



Risk Management Agency

U.S. DEPARTMENT OF AGRICULTURE



Francie Kucera Tolle Federal Crop Insurance Update

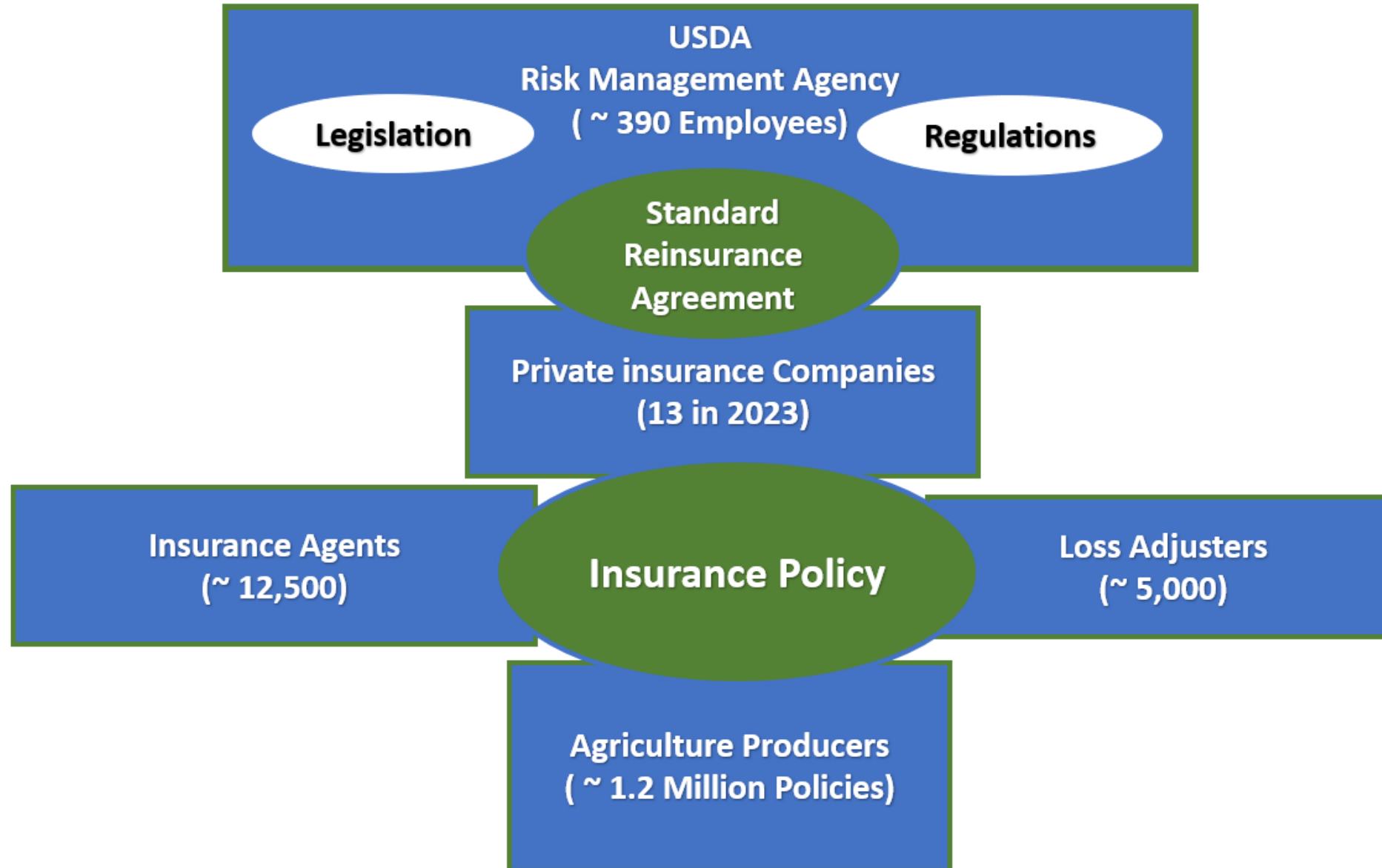
October 25, 2023

Agenda

- Crop Insurance Delivery & Program Stats
- Recent Changes & Initiatives
- Upcoming Changes

Crop Insurance Delivery & Program Stats

Federal Crop Insurance Delivery System



Individual Crop Coverage

- For 2023 RMA offered 84 distinct organic price elections
- Only 18 crops do not currently have an organic price election because:
 - 1) No known organic production in insured areas
 - 2) There is limited production and data
 - 3) Pricing suggests these organic crops do not receive a premium over conventional products

Report Note: Feedback on specific crops that are not insured and where would be helpful. Small grains are mentioned as well as NAP coverage – would be interested in more information.

Contract Price Addendum

- Beginning in 2014 RMA began offering the contract price option to allow prices to be more reflective of the actual value of the crop
- Most crops have a maximum value of 2 times the announced conventional price election or 1.5 times the announced premium organic price election.

2023 Corn Example:

Conventional Projected Price	\$5.91
Organic Projected Price	\$11.10
Maximum Contract Price Factor	1.5
Maximum Contract Price	\$16.65

Available Plans of Insurance

Base Policy

- **Yield Protection:** Insures against yield loss based on Actual Production History (APH). Coverage levels: CAT and 50% - 85%.
- **Revenue Protection:** Insures against revenue loss. Same coverage levels as YP.
- **Harvest Price Option:** Revenue is calculated on higher of projected and harvest price.

Endorsement

- **Stacked Income Protection Plan (STAX):** Area plan for cotton. Indemnity payment is triggered when expected area revenue fall below 90% and increases until reaching 70% or companion policy's coverage level (whichever is higher). Coverage up to 20% of expected revenue in 5% increment.
- **Supplemental Coverage Option (SCO):** Covers a layer of the base policy deductible (providing up to 86% coverage) and triggers a payment when the county yield or revenue falls below 86% of the expected yield or revenue. SCO insured acres cannot combine with STAX.
- **Enhanced Coverage Option (ECO):** Similar to SCO but covers additional layers of the base policy deductible above what is available with SCO (provides up to 90% or 95% coverage). Insured acres cannot combine with STAX.
- **Hurricane Insurance Protection – Wind Index (HIP-WI):** Covers deductible of base policy when county or adjacent county is in area of sustained hurricane-force wind. HIP-WI insured acres can be combined with SCO and STAX.

Organic/Transitional Supplemental Participation

Supplemental Policy	2021 Acres	2022 Acres	2023 Acres
ECO	38,964	69,777	112,941
HIP-WI	29,702	33,665	36,852
SCO	96,852	111,924	147,678
STAX	19,990	44,140	45,882

Available Plans of Insurance

Area & Rainfall Index Area Plans

- **Pasture, Rangeland, Forage (PRF):** An area plan that insures against a lack of rainfall for perennial forage. Coverage levels: 70%-90%.
- **Area Risk Protection Insurance:** Covers against widespread loss of revenue or loss of yield in a county. Individual farm revenues and yields are not considered and it is possible that an individual farm may experience reduced revenue or yields and not receive an indemnity.

Whole Farm Revenue Protection (WFRP) – first offered in 2015, provides coverage for all crops under one crop insurance policy

Micro Farm – first offered in 2022 as a streamlined approach to WFRP

WFRP

- Covers up to \$17 million
- Post-production costs are not included
- Expected values are primarily based on 3rd party
- Expected yields are based on underlying policies or insured's 4- to 10-year average
 - **NEW** - Expanded yield history to 10-year max (from 4 years) for crops not covered by another federal crop insurance policy.
- May purchase additional individual crop policies
 - **NEW**- includes CAT policies
 - **NEW**- producers choose if WFRP will consider other federal crop insurance as primary insurance
- **NEW** – Single commodity producers qualify for 80-85% coverage levels
- **NEW** – Increased subsidy level

Micro Farm

- Less paperwork requirements
- Insures farms operations with approved revenue up to \$350k for initial year, and \$400k for carry-over policies
- Post-production and value-added costs may be included in approved revenue
- Expected value and yields are based on insured's past three- to five-year average of total revenue and acres
- **NEW** – Allows producers to purchase Federal crop insurance with Micro Farm
- **NEW** – Allows vertically integrated entities
- **NEW** – Expanding operation features allowed (based on physical expansion)
- **NEW** – Extended Sales Closing Date

Increased Subsidy for WFRP

2023 WFRP Subsidy: Percentage of Total Premium Paid by Government

Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Basic Subsidy-Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 2	80%	80%	80%	80%	80%	80%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more	80%	80%	80%	80%	80%	80%	71%	56%

2024 WFRP Subsidy: Percentage of Total Premium Paid by Government

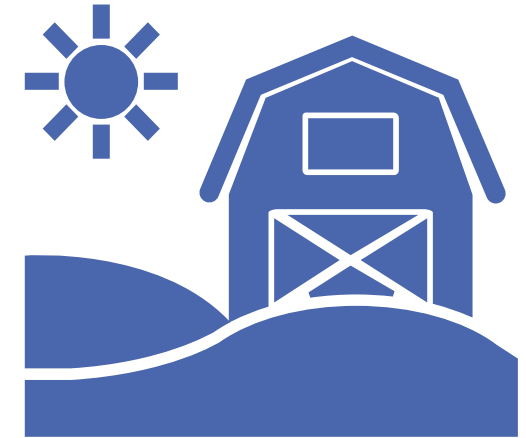
Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Subsidy-Qualifying Commodity Count: 1	80%	80%	80%	80%	80%	77%	68%	53%
Subsidy-Qualifying Commodity Count: 2 or more	80%	80%	80%	80%	80%	80%	71%	56%

Note From Report: Misunderstanding on if WFRP was subsidized.

WFRP & Micro Farm

Note From Report on a potential misunderstanding of expanding operations for WFRP and Micro Farm:

- In 2022, RMA revised the WFRP policy for organic producers by increasing the expansion limits for organic producers to the higher of \$500,000 or 35 percent. For those expanding operations, a producer may be able to use their own prices received as well as their own past production history.
- For the 2024 Policy Year, RMA revised the Micro Farm policy to allow expanded operation adjustments that is applicable to physical expansion only (e.g., added acres). Expansion Under Micro Farm, is based on the producers' own records.



Note From Report Regarding Decrease in Participation: Decreasing policy counts do not necessarily represent organic producers. The number of WFRP policies identifying a commodity on the farm plan as organic has grown from 7 in 2015 to 274 in 2023.

Notes From Report: RMA continues to look for better ways to include beginning farmers & reduce paperwork (for example the removal of expense reporting).

Production & Revenue History (PRH)

- Designed for specialty & organic crops, using the producer's own production and revenue history to generate coverage
- Another way to help overcome a lack of price data to improve organic price elections
- Initially offered for strawberries for the 2021 crop year
- Planned expansion to other crops

[Fact Sheet Link: Production and Revenue History Plan | RMA \(usda.gov\)](#)

Program Growth & Performance

Certified Organic						
Year	Policies	Acreage	Liability	Premium	Indemnity	Loss Ratio
2013	5,176	600,570	412,058,457	41,689,560	71,553,820	
2022	10,646	1,854,303	2,342,364,633	209,469,502	431,944,492	
Average Loss Ratio 2013-2022						1.72

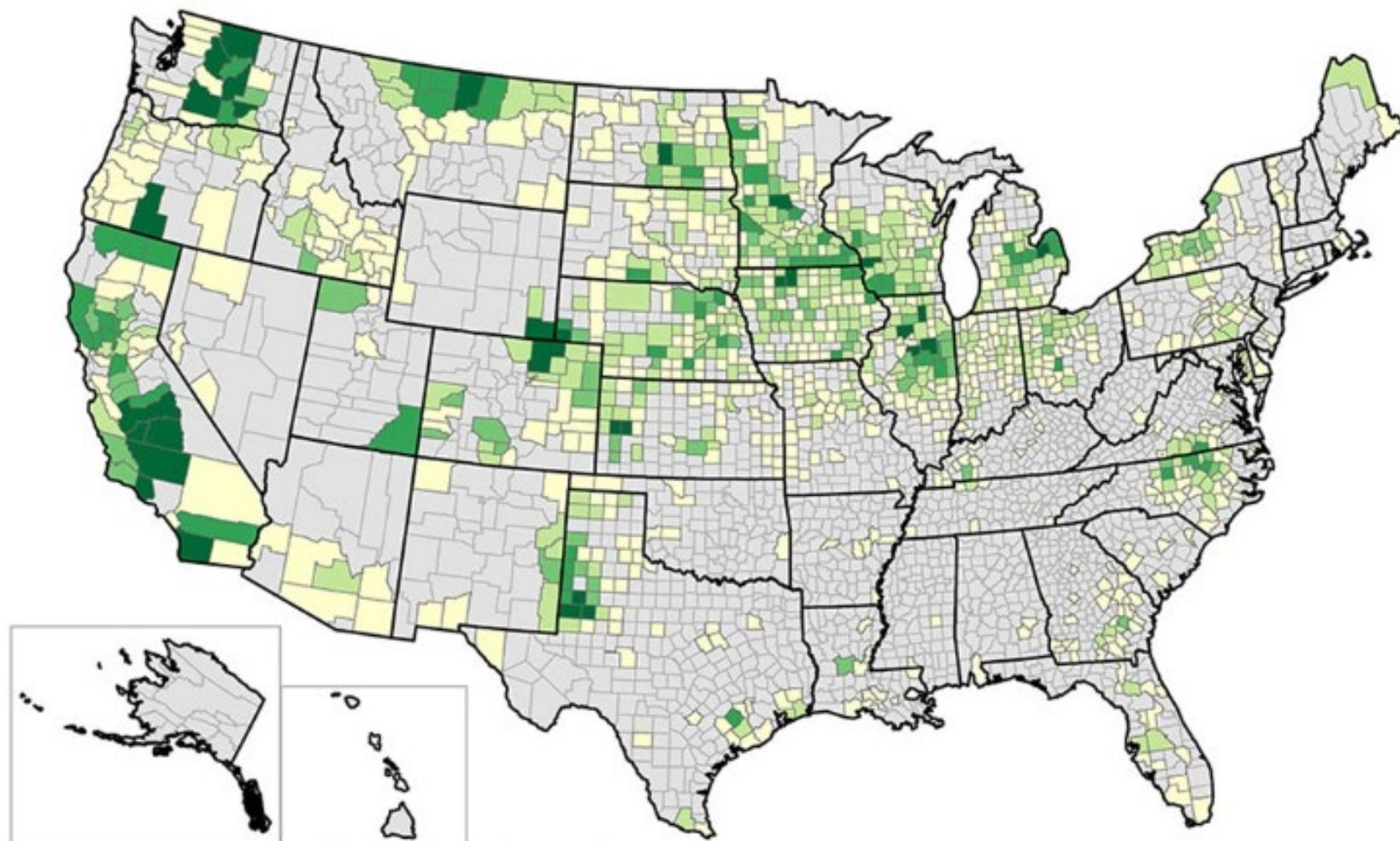
Transitional Organic						
Year	Policies	Acreage	Liability	Premium	Indemnity	Loss Ratio
2013	403	33,637	15,796,663	1,601,417	2,952,289	
2022	1,004	104,131	75,610,769	5,899,612	10,123,734	
Average Loss Ratio 2013-2022						1.57

Note From Report Regarding Issues with High Loss Ratios: Additional information on crops/locations can be found on the summary of business report at the following link - [Organic Crops | RMA \(usda.gov\)](https://www.usda.gov/organic-crops)

2022 - Map of Organic Crop Insurance Policies

Top 10 insured organic commodities by Liability:

- Corn
- Apples
- Soybeans
- Wheat
- Blueberries
- Almonds
- Potatoes
- Peanuts
- Grapes
- Citrus/Fruit Tree



PolicyCountRange 1-5 6-15 16-25 26-50 >50

Organic insurance policies by county



The information displayed in this map is intended to serve as an aid in displaying data provided or stored by the Risk Management Agency. It does not modify, replace or supersede any USDA published policy provisions or procedures. Maps created by USDA Risk Management Agency are for spatial and visual context for depicting the basic information for "where". Maps are not considered a survey. General Reference Only

-- Public Information --

Map Creation Date: June 12, 2023
Layer Credits: USDA
Source: USDA Risk Management Agency - System of Analytics
Data Current Date: June 12, 2023
Map Projection: USA Contiguous Albers Equal Area Conic
RMA Product Management

Recent Changes & Initiatives

Deadlines & Timing

Revised when a producer must provide written certification

- Revisions allows a producer to report acreage as certified organic, or as acreage in transition to organic, when a producer certified that they have requested, in writing, a written certification or other written documentation from a certifying agent on or before the acreage reporting date.

Notes From Report:

- Difficulty obtaining crop insurance with cover crops – new cover crop Guidelines for the 2020 that goes beyond zones for termination, has that helped? [Cover Crops | RMA \(usda.gov\)](#)
- RMA would like additional information needed on deadlines that come before a producer has time to analyze numbers from the previous year
- Premiums due in August – Requirement is in the Crop Insurance Act
- Planting Dates – RMA continues to work through

Other Efforts

Work with AMS

- 2024 Policy included NOP's INTEGRITY database certificate as an acceptable organic and transitional record

NASS Organic Producer Surveys

- RMA has worked with NASS to improve survey methods to expand data collection to include specific crop types and varieties
- NASS has completed 7 organic surveys (2008, 2011, 2014, 2015, 2016, 2019, and 2021)
 - RMA provided funding for 4 of these, providing NASS \$6 million to complete

Notes From Report: RMA is open to thoughts and discussion on how to obtain more data.

Outreach & Education

2022 & 2023 Risk Management Education Partnerships

- **2022 & 2023 Iowa Organic Association:** Plans to expand risk management resources and support for underserved organic and specialty crop producers through workshops and email/newsletters;
- **2022 & 2023 The Gleaning Network of Texas:** Partners with Texas Organic Farmers, plans to deliver in-person workshops on risk management topics;
- **2023 Center for Rural Affairs:** Plans to reach producers delivering educational materials in both English and Spanish on crop insurance options for organic and specialty crop operations, including one highlighting WFRP/Micro Farm; and
- **2023 Napa Valley Grape growers:** Will deliver climate risk management education in English and Spanish to Napa winegrape producers, including training on organic farming practices.
- **2022 Organic Trade Association** – To provide educational materials on crop insurance to organic farms, such as videos, online courses, podcasts & webinars

[Link to Additional Information : Outreach and Education | RMA \(usda.gov\)](#)

Notes From Report: Other than producers not needing or wanting crop insurance producers unfamiliar with crop insurance is an issue – RMA would like feedback and ideas.

Transitional & Organic Grower Assistance Program (TOGA)

TOGA provided premium assistance to eligible producers who insured their crop during the 2023 reinsurance year. They received a discount on their premium billing statement for:

- Crops in transition to certified organic, 10 % points of premium subsidy
- Organic grain and feed crops, \$5 premium assistance per insured acre
- 10 % points of premium subsidy for all Whole Farm Revenue Protection (WFRP) policies covering crops in transition to organic or certified organic practice crops. Producers who had additional individual crop insurance policies received the applicable premium assistance on those policies.

Transitional & Organic Grower Assistance Program (TOGA)

2023 TOGA Eligible Participation

- 4,911 Producers
- 9,214 Policies
- Transitional Organic:
 - Acres: 88,243
 - Trees: 18,665
 - TOGA Subsidy: \$571,776
- Certified Organic (Only Grain and Feed Crops Eligible):
 - Acres: 1,698,230
 - TOGA Subsidy: \$8,417,051

*Producer count is distinct tax id for all eligible certified or transitional organic crops. Meaning, an organic wheat and soybean producer is only counted once, and the count only includes crops and organic practices that were eligible for TOGA.

Upcoming Releases

Upcoming Changes

- Allow Enterprise Units for specialty and perennial crops – which means more for Organic and Transitional
- Allow Enterprise Units by organic farming practice
- Allow Optional Units by organic practice for all crops where Optional Units are available and organic practice is available.
- Guidelines – RMA is developing Organic Practice Guidelines to be provided to producers who have indicated they are organic producers.
 - Will specify the requirements to qualify as a certified organic or transitional practice for crop insurance purposes.
- Good Farming Practices (GFP) Handbook – Making it clear the use of NRCS Conservation Practice Standards will be considered GFP

Notes From Report: It is noted that there are discrepancies between NRCS and what RMA recognizes as a GFP, would it be possible to provide examples of the practices and where?



Policy & Procedure ▾ **RMA Local ▾** Commodities ▾ **Tools ▾** Topics ▾

 Summary of Business	 Agent Locator	 Actuarial Info Browser	 RMA Map Viewer	 Cost Estimator
Actuarial Information Browser	Cost Estimator	Livestock and Dairy Participation	Price Discovery Reporting	
Agent Locator	County Programs	Livestock Reports (LRP and LGM)	Reinsurance Reports	
AIP Companies	Crop Indemnity Maps	Nursery Software (EPLPPS)	RMA Information Reporting System	
Associated Agencies and Partners	Crop Weather	Other Sites	RMA Map Viewer	
Cause of Loss	FTP File Access	PRF Rainfall	Summary of Business Reports	

RMA.USDA.GOV



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Thank you!

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