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Reports: Interest in Crop Insurance for Specialty and Organic Crops Grows as Options Expand

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WASHINGTON, August 26, 2021 – The number of agricultural producers who purchase crop insurance for their specialty and organic crops continues to climb, which the U.S. Department of Agriculture (USDA) attributes to its work with producers and agricultural groups in recent years to create new crop insurance options, to expand and improve current options and to support local food efforts.

USDA's Risk Management Agency (RMA) recently released [reports on specialty crops, organic crops, local food production and greenhouse production](#), which highlighted insurance options improvements for specialty crops, such as fruits, vegetables, tree nuts and horticulture crops, as well as organic crops. Some improvements were directed by the 2018 Farm Bill, while others resulted from producer feedback and research.

"We recognize the necessity to adapt insurance options to meet agricultural producers' needs. Our work in recent years to support specialty crop and organic producers shows our commitment to America's farmers and ranchers," RMA Acting Administrator Richard Flournoy said. "Specialty crop and organic producers play a pivotal role in providing fresh, local and healthful food and fiber to our nation."

From 1990 to 2020, liabilities for insured specialty crops rose from \$1 billion to more than \$20 billion.

Similarly, from 2010 to 2020, liabilities for insured organic crops rose from \$207 million to more than \$1.7 billion, and the number of policies has more than doubled. Additionally, RMA and third-party groups continue to refine existing policies and create new ones where there are gaps.

New Insurance Options

- **California Citrus Trees:** Beginning with the 2021 crop year, producers could insure young trees – from planting to 4-years-old – against their biggest threats: freeze, fire and lack of irrigation because of drought. This was a privately developed product to help California citrus producers who have encountered unusual weather patterns, including freezing temperatures that damage young trees, over the past decade.
- **Florida Citrus:** Beginning with the 2022 crop year, producers can insure several citrus commodities under this Actual Production History plan that offers several advantages over the existing Florida Citrus Fruit Dollar Plan. This product provides individualized coverage based on historical yield instead of a state's average value. It also provides more comprehensive coverage for citrus fruit during the bloom phase until fruit forms on the tree and a simpler loss adjustment process and faster settlement of claims.
- **Hurricane Insurance Protection – Wind Index (HIP-WI):** Beginning with the 2020 hurricane season, producers could use this new insurance plan to protect against crop losses from hurricanes. HIP-WI is an endorsement that attaches to certain policies. HIP-WI was implemented for 70 crops, including 49 specialty crops, in the vicinity of the Gulf of Mexico and the Atlantic Ocean, as well as Hawaii. 2020 was one of the most active hurricane seasons on record, making the new RMA-developed policy well timed. Over 17,000 policies provided \$649 million worth of protection with over \$187 million in indemnities.
- **Production and Revenue History (PRH):** Beginning in the 2021 crop year, Florida strawberry producers could use this new insurance plan that targets specialty crops affected by a lack of viable public price information. The plan's key feature is that the coverage is based on the producer's personal yield and revenue history, which is a much more accurate and tailored insurance guarantee for the producer. The plan was originally available in several Florida counties, and was expanded to include California counties for crop year 2022. RMA developed PRH specifically for specialty and organic producers, to provide revenue coverage similar to other non-organic field crops.

Broadened or Improved Insurance Options

- **WFRP:** Beginning in the 2021 crop year, direct market producers could report two or more commodities using a new combined direct marketing code. This reduced a tremendous burden for diversified producers. Direct market commodities are sold by the farmer directly to the consumer, such as specialty or organic crops sold at farmers markets. The 2018 Farm Bill directed this change to WFRP.
- **Hemp:** A multi-peril hemp insurance program was made available in the 2020 crop year and was expanded this past year to include more states and counties as well as being better synced with other program, reporting and billing dates.

Pandemic Assistance

The pandemic created challenges for producers to meet with their crop insurance agent to report mandatory records, submit applications, collect signatures and more. To assist, RMA provided several flexibilities, including one for organic producers, enabling them to report acreage as organic as long as the organic certification was requested. RMA is making this a permanent policy change, recognizing that it helps both organic producers and certifying agencies because organic certification does not necessarily coincide with crop insurance dates and cycles.

Research and Other Initiatives

- **Apples:** RMA is proposing changes to apple crop insurance to strengthen policy language and address vulnerabilities. This change is after review and feedback that began in 2018.
- **Greenhouse:** RMA contracted a study to determine the feasibility of insuring production in a controlled environment like a greenhouse. Based on the results of the study, RMA intends to work collaboratively with the contractor in developing a new inventory-based crop insurance product which establishes the guarantee based on inventory values in the operation, like RMA's Nursery Value Select program. This will be accomplished through a single-peril policy that covers disease, which the contractor determined to be the primary risk for controlled environment producers.
- **Guar:** RMA is working with a contractor to gather data and develop a viable program for guar, a drought-tolerant annual legume that has historically been used for both food and feed. Today, the crop is primarily grown for the gum

from its seeds, which has several industrial and food processing applications. RMA expects to use information gathered from the contractor to develop a policy to be available for the 2023 crop year.

- **Local Foods:** RMA contracted a study to assess the feasibility of insuring local food production. The contractor provided several recommendations to improve coverage options for local food producers. Based on the results of the study, RMA is developing changes to WFRP with the needs of local food producers in mind.

More Information

Specialty crop producers can learn more on [RMA's Specialty Crops webpage](#) or by contacting one of RMA's specialty crop liaisons, who serve as point of contact for local specialty crop producers. Organic producers can learn more at [RMA's Organic webpage](#).

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 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 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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