Crop Insurance for Diversified Operations

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Today's Agenda

Introductions

How crop insurance works

a. Multi-peril crop insurance
    i. Covering organic value
    ii. Endorsements and special options
b. Written Agreements
c. Relay and double cropping
d. Whole Farm Revenue Protection
    i. Micro Farm
e. Pasture, Rangeland, Forage

New small grains resources

Q&A

Zoom poll

Center for Rural Affairs

OUR MISSION

Establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

BRAINARD, NE
Bailey, Kirstin

BRANDON, SD
Kolbeck-Urlacher, Heidi

COLUMBUS/SCHUYLER, NE
Reyes Spindola, Veronica

FULLERTON, NE
Chlopek, Allen

GRAND ISLAND, NE
Arcos-Hawkins, Raul
Campos, Jessica
Rendon, Griselda

HARTINGTON, NE
Fraas, Wyatt

LINCOLN, NE
Feyerherm, Jordan
Schoenberg, Erin

LYONS, NE
Bergin, Nick
Bride, Mike
Butkus, Linda
Carter, Justin
Darnell, Tricia
Depew, Brian
Dill, Jack
Espinoza, Vicky
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Hoffman, Teresa
Johansen, Cheri
Landholm, Rhea
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Pease, Emilee
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Ramirez, Eunice
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MONDAMIN, IA
Caughey, Cait

NEVADA, IA
Bergman, Kayla
Hansen, Kate
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Summers, Nicholas

NIOBRARA
Flyinghawk, Kristine

NORFOLK, NE
Schrader, Lori

NORTH PLATTE, NE
Parker, Becky

OMAHA, NE
Schulz, Lucia

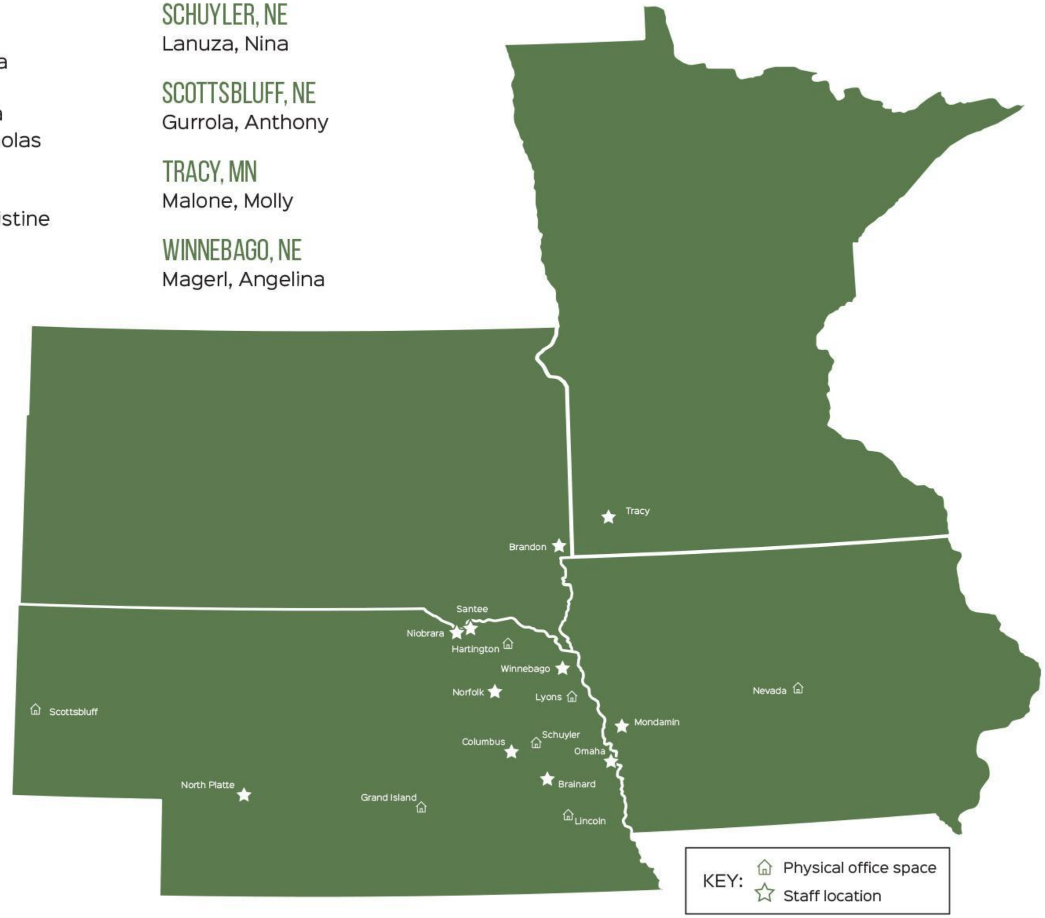
SANTEE, NE
Swalley, Lizzie

SCHUYLER, NE
Lanuza, Nina

SCOTTSBLUFF, NE
Gurrola, Anthony

TRACY, MN
Malone, Molly

WINNEBAGO, NE
Magerl, Angelina



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Northbourne Organic Crop Insurance, LLC

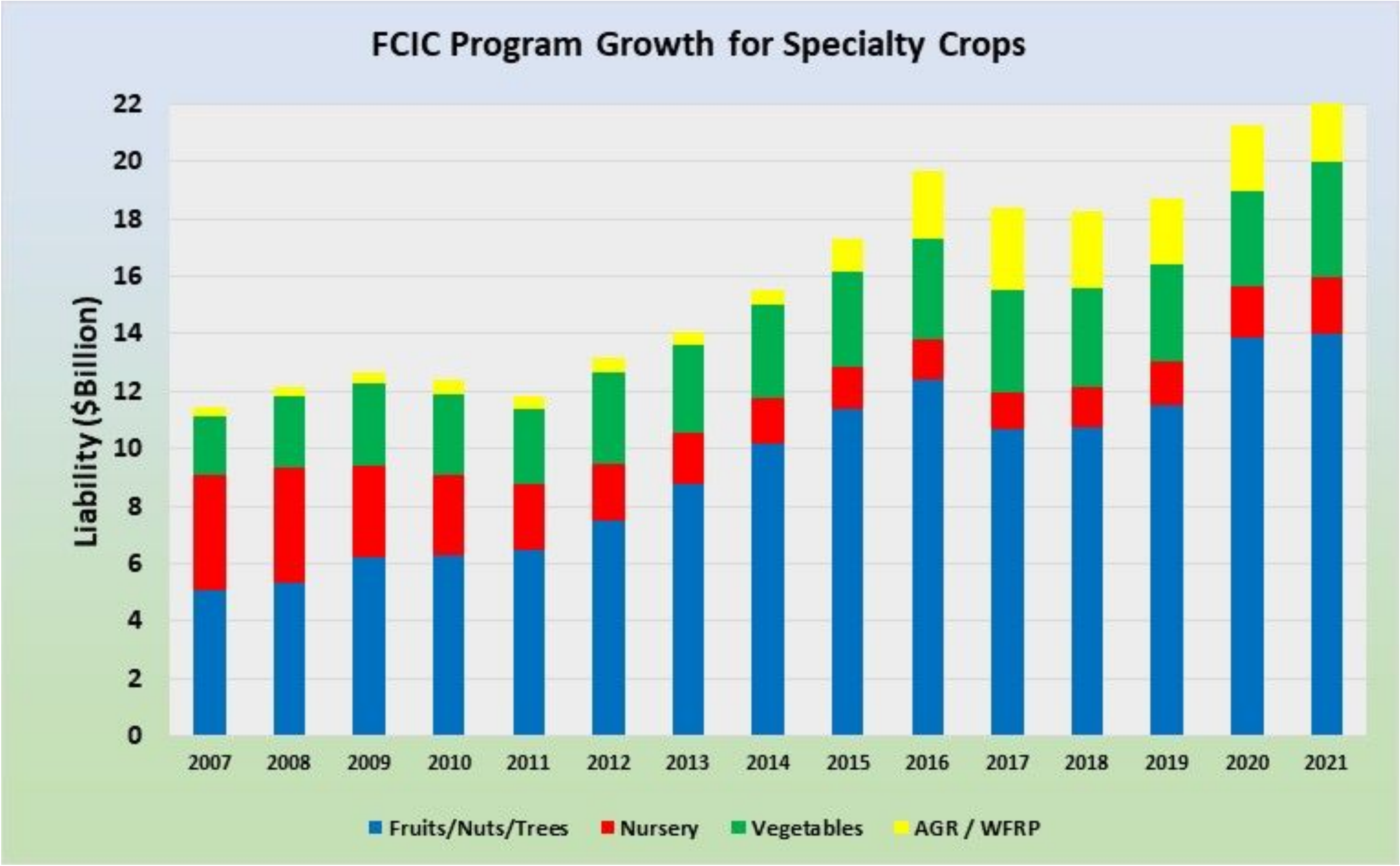
Built specifically for the organic farmer, Northbourne Organic Crop Insurance helps producers build a risk management plan that is tailored to their financial success.

What is crop insurance?

Federal crop insurance

- Administered and subsidized by USDA's Risk Management Agency.
- Sold by private crop insurance companies, agents.
- Protects against natural perils.
- Purchased to manage risk, sometimes required for loans and programs.
- It is the only input cost you are guaranteed revenue out of.

Private policies



Source: USDA Risk Management Agency

Multi-Peril Crop Insurance

"Off the shelf" policies

Multi-Peril Crop Insurance (MPCI)

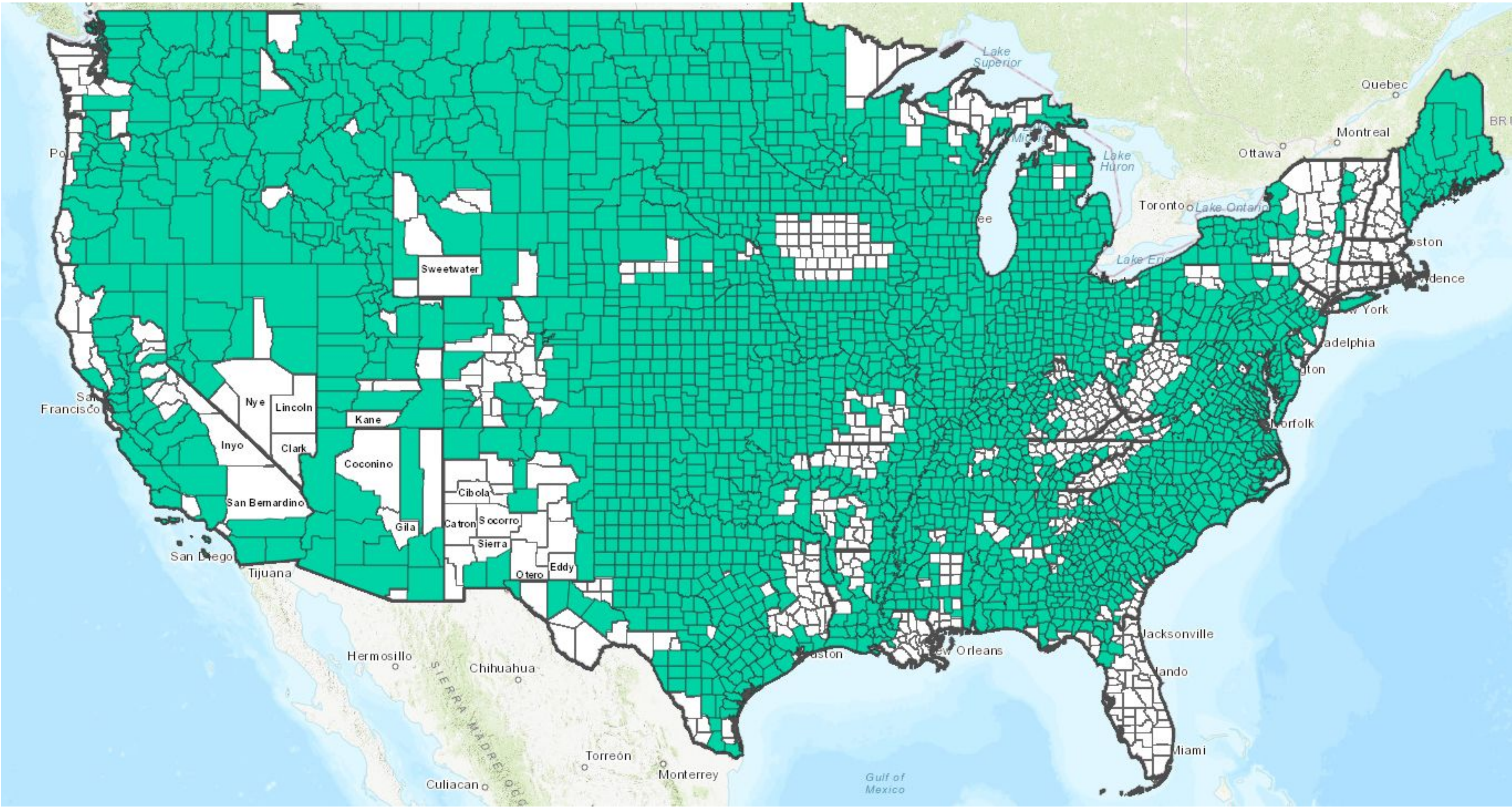
- Protection against natural perils, sometimes revenue losses due to price changes.

- Coverage available from **50-85%** by 5% intervals.

- Premium subsidies vary by level of coverage (higher subsidies for lower levels of coverage).

- Policies available **by crop, by county**.

Wheat, 2022



Source: USDA Risk Management Agency

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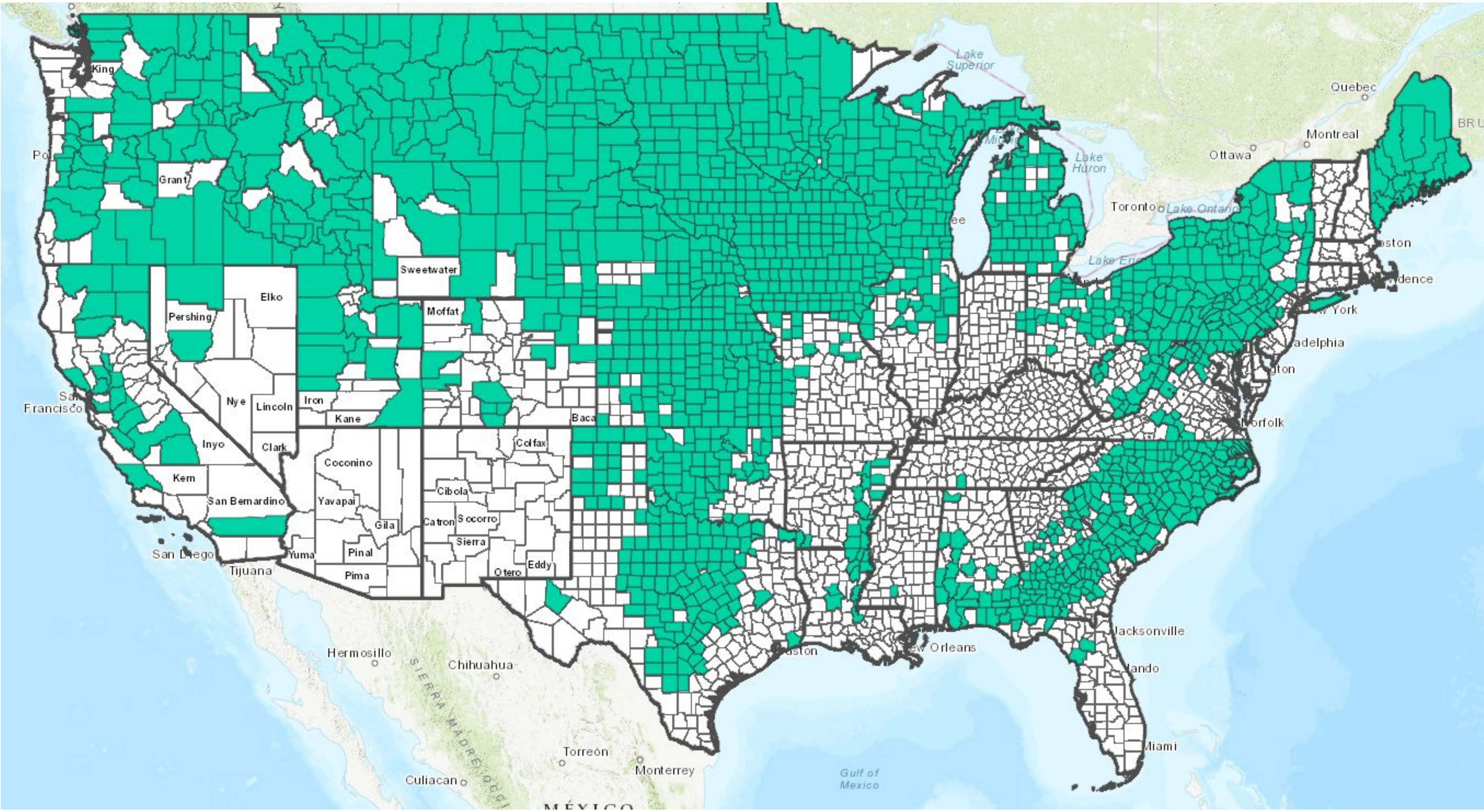
Oats, 2022



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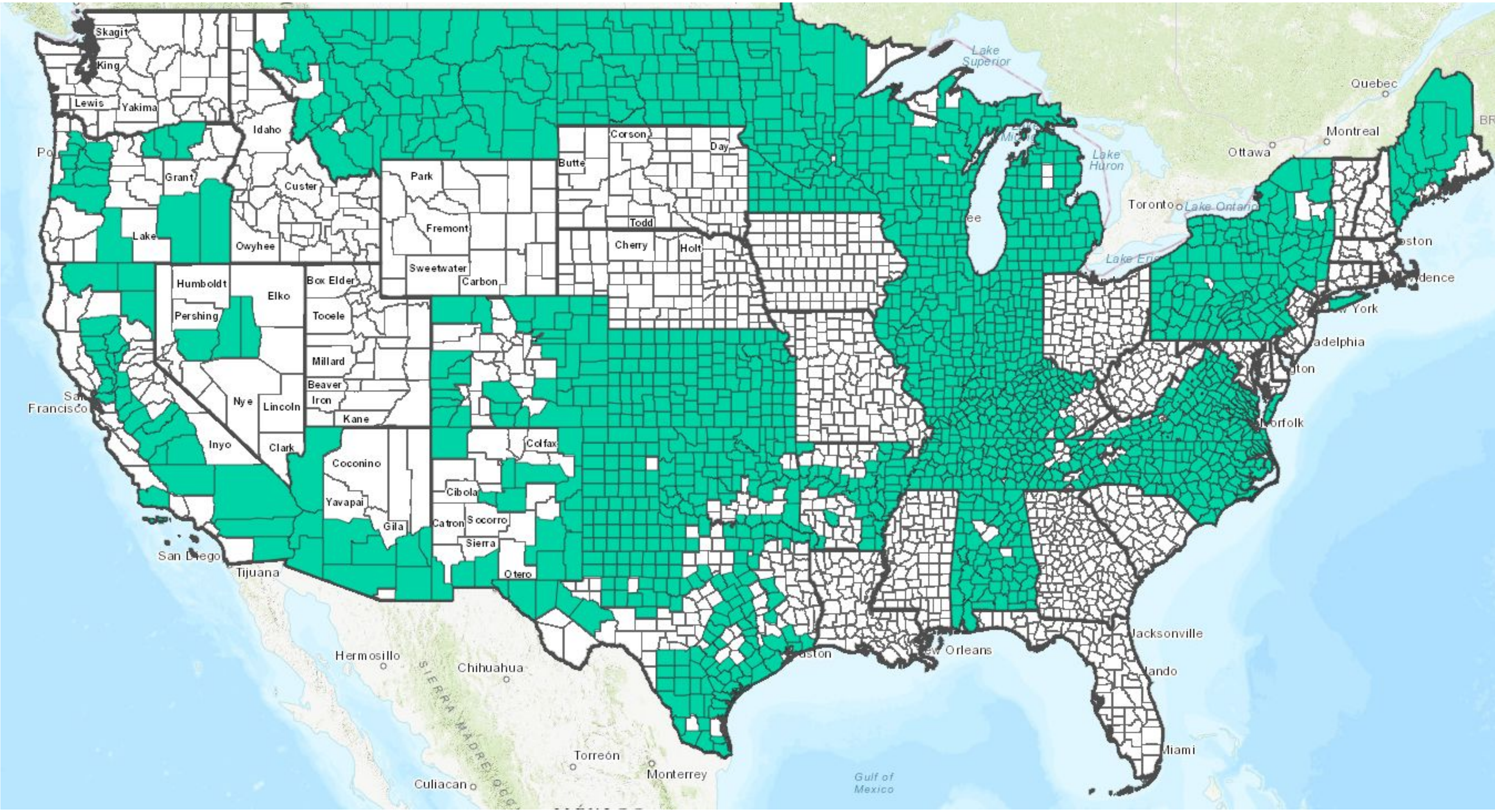
Hemp, 2022



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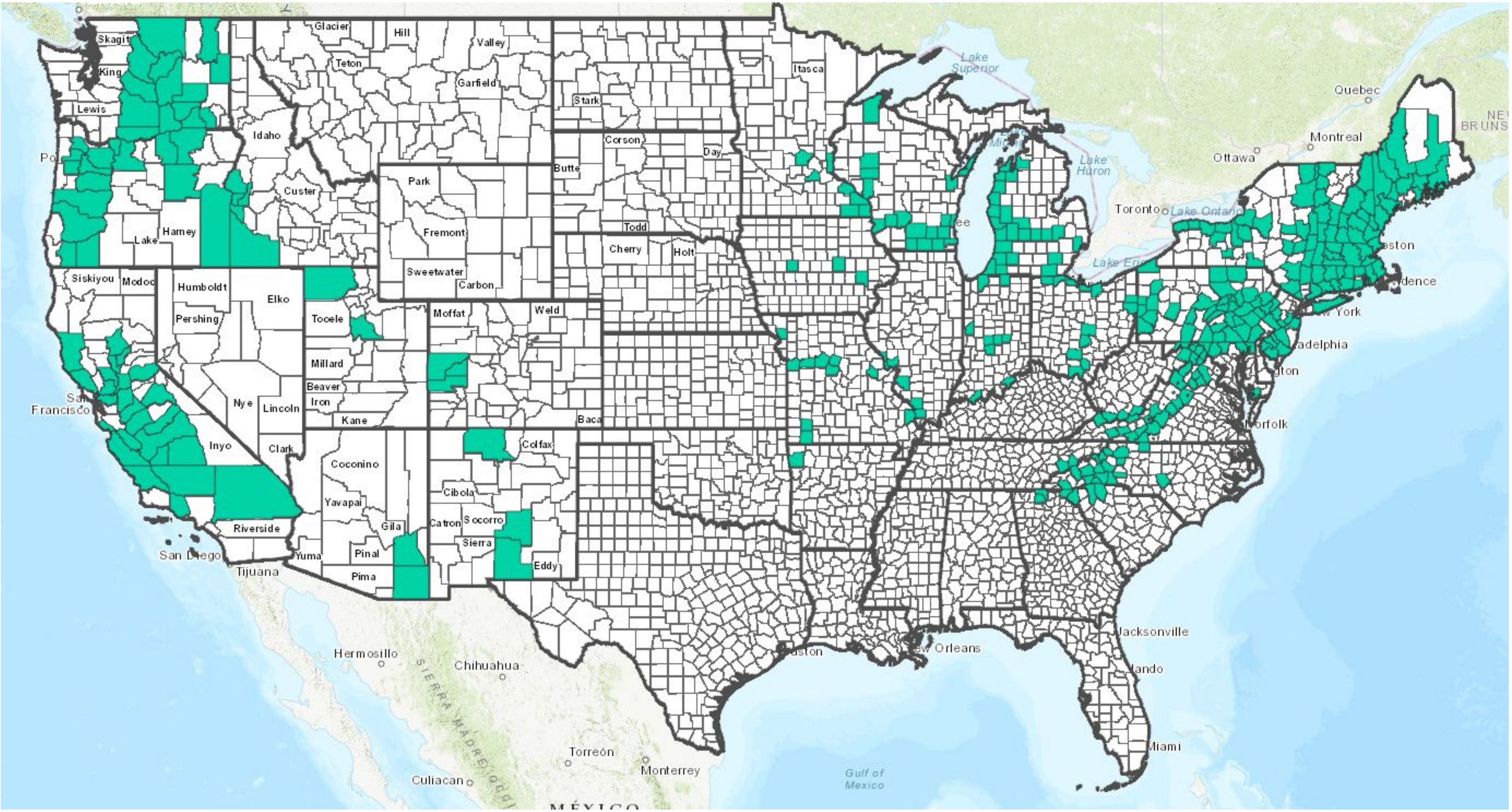
Apples, 2022



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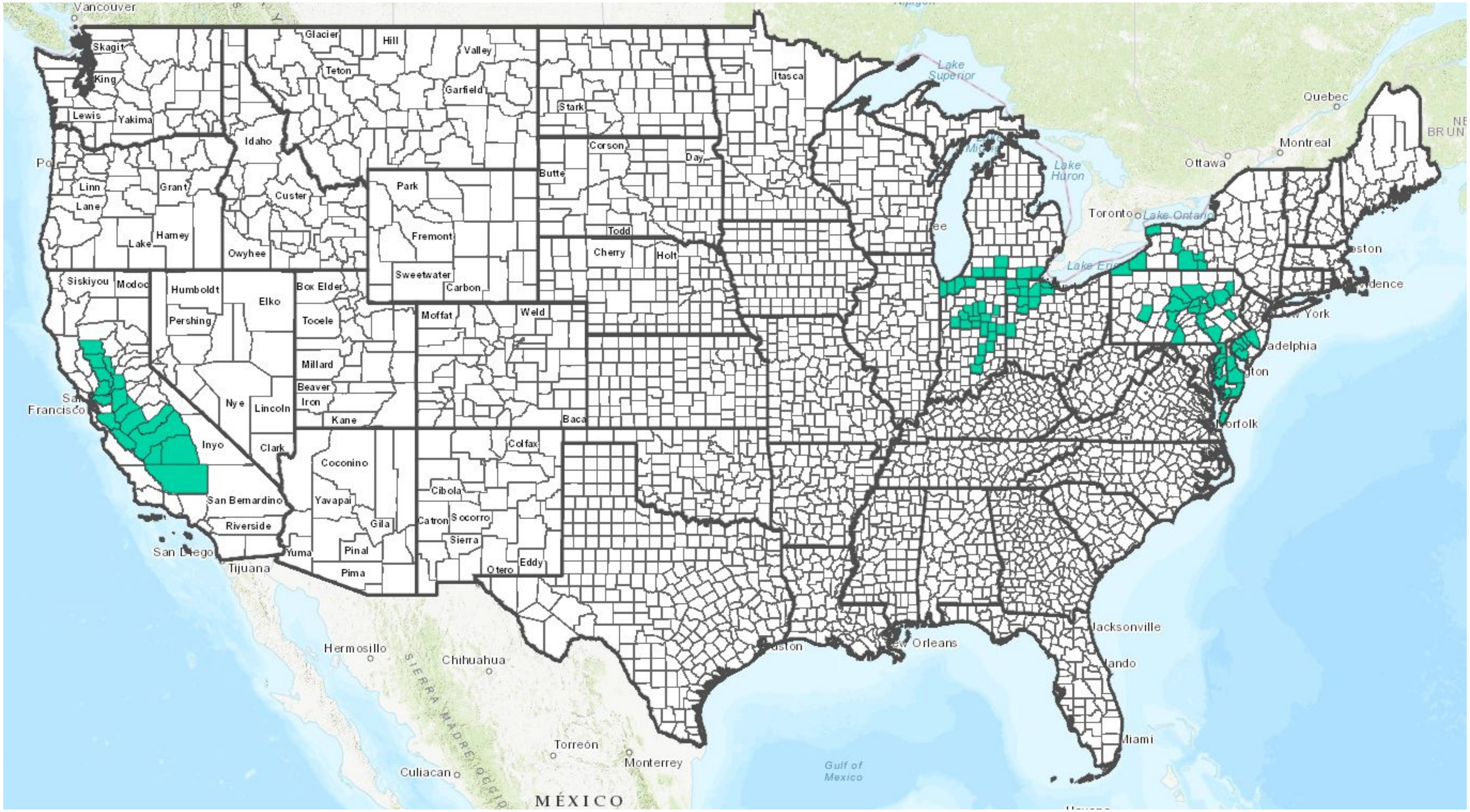
Tomatoes, 2022



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Yield vs. revenue protection

- Yield policies protect against production losses.
- Revenue policies protect against production losses **and** revenue reduction.

Actual Production History (APH)

- Average of past yields (min 4, max 10 years).
- With no APH, or without a full 4 years, a producer will use county transitional yields, or **T-yields**.

How coverage is calculated

spring starting price x APH x coverage level = guarantee

Units:	$	bu/acre	%	$/acre

How claims are calculated

guarantee - (harvested crop x fall price) = claim

Units:	$/acre	bu	$	$/acre

Covering Organic Value

Organic price elections

- Available for 80+ certified organic crops nationwide, **but varies by state and county.**

Contract price option

- Insures crop at a set contract price value (up to 150% of the spring starting price, with exceptions).
- Available for certified organic crops and during transition.
- Sign up by the sales closing date. Contracts not required until acreage reporting date.

Winter Wheat Contract Pricing

Without Contract Pricing

Bushel Guarantee		**40 bu**
Crop Insurance Price	x	$14.54
Guaranteed Revenue		**$581.60**

With Contract Pricing

Bushel Guarantee		**40 bu**
Crop Insurance Price	x	$21.81
Guaranteed Revenue		**$872.40**

Endorsements and Special Options

Example: Malting Barley Endorsement (MBE)

- Provides additional quality protection by incorporating projected and harvest prices based on a producer's contracts, instead of using the spring and fall prices set by RMA.
- If a producer elects to purchase the MBE, then all of their malting type barley acreage in the county must be insured with it.
- Available in select counties in:

Alaska	Montana	Oregon
Colorado	Nebraska	South Dakota
Idaho	North Dakota	Washington
Minnesota	Ohio	Wyoming

Written Agreements

Case-by-case agreements

Written Agreements

- Producers can apply for **individual coverage** if their crop isn't insurable, or they don't meet production criteria based off land type.

- Application process often requires supporting documents (details of coverage in another county, letters of support, production history, etc.)

Written Agreements - Most Common Types

HR - High-Risk Areas

- Request to change the rate on high risk land

NB - New Breaking

- Request coverage for acreage not planted and harvested in one of the three previous crop years
  - Exception for alfalfa

XC - County Without Actuarial Documents

- Request coverage for a crop with no actuarial documents in the county

Relay and double cropping

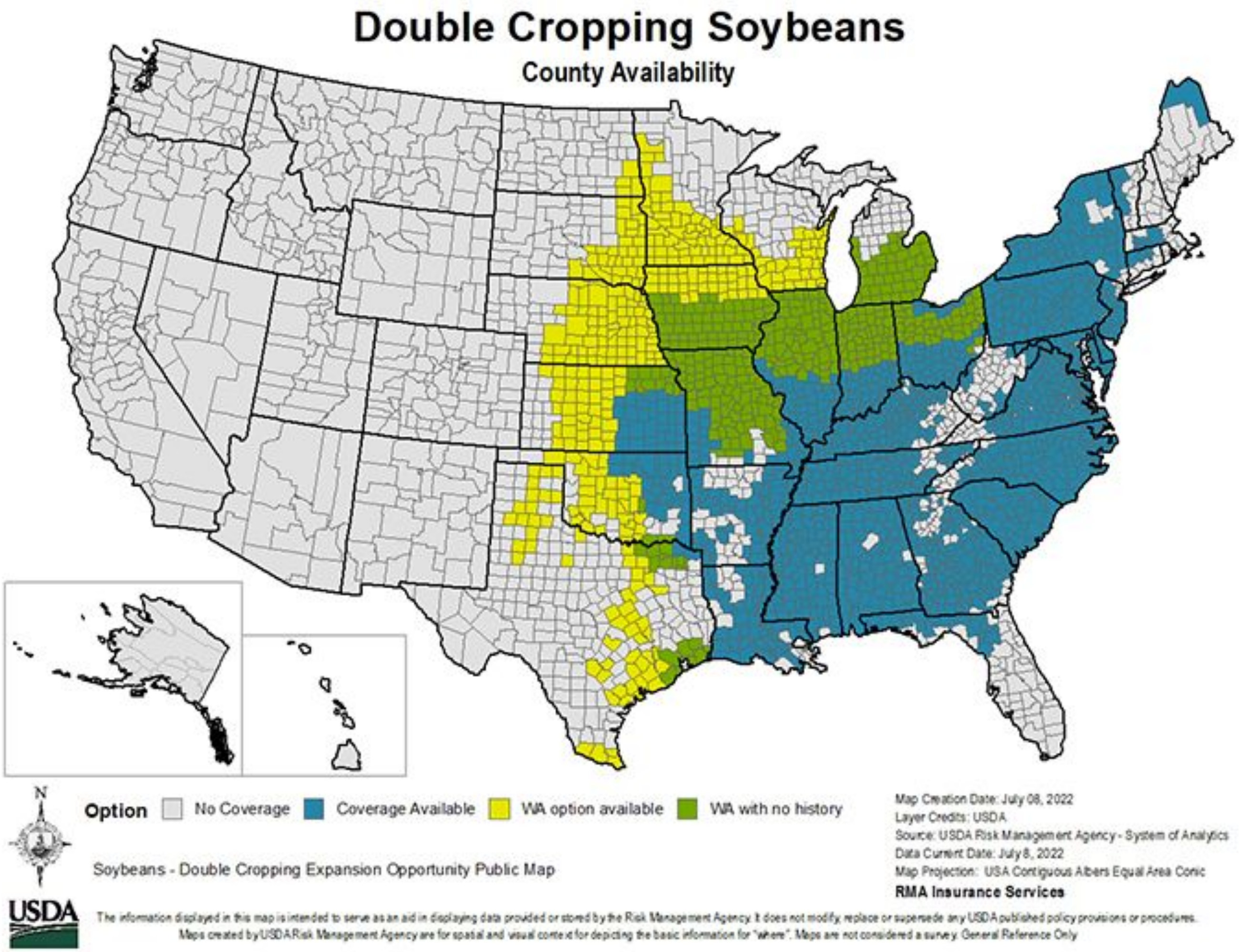
Relay cropping

- Written agreement available for farmers to insure relay cropped soybeans
- Must be submitted by March 15th
- Some areas require prior relay cropping history before allowing coverage
- New for 2022

Double cropping

- Allows farmers to raise two crops in one year
- Expanded insurance coverage in 2023 for soybeans and grain sorghum

Double Cropping - Soybeans



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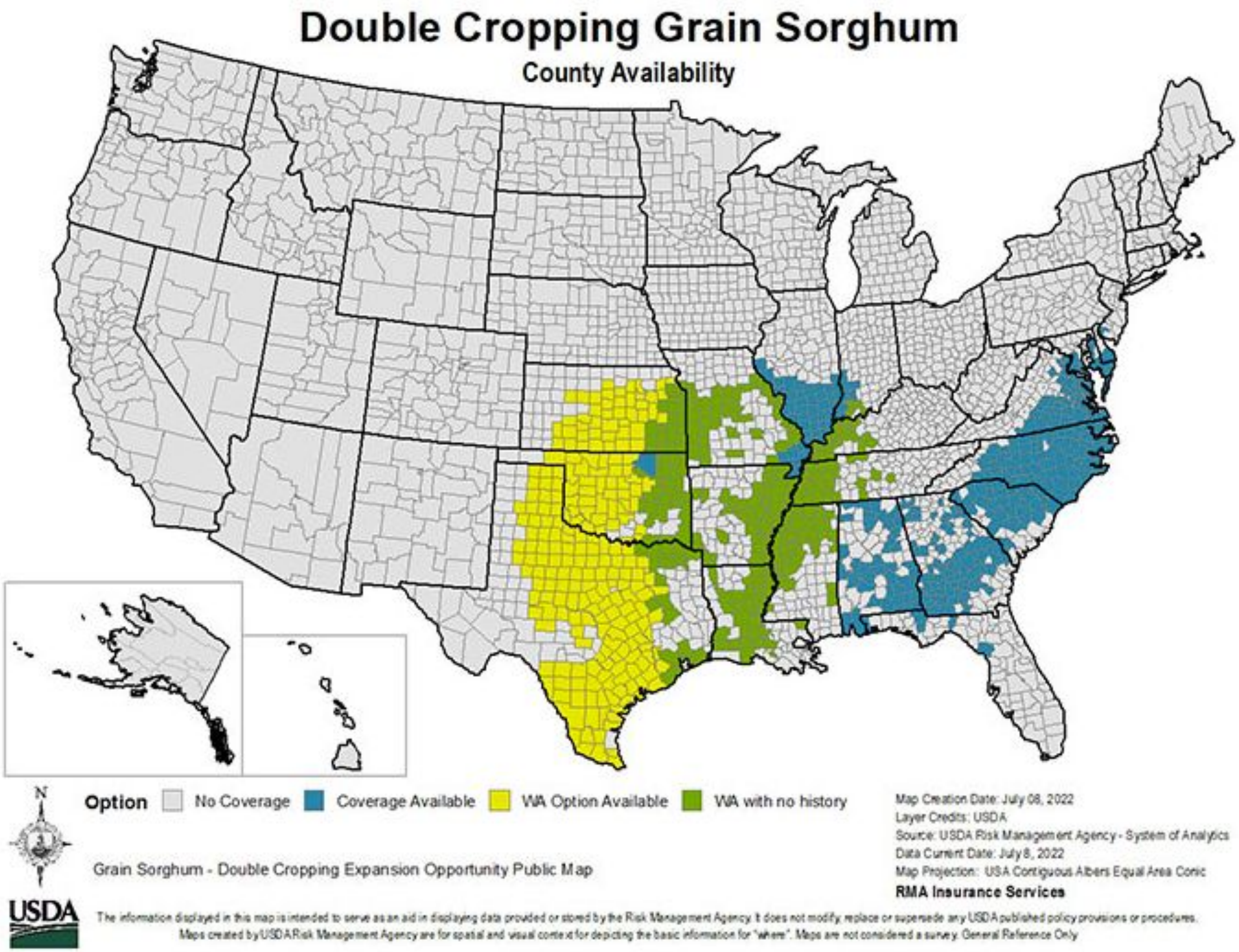
Double Cropping - Grain Sorghum



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Whole Farm Revenue Protection

An alternative coverage style

Whole Farm Revenue Protection

Protects overall revenue for your entire operation

- Guarantee is based on previous allowable revenue vs expected revenue
- Must have 5 consecutive years of farm tax history
    - Beginning farmers get an exception and only need three years
- Farms with two or more commodities receive a whole-farm premium subsidy
- Coverage level options available from 50%-75%
    - If you farm three or more commodities, you have the option to purchase 80% or 85% as well
- Will cover any crop/commodity except: timber, forest, and forest products; and animals for sport, show, or pets.

Whole Farm Revenue Protection

Follows tax year revenue - Claims will not be completed until after taxes are filed

- Required Paperwork:
    - Application/Policy Change Reporting Form
    - Allowable Revenue and Expenses Worksheet (all 5 previous years)
    - Accounts Receivable and Accounts Payable Report
    - Expected Value and Yield Source Document
    - Farm Operation Report
    - WFRP History Report
    - Inventory Report
    - Market animal and Nursery Inventory Report
    - Producer's Pre-Acceptance Worksheet for Perennial Crops

Whole Farm Revenue Protection

Is it worth all the paperwork?

- Depends on your operation
- If you can't purchase MPCI for the crops on your farm, this is often your only option
- WFRP is a great option for an overall safety net to make sure your revenue is covered for the year, even if you can have MPCI on your crops

What is covered under allowable revenue?

- Any revenue pertaining specifically to the crop
    - Agricultural program payments and custom hire are excluded
    - Post production expenses and revenue are excluded
        - Ex: Applesauce, jams

Whole Farm Revenue Protection

How should I set up my policy?

- Line-by-Line Commodities
- Combined Direct Marketing
- Micro Farm

Whole Farm Revenue Protection

Line-by-Line Commodities

- Each commodity is separated out
- You know your expenses/revenue/yield for each commodity

Combined Direct Marketing

- Combines all commodities together under one line rather than keeping track of them individually - Do not need expected values and yields per crop
- Useful for farmers who sell their commodities directly to the end consumer
- Must report at least two commodities sold through direct marketing
- Combined Direct Marketing commodity code always equals two commodities regardless of the actual number of commodities reported

Whole Farm Revenue Protection

Micro Farm

- Includes all agricultural commodities on the insured's farm operation
- Commodity count will equal three, qualifying the farmer for 80-85% coverage
- Commodities are not required to have separate expected values and yields
- Insured must provide consolidated sales records for the last three years
- Revenue from post-production operations and value added to commodities may be included

Whole Farm Revenue Protection

Benefits for Each Reporting Style

Line-by-Line Commodities

- Can have an unlimited amount of commodities

Combined Direct Marketing

- Combines all sales records together
- Easier reporting than line-by-line commodities

Micro Farm

- Great for the smaller producer
  - only applicable to farmers with less than $100,000 allowable revenue
- Post-production revenue and expenses can be included
  - Finally an option for applesauce, jam, apple butter, etc!

Pasture, Rangeland, and Forage

Pasture, Rangeland and Forage (PRF)

Insures haying or grazing land based on rainfall in the area

- All grazing acres must be intended for livestock
- Coverages levels available from 70% to 90% in 5% increments
- Productivity factors range from 60% to 150% in 1% increments

Index Driven - Based on NOAA data back to 1948

- Covers a grid area - rainfall data may not reflect your farm, but is relative to the area
- Farmers must select at least two different 2-month periods

Sales closing deadline is December 1st

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Pasture, Rangeland and Forage (PRF)

Why insure under PRF?

- More flexibility than any other crop
  - Farmers may pick and choose which fields to insure
  - Haying land can be insured at a different coverage level than grazing land
- Stress-Free Policy
  - Farmer does not have to report any rainfall data or haying yields
  - Check is automatically cut from the insurance company
    - all indemnity will go toward premium first

Sales closing deadline is December 1st

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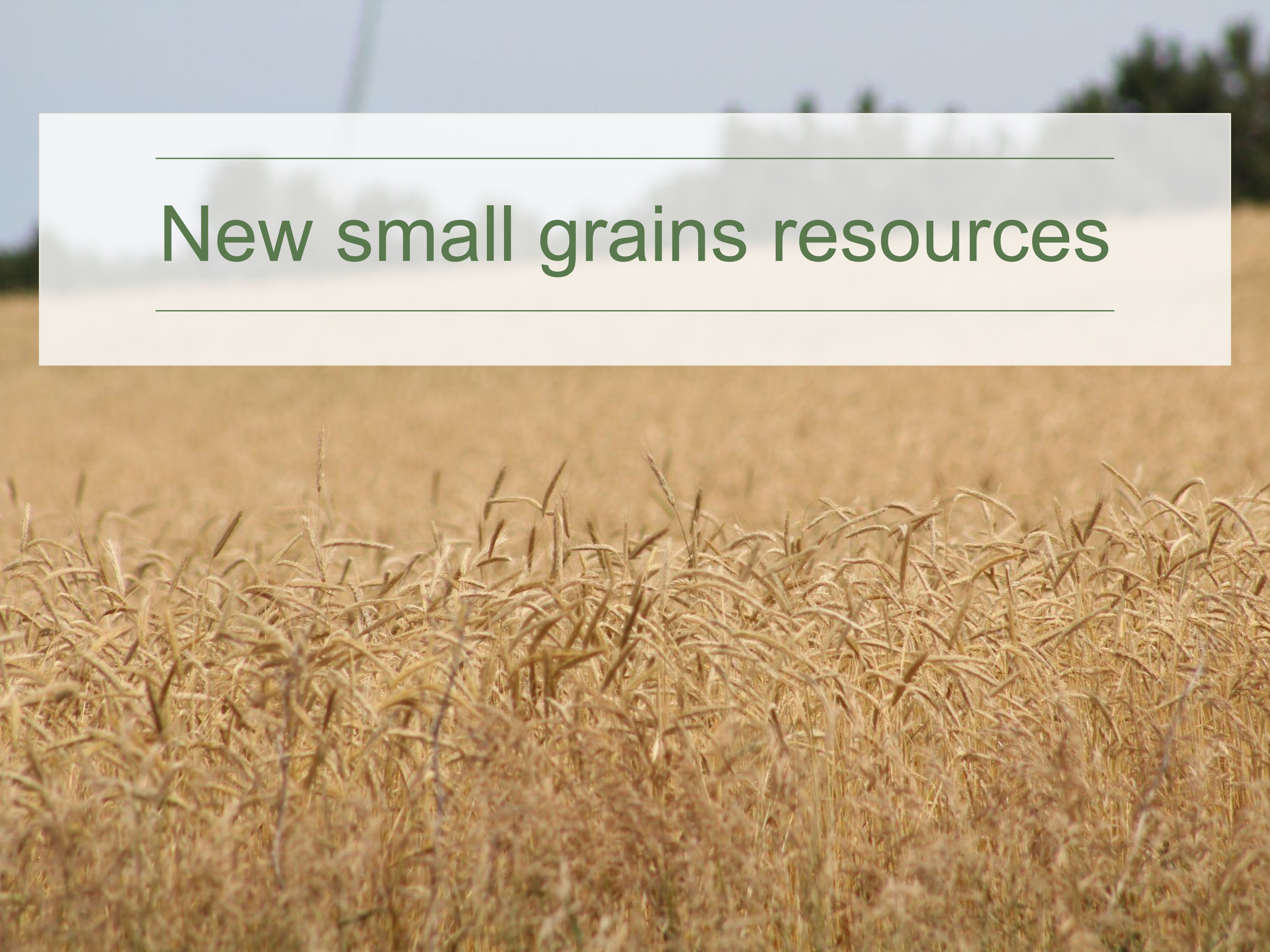
Pasture, Rangeland and Forage (PRF)

Grazing Grid - 27730 40FM/10JJ/10SO/40ND					
Year	Indemnity		Premium (100 acres)		Profit
2020	$ 5.00		$ 8.00		$ (3.00)
2019	2.00		$ 8.00		$ (6.00)
2018	0.00		$ 8.00		$ (8.00)
2017	37.00		$ 8.00		$ 29.00
2016	6.00		$ 8.00		$ (2.00)
2015	24.00		$ 8.00		$ 16.00
2014	16.00		$ 8.00		$ 8.00
2013	31.00		$ 8.00		$ 23.00
2012	20.00		$ 8.00		$ 12.00
2011	50.00		$ 8.00		$ 42.00
					$ 111.00

New small grains resources




CROP INSURANCE FOR SMALL GRAINS:
WHEAT COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to grow
wheat as part of their op
from conservation benef
certification to local or s
identified. The most rece
more than a million acre
Nebraska, and more tha

"One reason I raise whe
management strategy is
moisture," a Kansas far
listening session.

Federal crop insurance
on the producer's count
options available. In son
information about anoth
essentially requesting th
producer.

MULTI-PERIL CROP INSURAN

Arguably, the most strai
with federal crop insura
insurance (MPCI) policy
are likely familiar with M
corn and soybeans.

Multi-peril coverage will
conditions (freeze, wind,
and insects or plant dis

Where available, insur
- Catastrophic Risk P
- Revenue Protection (
- Yield Protection
- Area Revenue Protec
- Area Yield Protection
- Margin Protection (H

Policy availability is dep
select states in 2022.

In addition, depending o
for their coverage. There
Coverage Endorsement.
between the time covera

FIGURE 1. INDIVIDUAL CROP INSURA
COUNTY FOR WHEAT, 2022

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CROP INSURANCE FOR SMALL GRAINS:
RYE COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to grow rye as part of their operations. Their reasons range from conservation benefits to the requirements of organic certification to local or specialty markets they have identified. The most recent Census of Agriculture indicates Minnesota, Nebraska, Kansas, and South Dakota each produce rye for grain on more than 20,000 acres.

"Don't just look at what your profit is going to be to sell the small grain, but look at what your benefits are going to be down the road," a Kansas farmer said in a Center for Rural Affairs listening session. "The benefits follow up in multiple years when you look at the bigger picture of soil health."

Federal crop insurance availability for rye depends on the producer's county. See below for the various options available. In some cases, the process will require information about another county's available coverage, essentially requesting that coverage be extended to the producer.

MULTI-PERIL CROP INSURANCE

Arguably, the most straightforward way to insure rye with federal crop insurance is with a multi-peril crop insurance (MPCI) policy. Farmers who use crop insurance are likely familiar with MPCI for other crops, such as corn and soybeans.

Multi-peril coverage will protect in the event of a numbe
conditions (freeze, wind, drought, excess precipitation, e
and insects or plant disease.

When an option, rye coverage is available as Actual Proc
uses 4 to 10 years of personal yield history to create an

Farmers who do not have yield history will use county a
own APHs. Each year a crop is harvested, one year of T-
until their average is a full four years of their own yields.

Coverage levels are available in 5% intervals, from catastrophic coverage at 50%, all the way up to 85%.

Policy availability is dependent on a producer's county. See Figure 1 for the availability of rye policies in select states in 2022.

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CROP INSURANCE FOR SMALL GRAINS:
BARLEY COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to gro
range from conservation benefits to the requirements of
they have identified. In Minnesota for example, the most
500 operations grow barley for grain.

Federal crop insurance availability for barley depends on
options available. In some cases, the process will require
coverage, essentially requesting that coverage be extende

MULTI-PERIL CROP INSURANCE

FIGURE 1. IN

Arguably, the most straightforward way to get federal crop insurance on barley is with a multi-peril crop insurance (MPCI) policy. Farmers who use crop insurance are likely familiar with MPCI for other crops, such as corn and soybeans.

Multi-peril coverage will protect in the event of a number of natural perils, including adverse weather conditions (freeze, wind, drought, excess precipitation, etc.), failure of the irrigation water supply, fire, and insects or plant disease.

Where available, barley coverage is offered as:
- Yield Protection
- Revenue Protection
- Revenue Protection with Harvest Price Exclusion Protection

Generally speaking, barley can be insured if it is planted for harvest as grain. Policy availability is dependent on a producer's county. See Figure 1 for the availability of barley policies in select states in 2022.

In addition, depending on the policy type, a producer may elect an additional option, or endorsement, to further strengthen coverage. One special option is available for barley grown for malting.

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CROP INSURANCE FOR SMALL GRAINS:
OAT COVERAGE OPTIONS

Some farmers in the Midwest and Great Plains opt to grow oats as part of their operations. Their reasons range from conservation benefits to the requirements of organic certification to local or specialty markets they have identified. The most recent Census of Agriculture indicates more than 1,000 farms produce oats across Iowa, and more than 2,000 in Minnesota.

FIGURE 1. INDIVIDUAL CROP INSURANCE PLANS AVAILABLE BY COUNTY FOR OATS, 2022

"We import oats from other countries. So, there is obviously a demand for it. We just have to figure out how to facilitate those demands locally," a Nebraska farmer said during a Center for Rural Affairs listening session.

Federal crop insurance availability for oats depends on the producer's county. See below for the various options available. In some cases, the process will require information about another county's available coverage, essentially requesting that coverage be extended to the producer.

MULTI-PERIL CROP INSURANCE

Arguably, the most straightforward way to insure oats with federal crop insurance is with a multi-peril crop insurance (MPCI) policy. Farmers who use crop insurance are likely familiar with MPCI for other crops, such as corn and soybeans.

Multi-peril coverage will protect in the event of a number of natural perils, including adverse weather conditions (freeze, wind, drought, excess precipitation, etc.), failure of the irrigation water supply, fire, and insects or plant disease.

When and where the option to insure oats is available, coverage is available as Actual Production History (APH) coverage, in which a producer uses between 4 and 10 years of their personal yield history to create an average yield.

Farmers who do not have yield history will use county average yields, or T-yields, until they build up their own APHs. Each year a crop is harvested, one year of T-yields will be replaced with one of their actual yields, until their average is a full four years of their own yields.

Coverage levels are available in 5% intervals, from catastrophic coverage at 50%, all the way up to 85%.

Policy availability is dependent on a producer's county. See Figure 1 for the availability of oat policies in select states in 2022.

In addition, a producer may elect an additional option, or endorsement, to further strengthen their coverage. There are a range of endorsements, and one that may be helpful for oats is the Quality Loss Option.

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Questions?

Exit poll

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