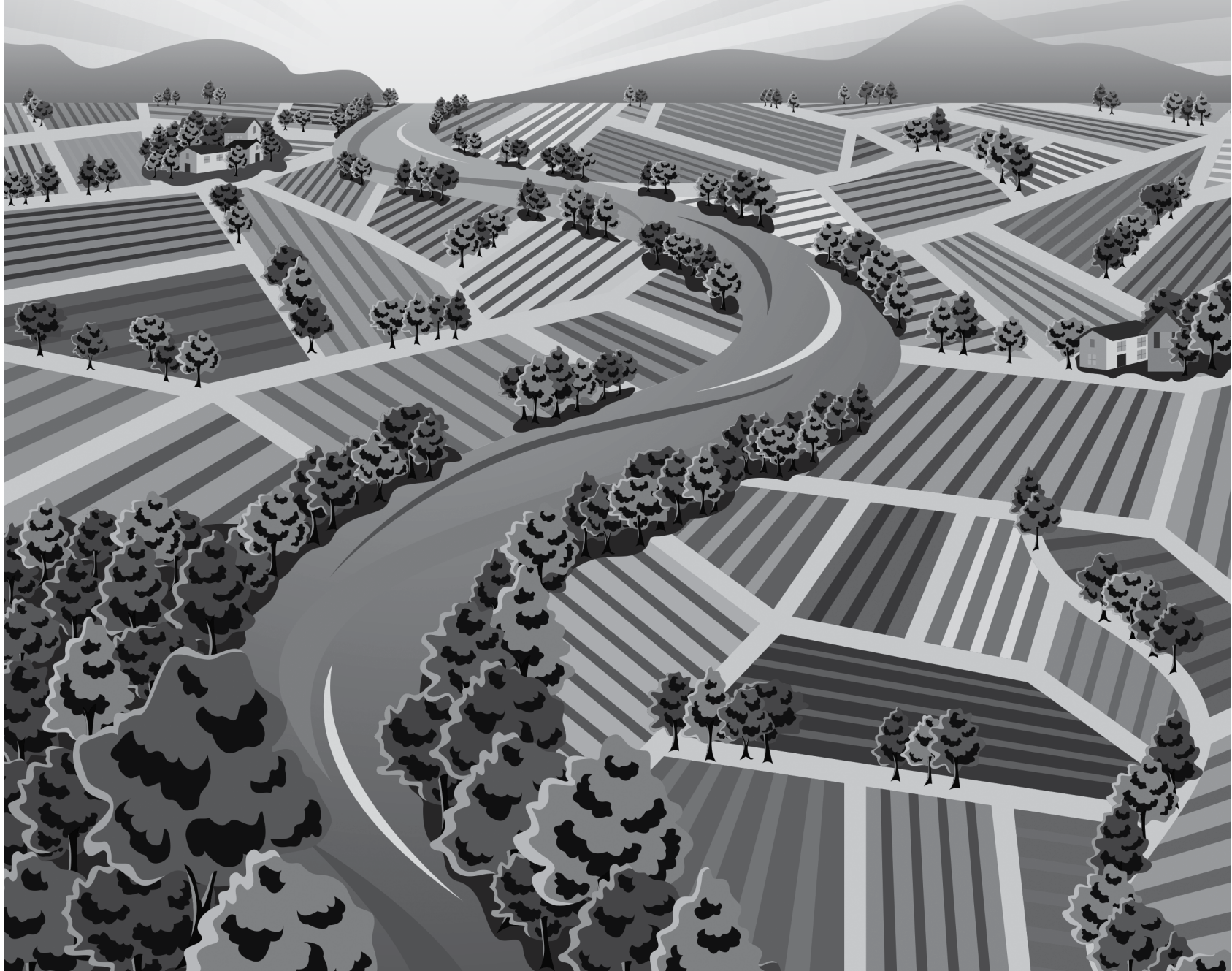
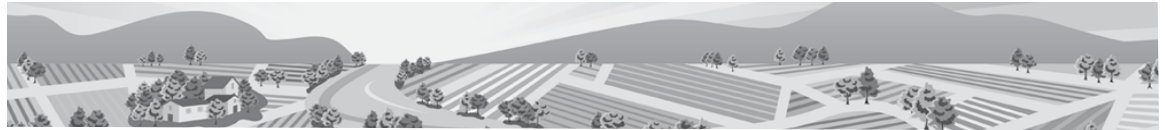


Crop Insurance in the 2018 Farm Bill



By Michael Stein and Haley Baron



While much of the information outlined in the guidebook, *Introduction to Crop Insurance for Organic and Transitioning Producers*, is still relevant and pertinent information for farmers, there were some modifications to crop insurance programs in the 2018 Farm Bill. This pamphlet serves as an outline of the changes to Federal crop insurance programs that may impact organic and transitioning farmers.

The Farm Bill

The 2018 Farm Bill sets national food and agriculture policy and addresses a broad range of farm and food programs. In December 2018, the Agriculture Improvement Act of 2018 (Farm Bill) was passed by Congress and signed into law by the President. This Farm Bill sets the direction of farm and food policy through 2023. A crucial component of the Farm Bill is Title XI, which focuses on crop insurance.

Crop Insurance Basics

The Federal crop insurance program offers subsidized crop insurance policies to farmers. Farmers can purchase policies and receive indemnity payments when their yields or revenues fall below guaranteed levels. The USDA Risk Management Agency (RMA) administers the Federal crop insurance program. The Federal Crop Insurance Corporation (FCIC), a government corporation within USDA, pays part of the crop insurance costs (subsidies), while policyholders—farmers and ranchers—pay the balance. Private insurance companies, known as Approved Insurance Providers, deliver the policies that are sold to farmers by independent crop insurance agents (see pg. 9-11 of the guidebook).

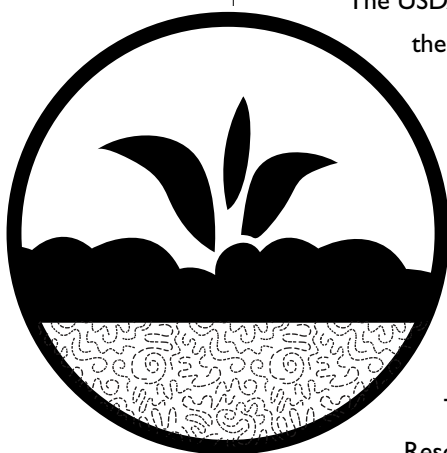
Changes to Crop Insurance

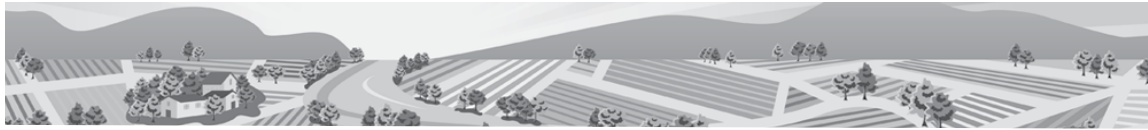
The 2018 Farm Bill makes several modifications to existing crop insurance programs. While many are not specific to organic agriculture, the modifications may impact organic or transitioning producers.

Cover Cropping Designated as a Good Farming Practice

The USDA defines good farming practices as, “the production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late planted acreage, which are: (1) for conventional and sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by the organic agricultural industry for the area or contained in the organic plan.” 7 CFR 457.8. However, some methods of applying a cover crop to enhance soil biology, prevent erosion, and increase moisture retention fell outside of USDA regulations.

Thanks to the 2018 Farm Bill, cover cropping in accordance with USDA Natural Resource Conservation Service guidelines is now recognized as a “Good Farming Practice” by RMA. This ensures that farmers using cover crops according to these guidelines cannot be denied crop insurance because of cover cropping. Recent USDA agency actions have made cover





cropping guidelines more flexible, and removed barriers to adoption of the practice (see Sidebar). As important as cover cropping is, it is also just the tip of the iceberg for organic conservation practices and their interplay with USDA good farming practice rules.

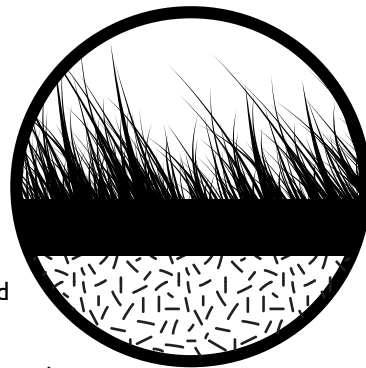
Continuing Education for Crop Insurance Agents and Adjusters

One challenge facing organic and transitioning producers is that local crop insurance agents and adjusters do not always understand organic agriculture production and management. This lack of understanding can have a negative impact on organic or transitioning farmers who either seek to purchase crop insurance or need to make a crop insurance claim in the event of a loss.

In an attempt to address the lack of understanding of organic practices by crop insurance agents and adjusters, Sec. 11117 of the Farm Bill mandates that USDA “shall establish requirements for continuing education for loss adjusters and agents of approved insurance providers... including conservation activities and agronomic practices (including organic and sustainable practices) that are common and appropriate to the area in which the insured crop being inspected is produced.”

Grazing and Grasses

The Rainfall Index Pasture, Rangeland, and Forage program is an insurance program that covers loss of forage or pasture due to changes in precipitation. Prior to 2018, this program only covered perennial forage for either grazing or haying. Changes in the 2018 Farm Bill expand catastrophic coverage for insurance plans covering grazing crops and grasses. This means that farmers and ranchers can now purchase separate crop insurance policies for both grazed and harvested forage on the same acres during the same growing season, and receive separate payments in the event of loss of grazed pasture or harvested forage. This may be especially helpful to organic operations that produce pasture and forage, including organic dairy (USDA RMA, 2019).



USDA Removes Barriers to Cover Cropping

Farmer decisions regarding cover crops—when and what species to plant, and when and how to terminate the cover crop—must take into account current weather and soil conditions. Erratic weather resulting from climate change often requires last-minute “adaptive management” decisions. In recent years, RMA, NRCS, and Farm Services Agency (FSA) have worked together to remove policy barriers to effective use of cover crops. Based on 2018 Farm Bill provisions, and further impelled by severe flooding that disrupted cash crop planting on millions of acres in 2019, USDA has:

- Designated cover cropping as a Good Farming Practice under crop insurance programs, reviewing cover crop management practices under RMA rules for (GFO) determinations similar to other management decisions (e.g., fertilizer application, seeding rates, etc.).
- Modified cover crop termination guidelines to support locally adaptive management in response to current conditions and production needs.
- Removed insurance penalties for cover cropping in lieu of summer fallow in dryland production in low-rainfall regions.
- Expanded options for grazing cover crops planted on acreages where excessive rainfall prevented cash crop planting in 2019 (USDA RMA, 2019).

For more information on cover cropping and USDA programs, see the NSAC blog posts at <http://sustainableagriculture.net/blog/usda-updates-cover-crop-termination/> and <http://sustainableagriculture.net/blog/prevent-plant-decisions/>.



Whole Farm Revenue Protection (WFRP)

Whole Farm Revenue Protection (see pg. 11, 19-23 in the guidebook) is a risk management tool for diversified farms of all types, including organic and transitioning producers. The 2018 Farm Bill makes a few modifications to WFRP.

Outlined in sec. 11122 of the Farm Bill, USDA must engage stakeholders to gather input on how to make WFRP more streamlined, flexible, and tailored to diverse producers needs and operations. The Farm Bill urges USDA to consider a number of different factors that have been challenging for farmers seeking to access WFRP, including removing the cap on livestock and nursery revenue, incorporating previous crop insurance payments into annual revenue, streamlining administrative requirements for smaller producers, reducing paperwork requirements for farmers and crop insurance agents, developing alternative records for planting and production history, and more.

USDA has made some of these changes. Starting in 2020, the expected WFRP revenue limit for livestock and nursery revenues will be \$2 million. Previously, livestock and nursery insurance was limited to operations with less than \$1 million in expected revenue from livestock or nursery. Additionally, an operation with more than \$2 million in revenue can still purchase WFRP; however only \$2 million in revenue for livestock or nursery products will be insured. (USDA RMA, 2019).

WFRP has also adopted new options for farmers to prevent large drops in approved revenue from year to year based on changing and unpredictable weather.

As stated by USDA RMA, available coverage options include:

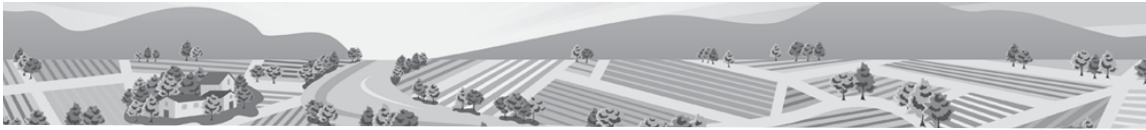
- A year that had a revenue less than the 5 year average may be replaced by 60 percent of the average revenue to calculate the approved revenue for the upcoming crop year.
- A producer may drop the lowest year revenue from the five year revenue history and calculate the average revenue for WFRP based on the four remaining years.
- Since approved revenue coverage changes every year, based on previous years the approved revenue may be insured at no less than 90 percent of the previous year's approved revenue (USDA RMA, 2019).

However, there are additional premium costs associated with these coverage options.



Beginning Farmers and Ranchers

Most USDA programs consider a beginning farmer or rancher to be someone with less than ten years of farming experience. However; prior to the 2018 Farm Bill, crop insurance programs only considered someone with less than five years of farming experience a beginning farmer or rancher (see pg. 30 in the guidebook).



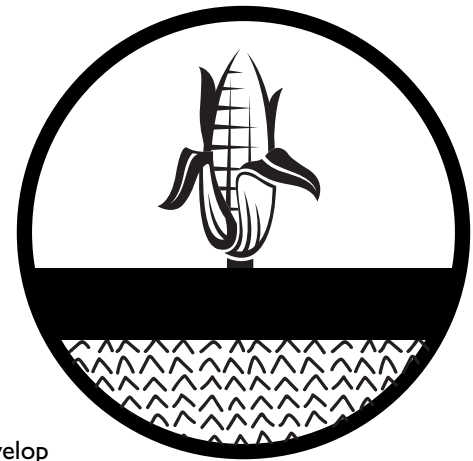
Thanks to sec. 11122 of the 2018 Farm Bill, farmers taking part in WFRP will be considered beginning farmers if they have less than ten years of farming experience. This allows beginning farmers to take advantage of a 10% crop insurance premium discount (see pg. 30 in the guidebook).

Additionally, sec. 12304 of the Farm Bill directs USDA to establish a National Beginning Farmer and Rancher Coordinator and associated State Coordinators to provide new and beginning farmers and ranchers with technical assistance and make them aware of USDA programs including crop insurance.

The 2018 Farm Bill also directs RMA to work with USDA's Farm Service Agency (FSA) to notify the existing beginning farmers registered with FSA of the additional benefits under WFRP related to the newly aligned beginning farmer definition.

Specialty Crop Liaison

A diversity of specialty crops such as fruits and vegetables, tree nuts, and nursery crops can present challenges for farmers seeking crop insurance coverage. To address this, USDA will designate a Specialty Crop Liaison in each RMA Regional Office to provide localized expertise and advice to a USDA RMA Specialty Crop Coordinator. The Specialty Crops Coordinator will establish a website focused on USDA efforts to provide and expand crop insurance for specialty crop producers (USDA RMA, 2019).



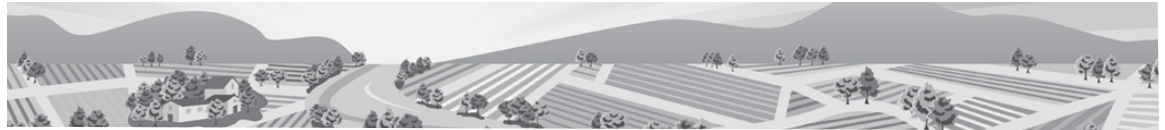
Local Food Crop Insurance Policy

The 2018 Farm Bill adds a Local Food Policy to the list of policies that RMA should develop in the coming years. The Farm Bill directs the Local Food Crop Insurance Policy to be oriented toward livestock, poultry, and specialty crops in urban, suburban, and rural settings. Initially, the Farm Bill directs USDA to produce a report to Congress outlining if the existing WFRP insurance provides adequate coverage for local food production. If not, as the policy is developed, it should include direct-to-consumer, farm-to-institution programs, community supported agriculture, as well as greenhouse/rooftop/hydroponic production.

Changes to the Non-insured Disaster Assistance Program

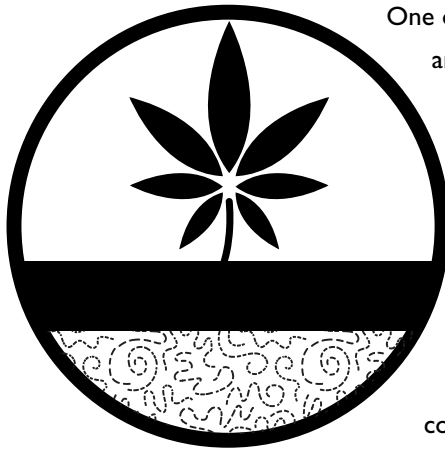
While it is not a crop insurance program administered by RMA, the Non-insured Disaster Assistance Program (NAP) was also modified in the 2018 Farm Bill. NAP, which is administered by USDA's Farm Service Agency (FSA), was initially set up to provide coverage for certain crops that were not covered by traditional crop insurance programs. However; with WFRP, all crops are now eligible for coverage. The 2018 Farm Bill changes the eligibility for NAP to include crops that may be covered by select forms of crop insurance such as WFRP.

Additionally, the Farm Bill amends NAP's payment calculation to consider the producer's share of the crop, raises the service fees, and creates separate payment limits for catastrophic basic coverage (\$125,000/person) and buy-up or additional coverage (\$300,000/person). This bill also makes buy-up coverage, purchasing additional coverage through NAP, a permanent option for this program.



Finally, the Farm Bill directs both RMA and FSA to collect and share data on risk management programs. The intent is to increase coordination between the two agencies to provide better products and help NAP users, including beginning and socially disadvantaged farmers, transition to crop insurance products such as WFRP.

Hemp and the Farm Bill



One of the biggest changes in the 2018 Farm Bill is the legalization of hemp production. There are a number of hemp provisions outlined in the Farm Bill, including the addition of hemp to the definition of eligible crops for Federal crop insurance and post-harvest loss coverage. Hemp is defined as the plant *Cannabis sativa* L. This includes any part of that plant, such as the seeds and their derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers (USDA RMA, 2019). The product must have a concentrate of delta-9 tetrahydrocannabinol no more than 0.3 percent on a dry weight basis, or it will not be considered hemp.

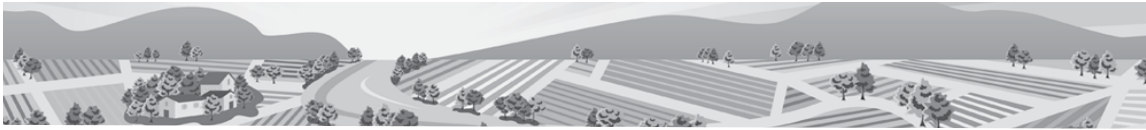
For the 2020 growing season, hemp will be included in WFRP. However, hemp coverage comes with several restrictions (USDA RMA, 2019):

- The hemp must be produced in compliance with a State, Tribal or Federal applicable plan.
- The hemp must be grown under a marketing contract
- No replant payments will be offered.
- “Hot” hemp (with THC concentrations above 0.3 percent) will not be considered an insurable loss.

Conclusion

While the 2018 Farm Bill made legislative modifications to many programs, it is up to USDA to implement the changes. This takes time. As USDA engages in researching, reporting, and rulemaking, there may be some lag time before the programs outlined in the 2018 Farm Bill become available. For more information on the specifics of program implementation visit www.rma.usda.gov.

As USDA implements programmatic changes, there may be challenges or unintended consequences. If you encounter any challenges or issues with current or new RMA programs, please contact the Organic Farming Research Foundation at info@ofrf.org.



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