



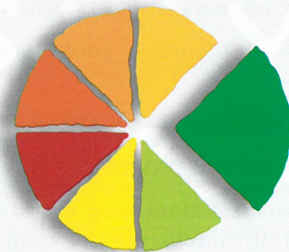
United States Department of Agriculture
Risk Management Agency

Risk Management Checklist

Print out this checklist. Answer yes or no to the following questions. Review your answers with your family and/or your business team and employees.

You may identify some risk exposure. On the other hand, you may find that you are protected against risk enough so that you have the resources to explore some new venture.

If you do not know all the dates in the “Deadlines” section, you should contact your crop insurance agent for help. If you need assistance locating an agent, go to the agent locator at <http://www3.rma.usda.gov/apps/agents/>.



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Production

- _____ 1. Have you recently evaluated your risk in the event of the loss of your crops?
- _____ 2. Have you recently evaluated your risk in the event of the loss of your animals?
- _____ 3. Have you investigated other alternative production methods and their consequences?
- _____ 4. Do you have the necessary knowledge to consider an additional or alternative enterprise?
- _____ 5. Have you investigated which crop insurance alternative (PLC, ARC) best fits your needs?
- _____ 6. Is your crop insurance protection adequate to cover a severe crop loss?
- _____ 7. Have you reviewed all of your crop insurance options with your agent?
- _____ 8. If you are producing crops not covered under a crop insurance program, have you considered the Farm Service Agency program Noninsured Disaster Assistance Program (NAP)?
- _____ 10. If you are considering NAP, do you know the sales closing deadlines?
- _____ 11. Have you conducted a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for your operation within the past 5 years?
- _____ 12. Are you in an area capable of supporting irrigation?
- _____ 13. Do you know the irrigation system that best suits your needs and its cost?

Marketing

- _____ 1. Do you have a current, written marketing plan?
- _____ 2. Have you coordinated your marketing plan with your goals and objectives and your financial and production plans?
- _____ 3. Managing marketing risks:
 - _____ a) Are you comfortable with your knowledge of marketing opportunities?
 - _____ b) Have you reviewed your marketing options within the past 6 months?
 - _____ c) Do you understand how crop insurance revenue guarantees can enhance marketing opportunities?
 - _____ d) Do you proactively manage input prices?
 - _____ e) Do you know where you are on the value chain and have you considered any value-added opportunities?
 - _____ f) Do you have difficulty meeting quality requirements?

Financial

- _____ 1. Do you have a current written business plan?
- _____ 2. Have you planned for a best-case scenario and developed a plan for how additional income will be used?
- _____ 3. Have you planned for a worst-case scenario and considered an alternative plan?
- _____ 4. Have you generated enterprise budgets for each of your production segments?
- _____ 5. Do you know your break-even costs and production levels?
- _____ 6. Do you have the knowledge to create a balance sheet, cash flow, and income statement?
- _____ 7. Do you have the knowledge to interpret important financial ratios?
- _____ 8. What is your debt-to-asset ratio?
- _____ 9. Is the growth of your net worth exceeding inflation?
- _____ 10. Have you reviewed your ratio trends with your lender?
- _____ 11. Is your insurance protection adequate to:
 - _____ a) Repay current operating loans?
 - _____ b) Allow you to take advantage of marketing opportunities?
- _____ 12. Have you reviewed your tax liability within the past 3 months to determine your tax strategies?
- _____ 13. Have you investigated all of your potential financing options?
- _____ 14. Have you investigated all available government programs?

- _____ 15. Have you considered trade-offs between maintaining your current investments (certificates of deposit/savings/etc.) and/or reinvesting in expanding your own operation?
- _____ 16. Do you consult a financial management consultant, lender, accountant, insurance provider, or other professional when making major financial decisions?
- _____ 17. Are you comfortable with your level of debt?
- _____ 18. Do you manage working capital from year to year?

Legal

This list does not cover every legal risk exposure faced by farmers and ranchers, and is not meant as legal advice. You should consult an attorney to review your legal risk exposure.

- _____ 1. Is your will up to date?
- _____ 2. Do you have a living will or advanced directive?
- _____ 3. Have you designated health and financial powers of attorney?
- _____ 4. Do you have a farm transfer plan or exit strategy that has been reviewed within the past 3 years?
- _____ 5. Have you recently reviewed your farm owner's policy?
- _____ 6. Have you recently evaluated your risk exposure to:
 - _____ a) Liability covering the public entering your property?
 - _____ b) Liability of direct marketing?
 - _____ c) Liability of any value-added enterprises?
 - _____ d) Your State department of agriculture's direct marketing regulations?
 - _____ e) Livestock breaking through fences?
 - _____ f) Environmental (including spreading manure) and pesticide issues?
 - _____ g) Land use issues with neighbors?
- _____ 7. Do you understand the provisions of all of your contracts, leases, and loans?
- _____ 8. Have you recently evaluated all of the different business entity options for your operation?
- _____ 9. Do you have a working relationship with your attorney and accountant and have you reviewed your goals and objectives with each?
- _____ 10. Are you in compliance with such regulations as worker protection, pesticide use records, vehicle registrations, and necessary safety inspections?

Human

- 1. Is your personal insurance coverage current?
 - _____ a) Do you have adequate medical and disability insurance?
 - _____ b) Do you have adequate life insurance to cover your wishes and farm transfer at current values?
- _____ 2. Have you calculated your risk exposure to employee accidents or dishonesty?
- _____ 3. Have you provided all employees with comprehensive safety training?
- _____ 4. Are all mandated employee safety and pesticide trainings up to date?
- _____ 5. Do you have an employee handbook?
- _____ 6. Are your goals **Specific, Measurable, Attainable, Reasonable, and Timed (SMART)**?
- _____ 7. Have you conveyed the goals and objectives of the business to all family members, business team, and employees?
- _____ 8. Are your goals written?
- _____ 9. Is everyone in your family (or on your team) employed to the full extent of his or her Education, training, and experience?
- _____ 10. Do you have a plan to manage stress, exhaustion, and burnout for yourself and employees?

General

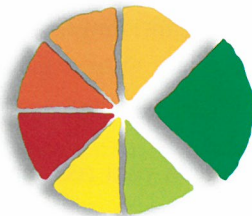
- _____ 1. Do you have a confident relationship with your risk management advisors?
- _____ 2. Do you have the knowledge to evaluate new technologies?
- _____ 3. Are you planning for your children's educational needs and are these savings protected?
- _____ 4. Are your savings for retirement on course with your plans?
- _____ 5. Do family members know the location of all important documents?
- _____ 6. Do you have the knowledge and skills to assess all areas and levels of risk?
- _____ 7. Are you constantly looking for ways to increase your profitability?

Crop, Revenue, and Livestock Insurance Deadlines

If you do not know all the dates in this section, you should contact your crop insurance agent for help.

- _____ 1. Do you know all critical dates and sign-up deadlines?
- _____ 2. **Sales closing date** – last date to apply for crop insurance coverage is: _____
- _____ 3. **Sales closing date** - last date to apply for NAP coverage is: _____
- _____ 4. **Cancellation date** – give notice if I do not want crop insurance next year: _____
- _____ 5. **Production reporting date** – actual production history must be reported by: _____
- _____ 6. **Final planting date** – if unable to plant, I must contact my agent by: _____
- _____ 7. **Acreage reporting date** – I must report my acreage planted to my agent by: _____
- _____ 8. **Payment due date** – interest charges will be incurred after: _____
- _____ 9. **Final date to file notice of crop damage** – any perceived damage must be reported
No later than: _____
- _____ 10. **End of insurance period** – latest date of coverage for current year's crop: _____
- _____ 11. **Debt termination date** – insurance coverage for next year will be canceled if
payment is not made by: _____

Developed by Dr. Laurence M. Crane, National Crop Insurance Services with contributions from Lynn F. Kime and Winifred W. McGee, Penn State Extension.



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