (NAP) for each crop grazed, planted, or intended to be planted for harvest on a whole farm (sum of all crop acreage in all counties)

## **If I did not purchase crop insurance for 2008, can I still qualify for the 2008 SURE payment?**

Yes. The Farm Bill has an exception for the 2008 crop year. If a producer does not have a CAT policy and/or NAP coverage for the 2008 crop year, they may pay the equivalent fees to participate; however, paying the fees does not result in the producer having a CAT policy and/or NAP coverage for the 2008 crop year.

## **If I choose the SURE program can I opt out in future years?**

Eligibility for SURE is determined each year. You may opt for SURE in any year (2008-2012), but eligibility will be checked each year, *i.e.* You must insure all acres with at least a CAT policy and/or NAP.

## **How is an SURE payment triggered?**

The SURE program has two triggers. First you must have all acres covered by at least CAT coverage and/or paid the NAP fees for all acres. Second, there must be a qualifying natural disaster that results in the county being declared a disaster county.

## **What is the likelihood I will receive a payment from SURE?**

The likelihood of payment varies by state, crop and year. As the occurrence of a disaster is not readily predictable, we are unable to estimate how often a payment may occur.

## **What is the unit basis for the SURE program?**

The SURE program is based on all acres of all crops planted in all counties and states for each farm operation.

## **How will the payment price be determined?**

There is still some discussion on this point. The language in the farm bill does not state whether or not the payment price will be based on the plan of insurance purchased.

## **Should I elect the SURE option?**

As with the question of crop insurance, whether or not to elect the SURE option is a decision you will have to make based on the specifics of your situation.

## **What is the deadline for decisions on 2008 coverage and the 2009 election?**

The deadline for electing coverage for 2008 is September 16<sup>th</sup>. All acres must be reported and the appropriate NAP fees must be paid for any acres that were not insured. The deadline for 2009 depends on the types of crops you are planting. If you are planting Winter Wheat, then the date to elect SURE is the sales closing date (September 30<sup>th</sup> in many states)

### **Is there an optimal level of coverage?**

According to information obtained from several articles, the optimal level of coverage appears to be between 65% and 75%, but as with all crop insurance issues, the specifics of your situation will dictate the best level of coverage for risk management strategy.

### **What issues are still to be determined for the SURE program?**

There are a number of issues that still need to be determined before SURE can be fully implemented. These include, but are not limited to: How will the expected price be set? How will "ghost crops" be handled? How will replants be handled?

For a more complete list of questions and further discussion, you are encouraged to read the article *Rules Undefined for ACRE (Revenue Insurance) and SURE (Disaster Aid)* by Art Barnaby.

The web address is [http://www.agmanager.info/crops/insurance/risk\\_mgt/rm\\_html08/ABsure.asp](http://www.agmanager.info/crops/insurance/risk_mgt/rm_html08/ABsure.asp)

### **Where can I find more information?**

There are a number of excellent articles that can provide insight into the SURE program and its potential effect on your risk management strategy. Here are several links that may be of use.

2008 FARM BILL: WITH FOCUS ON ACRE AND SURE by Carl Zulauf, Ag. Economist, Ohio State University  
Updated: August 28, 2008. <<http://aede.osu.edu/resources/docs/pdf/36PTEB90-ZAFE-D7EU-INYPVQ8SF10GLNHK.pdf>>

RISK MANAGEMENT TOOLS AFFECTED BY THE 2008 FARM BILL, Dean Strasser, NCIS, Crop Insurance Today, Vol 41, No 3, August 2008 <<http://www.ag-risk.org/NCISPUBS/Today/2008/Today08-08.pdf>>

KSU Department of Agricultural Economics Website. [www.agmanager.info/crops/insurance](http://www.agmanager.info/crops/insurance)

### **Disclaimer:**

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