Hemp Actual Production History Pilot Program Coverage

This FAQ is intended for informational purposes only. Refer to the policy and procedures for complete details.

Where will Actual Production History (APH) coverage for hemp be available under the pilot program?

The Hemp insurance program will provide Actual Production History (APH) coverage for eligible producers in certain counties in Alabama, Arizona, Arkansas, California, Colorado, Illinois, Indiana, Kansas, Kentucky, Maine, Michigan, Minnesota, Missouri, Montana, Nevada, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, and Wisconsin. Insurable types vary by county, and information on eligible counties and insurable types is available through the RMA's Actuarial Information Browser.

What is the deadline to purchase Hemp APH coverage?

You must submit your application for coverage on or before the applicable sales closing date to obtain coverage. For specific information on sales closing dates by county, see RMA's Actuarial Information Browser.

When is my insurance in effect?

Coverage begins the later of the date your application is accepted or the date the crop is planted in the field. Coverage ends the earlier of: destruction of the insured crop, harvest, abandonment, the date loss adjustment is completed on the unit, or

October 31.

What are the requirements to be eligible for the hemp APH pilot program?

To be eligible for the pilot program:

1. A hemp producer must:
    1. Comply with regulations of and be licensed by the applicable state, tribal, or federal authorities governing hemp production where the crop is grown; and
    2. Have at least one year of history producing the crop.
2. The crop must:
    1. Be planted in a field;
    2. Be a variety adaptable in the area;
    3. Be grown under a processor contract;
    4. Be planted for harvest as hemp in accordance with the requirements of the processor contract;
    5. Be planted to a minimum of 5 acres for CBD or 20 acres for grain and fiber;
    6. Not be planted after the Final Planting Date for the type in the county (no late planting period);
    7. Be planted in accordance with the rotational requirements contained in the Special Provisions;
    8. Not be planted on acreage from which, in the same calendar year, a perennial hay crop was harvested or a crop (other than a cover crop) reached the headed or budded stage prior to termination; and
    9. Not be interplanted with another crop or planted into an established grass or legume.

Refer to the Hemp Crop Provisions and Special Provisions for additional requirements.

How do I meet the one year of history producing the crop requirement?

The insured or a Substantial Beneficial Interest (SBI) of the insured must provide acceptable documentation they have produced a hemp crop in any county in any previous crop year from:

1. Farm Service Agency (FSA); or
2. The applicable governing authority (e.g. State, Tribe, or USDA) documenting the THC testing of hemp grown by the insured or SBI if an FSA record is not available.

What constitutes a processor contract?

A legal written agreement containing at least your promise to plant, grow, and deliver a specified quantity of hemp to the processor; the processor's promise to purchase the hemp, and a base contract price or method to determine the price that will be paid for the hemp.

Who is considered a hemp processor?

A hemp processor is any business enterprise regularly engaged in processing hemp that possesses all licenses and permits for processing hemp required by the applicable governing authority in the state in which it operates, and that possesses facilities, or has contractual access to such facilities with enough equipment to accept and process contracted hemp within a reasonable amount of time after harvest. For hemp grain, a broker will be considered a processor for purposes of meeting the requirements of a processor contract.

If my hemp processor has an insurable interest in the crop, is their share covered under my policy?

No. You can only insure the portion of the crop in which you have an insurable interest. Insurable interest is your percentage of the insured crop that is at financial risk.

If the hemp processor I am contracted with goes out of business, will I lose my insurance coverage?

No. Insolvency of a processor will not result in a loss of coverage for the insurance period.

What if I process the hemp I grow (vertical integration)?

There are provisions in the policy to address vertically integrated operations. Please consult with your crop insurance agent for additional details.

What hemp types will be insurable under the pilot APH program?

MPCI coverage will be available for the hemp types of fiber, grain, and cannabidiol (CBD) for the 2020 crop year. Not all types and practices will be available in all counties.

Types		Practices	
CBD	Transplant	Whole Plant	Irrigated
		Floral	Irrigated Organic Certified
	Direct Seeded	Whole Plant	Irrigated Organic Transitional
		Floral	Non-Irrigated
Fiber			Non-Irrigated Organic Certified
Grain			Non-Irrigated Organic Transitional

What if I harvest my hemp for multiple end uses (e.g. same acreage harvested for both grain and floral material for CBD)?

You must select a single type for coverage under the policy.

How will my amount of insurance be determined?

Your insurance guarantee will be based upon your approved yield multiplied by the coverage level you select. Example: 600 lbs. approved yield x 75% coverage level = 450 lb. guarantee. An indemnity is triggered if your production falls below 450 lbs. due to an insurable cause of loss.

What coverage levels will be available?

Coverage levels will be available from 50% to 75% in 5% increments. You must insure all acres of hemp in the county; however, you may select different coverage levels on your application for each type of hemp. Different coverage levels by irrigation practice will not be available.

You may elect the Catastrophic Risk Protection Endorsement which limits your coverage to 50% of your approved APH and 55% of the price election and will apply to all acres of hemp in the county.

What price will be used to value the lost production?

A price will be published for each type and practice in the actuarial documents. Your contract price will not be used to determine the value of lost production.

What unit structures will be offered under the Hemp APH program?

Basic, Optional, and Enterprise units will be available. Enterprise units by irrigation practice and multi-county enterprise units are not available.

How is my approved APH determined?

Your approved yield will be the simple average of the total dry pounds of hemp you produced in previous years. Yield altering options or endorsements such as yield substitution (YA), yield exclusion (YE), cups (YC), trend-adjusted APH (TA), and yield floors are not available.

What yield will be used in a year in which my crop was destroyed due to THC levels in excess of legal limits?

A zero actual yield will be recorded for the acreage.

What is an insurable cause of loss?

The policy covers loss of production due to adverse weather conditions, fire, insects, and plant disease (except for insufficient or improper application of pest or disease control measures), wildlife, earthquake, volcanic eruption, and failure of irrigation water supply if due any of these causes.

Does the policy cover my crop going "hot" (above the legal THC limit)?

Mandatory destruction of the crop due to THC levels in excess of governing authority regulations is not a covered cause of loss.

Does the policy cover loss due to inferior quality or reduced CBD concentration?

No. There is no coverage for failure of the production to meet quality standards (e.g. seed size, failure to pass herbicide or pesticide screens, low CBD concentration, etc.). The hemp APH policy only covers loss of dry pounds of grain, fiber or

floral/whole plant material due to an insurable cause.

Does the hemp APH pilot program provide coverage for replanting or the inability to plant the crop?

No, hemp will not qualify for replant payments or prevented planting indemnities under the pilot program; however, the policy does require the crop to be replanted if it is still practical to do so.

What if I have a covered cause of loss during the growing season and then my crop goes "hot" and must be destroyed?

The amount of production must be determined by the loss adjuster prior to the destruction of the crop in order to determine if there is a payable loss. It is very important that you report damage to the crop as soon as it’s known and notify the AIP at least 15 days prior to destruction of the crop so they can determine the amount of production. Failure to do so will result in no payable loss.

Is lack of a market for my hemp an insured cause for loss?

No. Crop insurance covers physical damage from an insurable cause of loss, such as adverse weather, but does not cover the inability to market hemp for any reason other than actual physical damage.

Are there any special requirements in effect in the event of a loss?

Yes, you must provide a copy of your valid certification form or official license for the current crop year for the applicable insured county prior to the completion of any claim for indemnity.

Are there any special requirements in effect for acreage reporting?

In addition to the requirements of Section 6 of the Basic Provisions, you must report the applicable land identifier, including Global Positioning System (GPS) coordinates, and provide a copy of your valid certification or license, and your processing contract(s).

Are written agreements available?

No, written agreements are not authorized under the policy.

What do I need to do if my official certification or license is suspended or terminated during the crop year?

You must provide your approved insurance provider (AIP) notice within 72 hours of the date of termination or suspension.

Would I lose coverage if my official certification or license is suspended or terminated during the crop year?

Yes, all acreage of the crop will be considered uninsured and no premium or indemnity will be due for any of the acreage of the crop.

Is the retting or swathing process a means of destruction ending the insurance period?

No. A grain crop which is swathed prior to combining or a fiber crop cut for the purpose of retting and not baled will not be considered harvested.

What is an "Agricultural Expert"?

RMA defines “Agricultural Expert” as person(s) who are employed by the Cooperative Extension System or the agricultural departments of universities, or other persons approved by the Federal Crop Insurance Corporation (FCIC), whose research or occupation is related to the specific crop or practice for which such expertise is sought.