

Reducing Risk Kentucky Horticulture Council
SPECIALTY CROP INSURANCE WEBINAR SERIES

SOUTHERN EXTENSION RISK MANAGEMENT EDUCATION
Kentucky Center for Agriculture and Rural Development

USDA National Institute of Food and Agriculture
U.S. DEPARTMENT OF AGRICULTURE

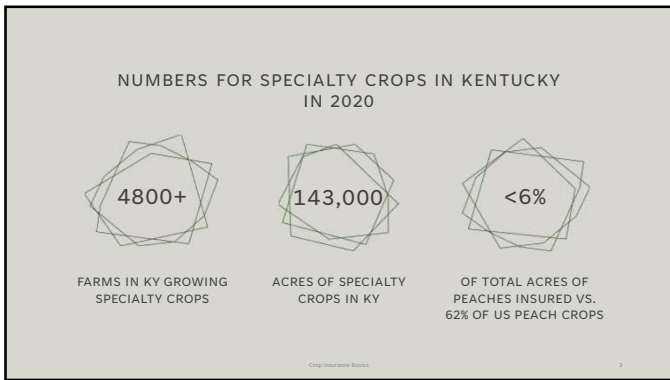
1

Crop Insurance Basics

This material is based upon work supported by USDA/NIFA under Award Number 2018-70027-28585.

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2



3

CROP INSURANCE

WHY DO YOU NEED CROP INSURANCE?

To protect against the loss of revenue because of crop losses, yield losses, and even changes in price.

HOW DO YOU PURCHASE CROP INSURANCE?

Crop insurance agents help growers sort through policies and purchase the right fit for the grower whether that be federally subsidized or purchased from private insurance companies

4

USDA'S RISK MANAGEMENT AGENCY (RMA)

- o RMA creates crop insurance products and approves insurance providers to sell and service policies
- o New policies are created every year and old policies change
 - o Crops covered and in which state/counties

5

FINDING AN AGENT

- o Ask around and look for agents who may have experience with insuring the types of crops you grow
- o USDA RMA has an online agent locator tool to help
- o Agents don't have to be in your state, just licensed there

6

Record Keeping

- o Farm serial number
- o Crop names and varieties or types
- o Intended use of crop
 - o Fresh
 - o Processed
 - o Direct Marketed
- o Organic or Conventional practices
- o Irrigated or Non-irrigated
- o Planting dates and locations
- o Records for the last 5 years



Crop Insurance Basics 7

7

MULTI-PERIL CROP INSURANCE (MPCI)

- o Subsidized by the USDA RMA
- o Protects against loss due to:
 - o Natural Perils
 - o Living Threats
 - o Losses in revenue
- o 39 specialty crops in KY with individual policies
- o Coverage varies by crop and by county
 - o Based on demand & must be requested by enough growers
 - o If you grow more than one crop, you will need separate policies for each crop
- o Calculated using Actual Production History
 - o Average of past yields (min. 4, max. 10)
- o Available from 50-85% coverage

Crop Insurance Basics 8


8

WHAT ARE YOU PROTECTED AGAINST WITH MPCI?

NATURAL PERILS	LIVING THREATS	OTHER
<ul style="list-style-type: none">o Weathero Fireo Volcanic eruption	<ul style="list-style-type: none">o Insects and disease (Only if proper control measures were used and weren't enough)	<ul style="list-style-type: none">o Failure of water supply for irrigationo Prevented plantingo Losses of revenue due to price change

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9



MPCI FOR ORGANIC CROPS

- o 80+ certified organic crops but it varies by state and county
- o Yield or revenue-based coverage
- o Crops can insured at the contract price value
- o For certified organic and transition crops

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10

OPTIONS IF MPCI ISN'T AVAILABLE FOR YOUR CROP

- o Whole Farm Revenue Protection (WFRP)
- o Noninsured Crop Disaster Assistance Program (NAP)
- o Tree Assistance Program (TAP)
- o Rainfall Index (RI)
- o Written Agreement
- o Private Insurance Plans

Crop Insurance Basics 11

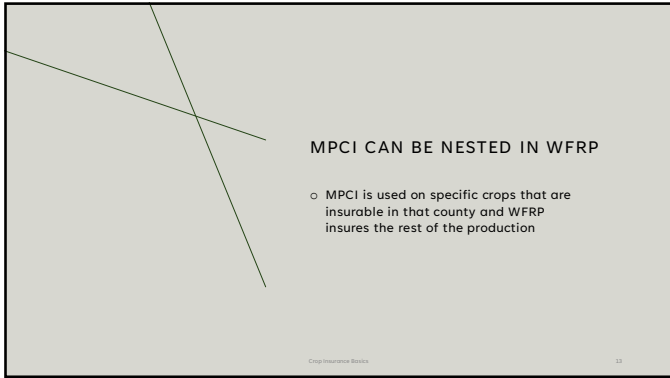
11

WHOLE FARM REVENUE PROTECTION (WFRP)

- o Insures revenue based on past tax documents (Schedule F) instead of yield history
- o Determines loss based on a 5-year average
 - o 3 years if just beginning
- o Coverage levels – 50-85%
 - o Diversification with at least 3 different crops is required for 80-85%
- o Individual commodity losses are not considered, just the overall farm revenue losses
- o Great for diverse operations growing crops without specific coverage
- o Deadline for application is Nov. 20 for Late Fiscal Year Tax Filers and March 15 for Calendar Year or Early Year Tax Filers

Crop Insurance Basics 12

12

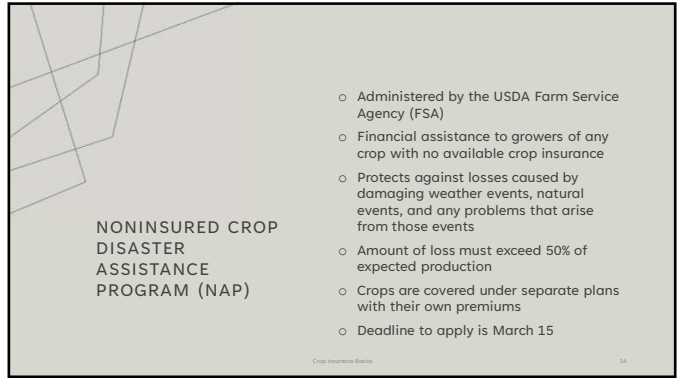


MPCI CAN BE NESTED IN WFRP

- MPCI is used on specific crops that are insurable in that county and WFRP insures the rest of the production

Crop Insurance Basics 13

13




NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

- Administered by the USDA Farm Service Agency (FSA)
- Financial assistance to growers of any crop with no available crop insurance
- Protects against losses caused by damaging weather events, natural events, and any problems that arise from those events
- Amount of loss must exceed 50% of expected production
- Crops are covered under separate plans with their own premiums
- Deadline to apply is March 15

Crop Insurance Basics 14

14



TREE ASSISTANCE PROGRAM (TAP)

- Administered by the FSA
- Available to nursery tree growers and orchardists
- Financial assistance to replant trees, bushes, and vines lost to natural disaster
 - Ornamental, fruit, nut, and Christmas trees
 - Excludes timber trees
- More than 15% mortality loss per stand for each disaster event or disease occurrence is required for assistance
- Can apply up to 90 days after loss or disaster

Crop Insurance Basics 15


15

Rainfall Index (RI)

- Administered by the RMA
- Lack of rain is the only insurable cause of loss
- Annual forage, Apiculture, and Pasture, Rangeland, & Forage (PRF)
 - Honey and Hay
- Based on weather data collected by the National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center
- Based on average rainfall for your specific area
 - 0.25 degree grid in Latitude and Longitude
- Plans are chosen from 11 two-month intervals
- Coverage levels from 70% to 90%
- Claims can only be made if the final grid index value is less than the coverage level selected by the producer

Crop Insurance Basics 16

16



WRITTEN AGREEMENT

- Work with insurance agent to get crop insurance when MPCI or other policy doesn't quite fit
- Modify existing policies if permitted
- Allow for flexibility with MPCI

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17

PRIVATE INSURANCE PLANS

AVAILABLE FOR:

- Added hail protection
- Price changes, additional price protection
- Man started fire
- Wind damage
- Additional/doubling down policies for added protection against things covered by MPCI





Crop Insurance Basics 18

18

Webinar Schedule

- What a Grower Needs Before Going to an Agent – October 12, 2021
- 5 Questions You Should Ask an Insurance Agent* – October 26, 2021
 - MPCl (Multi-Peril Crop Insurance) – November 9, 2021
 - Nursery Crops* – November 30, 2021
- WFRP (Whole Farm Revenue Protection) – December 14, 2021
 - Vegetable, Fruit, and Nut Crops* – December 28, 2021
 - And more in 2022!

* - Recorded Video Conversation

Crop Insurance Basics 19

19

Thank you to the Southern Risk Management Education Center and USDA National Institute of Food and Agriculture

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Crop Insurance Basics 20

20