



# ORGANIC FARMING RESEARCH FOUNDATION

*Fostering the improvement and widespread adoption of organic farming.*

## **2018 CROP INSURANCE BULLETIN** **FOR CERTIFIED ORGANIC PRODUCTION**

### **Important Changes in USDA Crop Insurance Offerings**

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*The Organic Farming Research Foundation is compiling information and outreach for organic and transitional growers regarding federal crop insurance options for 2018 and 2019. See [www.ofrf.org](http://www.ofrf.org) and sign up to receive updated information during the year.*

Crop insurance for organic production is a work in progress, and there are new provisions and options for 2018. The USDA Risk Management Agency (RMA) **information for organic producers** is found here:

<https://www.rma.usda.gov/news/currentissues/organics/>

### **DEADLINES FOR 2018 ENROLLMENT ARE APPROACHING.**

For complete information on your options and tools, contact an **Approved Insurance Provider** at:

<https://www3.rma.usda.gov/tools/agents/companies/indexCI.cfm>

### **THE BASICS:**

Organic farmers and ranchers are not immune to the forces of weather and market changes. Having a crop insurance financial safety net could make a significant difference in your farm's short and long term economic stability. Drought, hail, flood, wind, fire, insects, disease, wildlife and earthquakes are all outside the control of both organic and nonorganic farmers. Whether you have many acres or few acres, grow produce, commodity crops or livestock, there are crop insurance options for your organic farm. New provisions in 2018 continue to increase the breadth and value of options for organic production.

The two main types of policies available are known as **Multi-Peril Crop Insurance** (MPCI) and **Whole Farm Revenue Protection** (WFRP). MPCI is used for individual crops, and WFRP is used to cover a diversified operation's overall income. A short description of each is provided below, noting some new features for 2018. Details will vary greatly depending on your farm, your state, and what your insurance provider is able to offer. Contact an Approved Insurance Agent as soon as possible to know what your specific options might look like.

### **Multi-Peril Crop Insurance**

MPCI is the standard type of government-subsidized crop insurance. MPCI is based upon two factors, your average yields and price for each crop you are insuring. For example, if you grow organic corn, soybeans, forages and oats, you would have a different insurance policy for each, or choose to just insure some but not all. If you have some crops that are either in transition or nonorganic as well as

organic, you could have two different MPCCI policies, for example, one each for nonorganic corn and organic corn. MPCCI has a number of options that determine how much coverage you are buying and what it will cost you in premiums to have that coverage. Your records of yields and prices will be crucial in determining your coverage and premium cost.

For organic growers, an important change in 2018 is the expanded number of Organic Price Elections. For the first time, organic prices are offered for almost every crop that is eligible for MPCCI coverage. See <https://www.rma.usda.gov/news/currentissues/organics/organiccroplist.html>

Another important option for organic produces is the Contract Price Addendum (CPA). More than eighty-eight crops are applicable for crop insurance coverage based upon a contracted price. [https://www.rma.usda.gov/news/currentissues/organics/cpa\\_eligibility.html](https://www.rma.usda.gov/news/currentissues/organics/cpa_eligibility.html). See the RMA Fact Sheet on CPA here: <https://www.rma.usda.gov/pubs/rme/addendum.pdf>

### **Whole Farm Revenue Protection**

For many organic producers, diversity is key to their risk management strategy, using the old adage of not putting all of their eggs in one basket. Many organic production systems include livestock and value-added products as well as unique food, livestock, and feed grade products. Many of these economically attractive crops are not listed commodities. Whole Farm Revenue Protection is a good option for diverse farms and the only option for many types of farms that would otherwise have no choice for insuring their unique agricultural revenue and production. If you file a schedule F with your income tax filing, you are eligible for Whole Farm Revenue Protection insurance!

For producers transitioning to organic and others who see an increase in income due to organic certification or other factors, WFRP allows for a 35% increase above your five-year historical average income, as long as you can document this change. Since MPCCI tends to make full coverage for the organic value and yields of your crop for the first certification years somewhat difficult, WFRP might be a better choice.

WFRP will cover up to \$8.5 million of your farm's crop production as well as animal and nursery products (up to \$1 million in value for each), any commodities you may purchase for resale (as long as it is not more than 50% of your total revenue) and any replanting costs you might have due to weather conditions. WFRP also covers decreases in market price. WFRP does ***not*** cover losses due to pesticide or GMO drift. Your crop insurance coverage year mirrors your tax filing year, and could be the calendar year or your fiscal year. A basic fact sheet on WFRP is here:

<https://www.rma.usda.gov/pubs/rme/ppflood.pdf>

### **A Final Word**

Crop insurance is a powerful tool but it can be very complex. Make sure you get complete information about what you would be covered for, and how much it will cost you, before completing a contract.

*This information is provided by the Organic Farming Research Foundation under USDA Risk Management Education Partnership Agreement #RM17RMEPP522C014*