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USDA Improves, Strengthens Crop Insurance for Hemp Producers

News Release |

Washington DC

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WASHINGTON, Dec. 2, 2021 – In response to feedback received from the producers, the U.S. Department of Agriculture (USDA) is improving crop insurance for hemp. USDA’s Risk Management Agency (RMA) is strengthening the hemp crop insurance policy by adding flexibilities around how producers work with processors as well as improving consistency with the most recent USDA hemp regulation.

“Hemp is an emerging crop, and we are working with hemp producers to provide insurance options that make sense for producers and for insurance providers,” RMA Administrator Marcia Bunger said. “RMA has worked to expand and refine our offerings to be responsive and dynamic.”

RMA revised the policy to add flexibility to the insurability requirements for hemp under contract. Producers are no longer required to deliver hemp without economic value for insurability. However, contracts between producers and processors may still include delivery requirements. Additionally, RMA clarified how the amount of insurable acreage is determined if the processor contract specifies both an acreage and a production amount. This change was made in the policy to ensure producers know how their insurable acreage is determined for those contracts.

Other Updates

To ensure consistency across USDA, RMA updated references to regulations, including the [Agriculture Marketing Service final rule](#), which took effect March 22,

2021.

Additionally, RMA added a new requirement for producers who grow direct-seeded hemp, or hemp grown from seeds planted in the ground. Before insurance attaches, producers must have acreage inspected and must have a minimum of 1,200 live plants per acre. This requirement was added to align direct-seeded hemp with the common farming practice for transplanted Cannabidiol (CBD) of transplanting at least 1,200 live plants per acre.

About the Hemp Policy

The hemp crop insurance policy provides Actual Production History (APH) coverage against loss of yield due to insurable causes of loss for hemp grown for fiber, grain, or CBD oil. The Farm Bill defines hemp as containing 0.3% or less tetrahydrocannabinol (THC) on a dry-weight basis. Hemp having THC above the federal statutory compliance level of 0.3% is an uninsurable or ineligible cause of loss and will result in the hemp production being ineligible for production history purposes.

The hemp crop insurance policy is available in certain counties within 25 states: Alabama, Arizona, Arkansas, California, Colorado, Illinois, Indiana, Kansas, Kentucky, Maine, Michigan, Minnesota, Montana, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Virginia, and Wisconsin.

In 2021, hemp producers insured 12,189 acres and 59 policies to protect \$10.9 million in liabilities.

Other Coverage for Hemp

In addition to the APH crop insurance policy, coverage for hemp is available through Whole-Farm Revenue Protection, the Nursery crop insurance program, and the Nursery Value Select pilot crop insurance program. Additionally, the Noninsured Crop Disaster Assistance Program coverage, offered through USDA's Farm Service Agency (FSA), protects against losses associated with lower yields, destroyed crops or prevented planting where no permanent federal crop insurance program is available.

The 2018 Farm Bill reclassified and legalized the regulated production of industrial hemp as an agricultural commodity (it is now legal to grow industrial hemp). Hemp producers can learn more at farmers.gov/hemp.

More Information

Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available at all USDA Service Centers and online at the [RMA Agent Locator](#). Learn more about crop insurance and the modern farm safety net at www.rma.usda.gov.

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy, and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit www.usda.gov.

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