

CONVERSATIONS FROM THE FIELD: CROP INSURANCE FOR ORGANIC OPERATIONS



BY KATE HANSEN, CENTER FOR RURAL AFFAIRS AND ANNA JOHNSON, CENTER FOR RURAL AFFAIRS



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NORTH CENTRAL
EXTENSION
RISK
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United States
Department of
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of Food and
Agriculture

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NAVIGATING THIS RESOURCE

Welcome to “Conversations from the Field,” a guide to navigating crop insurance for organic grain operations. We’ve collected stories and perspectives from crop insurance agents and organic farmers across the Midwest, and are excited to share their insights with you.

This resource contains 14 individual case studies—or snapshots—of our conversations with each farmer and agent. You are invited to read through the entire series, or focus on the case studies that are most relevant to you. For example, you may consider finding a farmer whose operation looks similar to yours. Short biographies are included with every case study. Or, maybe you want to learn more about a specific topic. Here are some questions to ask yourself to get started:

➤ Are you concerned crop insurance won’t cover the higher value of your organic crops?

Check out our conversations with Scott Phillips (pg. 5) and Logan Sheets (pg. 27) for the basics of organic prices, and conversations with Megan Vaith (pg. 9) and Scott Shriver (pg. 19) for information about insuring at a contract price.

➤ What time of the year should I begin thinking about purchasing crop insurance?

See our conversations with Beth Caple (pg. 15) and Caleb Mosel (pg. 23), who explain crop insurance timelines.

➤ Curious about how transition and organic certification impact purchasing crop insurance?

We spoke with Joe Toillion (pg. 11) and Justin Doerr (pg. 25) about what to expect when transitioning, and the documentation required.

➤ Are you curious about how the claims process works?

Nick Glanzer (pg. 7) told us about claims from an agent perspective, and farmers Scott Shriver (pg. 19), Eric Madsen (pg. 21), and Ron Miller (pg. 29), shared their experiences with the process.

➤ Want to learn more about the specifics of multi-peril policies?

Beth Caple (pg. 15) and Joshua Manske (pg. 13) shared information with us about additional coverage options, called endorsements, available for organic multi-peril policies, and Nick Glanzer (pg. 7) shared valuable information about how a producer’s yield history is collected. Joe Toillion (pg. 11) and Megan Vaith (pg. 9) also told us about the different ways to divide a farm into units when putting together a policy, and farmer Eric Madsen (pg. 21) shared his motivations behind switching unit types.

➤ Curious about plant dates, prevented planting, or replanting claims?

See our case study with Nick Glanzer (pg. 7) for planting dates, Joe Toillion (pg. 11) for prevented planting, and Logan Sheets (pg. 27) for replanting claims.

➤ Are you curious about Whole Farm Revenue Protection?

See our conversations with agents Josh Hoeme (pg. 17) and Megan Vaith (pg. 9).

➤ Want to hear our interviewees’ insights about finding an agent?

Read what we collected from farmers Carmen Fernholz (pg. 31) and Eric Madsen (pg. 21), and agent Nick Glanzer (pg. 7).

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CROP INSURANCE FOR ORGANIC OPERATIONS

MULTI-PERIL CROP INSURANCE FOR ORGANIC OPERATIONS WITH SCOTT PHILLIPS



Location:
Pleasanton, Nebraska



Licensed to sell crop insurance in:
Nebraska

Based in central Nebraska, Scott Phillips sells insurance to about 90 operations, totaling nearly 130 policies. His business focuses exclusively on crop insurance, predominantly for conventional corn and soybean growers. However, he has also worked with a handful of organic farmers over the years.

The typical operation Scott insures is between 700 to 1,000 acres, with some as high as 16,000 acres and one as small as 15 acres. He also sells pasture, rangeland, and forage coverage.

MPCI for organic production

Federal Multi-Peril Crop Insurance (MPCI) is the most common form of federal crop insurance in the U.S. Coverage is available as both revenue protection and yield protection, and a number of commodities are eligible for coverage, including organic commodities.

MPCI policies for organic operations are generally the same type purchased for conventional operations. However, select organic commodities can be insured at higher prices, known as organic price elections. These commodities include corn, soybeans, popcorn, oats, and wheat. County yield averages also differ for organic production.

One unique option for organic producers within MPCI is the contract price option. If a farmer already has set a contract for a particular crop, then they can insure that crop at the contract price. This can have tremendous benefit if the contract price is higher than the organic price election set by the U.S. Department of Agriculture's Risk Management Agency (RMA). Scott has used this endorsement with a number of customers.

If a producer is interested in adding the contract price endorsement to their MPCI policy, the decision needs to be made with their agent before the sales closing date, which is March 15 for most Midwestern policies. Contract documentation is required by the acreage reporting deadline, commonly July 15.

“ In 2014, we experienced the benefits firsthand. We took the contract price endorsement and doubled the value of the crop. The farmer got a complete hail out of the crop just a month later, and the endorsement doubled the value of his payment. ”



“It was a learning experience when we got our first organic producer. One of the most important things that happened for our agency was the ability to use the contract price endorsement. We realized that organic farmers are often not able to insure the full value of their crop, unless they're able to insure at that contract price.”



MULTI-PERIL CROP INSURANCE FOR ORGANIC OPERATIONS WITH SCOTT PHILLIPS, CONTINUED

Benefits of crop insurance when working with FSA

Scott notes that producers should be aware of the benefits to having crop insurance beyond the protection it provides. When working with the U.S. Department of Agriculture's Farm Service Agency (FSA), having crop insurance is often required for loans and programs. Perhaps lesser known is that historical crop insurance records are accepted by FSA as evidence of yield.

“ We've helped many farmers update their payment yields (used when determining Price Loss Coverage payments) through FSA based on crop insurance records. So, simply having it as a way to record historic yields by a third party is a benefit. Farmers can submit those histories, whereas before they'd be digging through their own records and digging up scale tickets, settlement sheets, bin measurements, and feeding records. ”

Questions for producers new to crop insurance

Q: What happens if someone wants to insure a crop where coverage isn't available in their county?

A: That might be good to know for organic producers with multiple crops in their rotation.

RMA operates by county, almost exclusively. If you have a program offered in your county, you have the ability to use it. If you don't have one, then you've got to look outside your county and start asking permission to use that county's details.

In this process, the agent will submit what's called a request for actuarial change. Then, they will put together a written agreement, basically proposing a plan of coverage in your county based on another one in another county. If it's a bordering county (a contiguous county) you have a pretty good chance of getting that approved. If it isn't, it's a bit more difficult. Start by talking with your agent about it.

“Because MPCl is a federal program, the costs are the same across the board. No agent has an advantage in premium rates they can offer. So, it increases the importance of service and knowledge that an agent can provide.”

Q: Is there anything organic producers can do to advocate for themselves in the claims process?

A: Organic farmers should be prepared to talk through what their plan was with the agent or adjustor, because there are weather events that would impact the organic farmer more than a conventional farmer. For example, if a weather event impacts their ability to get in early when the weeds are small, then they're going to be behind for the entire growing season.

Q: Should farmers be taking photos or videos if they sustain crop damage?

A: I would never say that they shouldn't do that. It's a great tool as far as claim verification, and safeguard if someone has questions about what happened. In most cases, weather events are pretty general in nature, and it's pretty obvious to a number of sets of eyes on the ground what has happened in the area. If it were a loss that was unique to your farm compared to others, as simple as it is these days to snap pictures that are time stamped and date stamped, I think that's great evidence. However, I can't think of a time where that has made a difference between a loss getting paid and not getting paid.





CROP INSURANCE FOR ORGANIC OPERATIONS

ACTUAL PRODUCTION HISTORY, PLANTING DATE, AND CLAIMS WITH NICK GLANZER



Location:
Milford,
Nebraska



Licensed to sell crop insurance in:
Nebraska, Kansas, Oklahoma, Colorado,
Iowa, Missouri, Texas, Illinois, Wisconsin,
Ohio, Pennsylvania, Washington,
and Oregon

When Nick Glanzer began selling crop insurance in 2013, he started working with an organic producer who had taken a major hit during the 2012 drought and wanted to purchase crop insurance. As a result, Nick learned a substantial amount about crop insurance for organic operations, and now has seven organic customers.

“ They’ve changed the rules for organic insurance since I started selling it in 2013. They keep tweaking it more and more with new data related to organic cropping. ”

The rest of his customers are conventional producers, largely growing corn and soybeans, with some wheat, dry beans, dry peas, popcorn, orchards, nurseries, etc.

Actual production history

To purchase many crop insurance products, a farm needs to demonstrate yield history, referred to as actual production history (APH). The APH is an average of a minimum of four years, maximum of 10 years, of yield history. If a farmer wants to start insuring without any history—for example, if they just became certified organic—then they will rely on county transitional yields, or T-yields, until they can build up their own APH.

T-yields are set by the U.S. Department of Agriculture’s Risk Management Agency (RMA) for each county, and are based on historical county yields. T-yields exist for both organic and conventional production, and are updated periodically. In 2020, in Seward County, where Nick is located, the T-yield for non-irrigated certified organic corn was 112 bushel per acre, and conventional corn was 149 bushel per acre.

Nick explains how the process of establishing APH for newly certified organic operations works:

“Your first year after becoming certified organic, your APH is going to have four years of T-yields. Then, after one actual year, your APH will be one year of your actual crop history, and three years of that T-yield. Then, you keep adding actual yields until you have four actual yields and zero T-yields. So, you’re slowly working out those placeholders. Keep in mind, if you’re in a three-crop rotation, it could take you 30 years to build up 10 years of actual yields for a given crop.”



ACTUAL PRODUCTION HISTORY, PLANTING DATE, AND CLAIMS WITH NICK GLANZER, CONTINUED

Final planting date

To receive the full guaranteed coverage for crop insurance, acres must be planted by a final planting date set by RMA. For each day that passes after that date, the insurance coverage level will decrease by 1 percent, unless otherwise stated, but the premium cost will stay the same.

Over the years, Nick has noted that the final planting dates are often an issue for organic operations. While organic farmers are often planting later than conventional ones, the final plant dates are the same for both.

“ In early spring, we really emphasize to producers the importance of getting their planting done before the final plant date, as to not impact their insurance guarantee. Losing a percent or two off your guarantee isn't a huge deal, but when you're 10 to 15 days late on planting you start to see a big drop in your guarantee. ”

Advice for finding an agent

For anyone trying to find a crop insurance agent, Nick notes they are not required to buy from someone geographically close to them. He says the most important thing is to make sure the agent will be good to work with, and is knowledgeable enough to provide a good service.

“ I have a bit of a biased opinion, but I'd say the most important thing is looking for an expert in that field, whether that means someone in your town, or someone a state or two away. When you talk with them, ask them questions about organic and sort of quiz them on their knowledge. That will tell you a lot about how knowledgeable they are with the given system for organic cropping. It's similar, but also completely different. ”

Farmers can also search for an agent using RMA's Agent Locator Tool: rma.usda.gov/informationtools/agentlocator

Filing claims

From a farmer perspective, needing to file a claim is arguably the most important step of the crop insurance process. If a single weather event impacts their crop, farmers should notify their agent within 72 hours. If other factors lead to a low yield, such as drought, the process is slightly different.

“ Oftentimes what will happen, prior to turning in any notice of loss, the farmer has to report their production to me. We go through their report line by line. We then compare it to their guarantee on their insurance. If they grew less than that guarantee, then we'll get a claim turned in and have the adjuster go out there, if needed. ”

Ultimately, the farmer is responsible for reporting any potential claims to their agent, and the agent's job is to file a notice of loss in a timely matter. Once the claim is filed, a crop adjuster and the insurance provider take over.

Each crop insurance provider has crop adjusters who will make a site visit to assess damage and collect production information. The information is then put into a system for the company to process. If an indemnity is ultimately paid, in some cases, the process can take as little as a week.



“Crop insurance is a simple but complicated program. Things change so often that I firmly believe that as a producer, the best way you can set yourself up is to align yourself with an agent who can speak knowledgeably and is up to date on all the changes, especially with organic.”





CROP INSURANCE FOR ORGANIC OPERATIONS CONTRACT PRICING, UNIT TYPES, AND WHOLE FARM REVENUE PROTECTION WITH MEGAN VAITH



Location:
Scotland,
South Dakota



Licensed to sell crop insurance in:
South Dakota, Iowa, Nebraska,
Minnesota, Oregon, Texas, Missouri,
and Kansas

With a degree in agricultural business, Megan Vaith has been selling crop insurance for six years in southeast South Dakota. Recently, she shifted to a new position at a company focused exclusively on organic crop insurance.

“We looked at the marketplace and there just really aren’t a lot of options out there for organic producers, as far as agents specialized in organic. There are options that organic producers have that are different than conventional. Agents should know the ins and outs.”

Megan sells insurance for operations of varying size that produce crops such as corn, soybeans, wheat, rye, popcorn, and Kernza.®

Contract pricing

Federal Multi-Peril Crop Insurance (MPCI) will cover the higher prices of select organic commodities, with organic price elections. However, if contracts have already been set, organic producers are eligible to use a contract price option for their revenue coverage. Using this option, the farmer would be able to insure contracted crops at the contract price. For each crop where contract pricing is available, the government sets an upper dollar limit, referred to as the maximum contract price.

“ Take soybeans, for example. If you’re certified organic in 2020, your price protection on crop insurance is \$18.03 per bushel, but the maximum contract price for soybeans is \$31.55 per bushel. If you have a contract with higher prices for your soybeans, that could make a massive difference come claim time. ”

For most spring crops, if a farmer is interested in adding contract pricing onto their MPCI policy, the deadline is the sales closing date on March 15, and contracts would need to be presented by the acreage reporting deadline of July 15. The agent will then pass the contract information to the underwriter.

“ At that time, the amount of revenue covered is increased based on the contract price. Of course, that increases your premium as well, but it doesn’t increase enough that it’s not worth it. In my opinion, it’s totally worth it. You already have the contract anyway, you’re getting a higher price, and you get so much better insurance and higher likelihood to collect in the event of a loss. ”

More information about the contract price option from U.S. Department of Agriculture’s Risk Management Agency can be found at: rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Contract-Price-Addendum



CONTRACT PRICING, UNIT TYPES, AND WHOLE FARM REVENUE PROTECTION WITH MEGAN VAITH, CONTINUED

Unit types

Part of putting together a MPCCI policy is determining what types of units are the best fit, or how to divide up an operation to insure the different land parcels or enterprises. Many factors go into selecting unit type, and farmers should discuss their options with their agent. Below, see Megan's explanation for each unit type.

Enterprise units take into account the entire crop planted and combine all fields together. At claim time, production across parcels will be added up to see an overall picture of whether a loss is triggered. Because sections are averaged together, if one field has high yields and another has low yields, they could potentially offset each other and not trigger a claim for the low yields. This unit type receives the highest amount of federal premium subsidy.

Optional units divide an operation by individual farms and crops, each with their own yield history. Every unit is evaluated individually at claim time. If one unit has high yields, and another has low yields, the farmer could still collect on the unit with low yields.

Basic units count all owned and cash-rented acres in the same county together, but each crop is separate, and if applicable, each share arrangement is separate. Each unit is evaluated individually at claim time.

Whole farm units are the least commonly used type of unit structure, and combine all insurable acres of all crops that the farmer grows within a single county. This is not related to Whole Farm Revenue Protection.

Using Whole Farm Revenue Protection for organic operations

Whole Farm Revenue Protection (WFRP), often referred to as "Whole Farm," is federal crop insurance that covers the revenue of an entire operation for a wide variety of commodities. Megan says some producers should think of WFRP as an umbrella policy that can help them insure crops not otherwise insurable. Specifically, she recommends layering MPCCI coverage with WFRP.

“ There are lots of misconceptions out there that producers should just be [using] WFRP and that's it. That's not what I recommend. If they have crops that can be insured with MPCCI, they should use MPCCI where they can. ”

One example Megan cites is prevent plant acres. While WFRP does not offer prevent plant coverage, MPCCI does. By layering both policies, a farmer could potentially cover both prevent plant acres and crops not covered by MPCCI.

Q: Why is crop insurance an important part of an operation?

A: Crop insurance is the only input cost on your operation that can actually pay dividends back. It's a safety net that you have built in, in case everything falls apart. Let's take 2012. We didn't know it was going to be a drought when we were starting to plant. You know, it was kind of dry. So, we still put in our normal input costs. Then, everything fell apart and we entered this huge drought. The thing that was there to save producers was crop insurance. So, if the option is there to cover losses, why would you not take advantage of it?

“I have realized in this business, organic farmers have way more questions than conventional farmers, because it's a different scenario every year. They need to have an agent that has experience and knows all of the rules involved.”





CROP INSURANCE FOR ORGANIC OPERATIONS TRANSITION, UNIT CONSIDERATIONS, AND LATE AND PREVENTED PLANTING WITH JOE TOILLION



Location:
Jewell, Iowa



Licensed to sell crop insurance in:
Iowa and Missouri; looking to expand
to other states

Joe Toillion’s family has been in the crop insurance industry since the 1980s, and he has been selling crop insurance for about 15 years, after working for more than 20 years in the animal feed industry.

Today, Joe has his own crop insurance business and insures organic, conventional, and livestock operations. Of these three groups, he sells the most to organic producers and specializes in organic crop insurance.

“ For organic, you look back just a decade or so ago, and they didn’t have specific organic prices for organic crops. They keep improving crop insurance for organics in a really good way. A lot of farmers just don’t know that. For me, it’s important to be specialized and aware of the options available. ”

Insurance during and after transition

When a parcel is certified organic, a farmer can often insure their crop at a higher value with federal crop insurance. However, during the three-year transition period to become certified organic, that benefit is not available. Joe said there are a few things to consider in purchasing crop insurance for transitioning acres. The goal is “to transition profitably,” because “not many can take a hit for three years and come out on the other side in very good shape financially.”

During transition years, if a producer can set a contract at a higher price than conventional (such as a non-GMO grain contract), then they

can leverage that higher contract price to increase their guarantee. This option is available for revenue Multi-Peril Crop Insurance (MPCI), and is known as the contract price option.

Once a producer receives their organic certification, they will need to present it to the agent. To purchase MPCI for certified organic acres, producers need to begin establishing their organic actual production history (APH), which requires a minimum of four, maximum of 10, years of yield history. For new organic acres, a producer may use county-specific transitional yields, or T-yields, until they build up their own yield history.

However, if a producer already has certified organic acres in the same county as the newly certified acres, they can use a simple average, or their own history from those other acres. Insurance companies will use the higher of the simple average or the T-yields.

Joe notes the yield histories are crop-specific, and the complex crop rotations on organic operations lengthen the number of years it takes to establish the yield history.



“The four years can be sort of deceiving. Especially for organic; they’re raising oats, wheat, barley, rye, all these other things. It could take a long time to build up those four years of crop history.”



TRANSITION, UNIT CONSIDERATIONS, AND LATE AND PREVENTED PLANTING WITH JOE TOILLION, CONTINUED

Unit considerations

When purchasing a crop insurance policy, a farmer and their agent must decide how to divide up the operation, such as by parcels or enterprises. There are four choices, or unit types, available for MPCI, and each impacts how yields, coverage, and ultimately claims, are calculated. The most common units that Joe works with are enterprise and optional units.

“The best way to find an agent is to talk with other organic farmers, and see if they like who they’re working with. Getting that specialization is key.”

Enterprise units combine all fields within a county as a single entity, while optional units treat each field or farm individually. This distinction is relevant if one field underperforms and another has a good year. Those two fields could potentially offset each other under a policy using enterprise units, and the farmer would not be eligible for a claim on the underperforming field. With optional units, however, the underperforming field would likely be eligible for a claim. Because of this, the premium for the insurance policy is usually lower for enterprise units compared to optional units.

“ That variation could be even more pronounced with organic production, because field-to-field yields can really vary just based on planting dates, the amount of rain they got, weather conditions during pollination, early growth, etc. ”

This is why Joe strongly advises producers to talk with their agents about the coverage right for them, weighing both the premium price and their potential coverage scenarios in the event of loss. Regardless of units, Joe also asks all of his customers to keep specific yield data by field, for a variety of reasons.

“ If they ever go off enterprise units, they’ll have their own production history. Also, for audits, things like that, they’d need the production history for each chunk of ground and the records to back it up. ”

Late and prevented planting

The U.S. Department of Agriculture’s Risk Management Agency, which administers federal crop insurance, sets dates by which each crop must be planted. If a producer plants later than that date, they will lose 1 percent of their crop insurance coverage each day, unless otherwise stated, that passes after the date, but their premium will stay the same. This may be an important consideration for organic crops, which are generally planted a few weeks later than their conventional counterparts.

If a producer is not able to plant before the official planting date, usually due to excessive moisture, MPCI will cover a certain percentage of the loss, often referred to as prevent plant. A farmer will work with their agent to file a claim, and then is eligible to be paid a percentage of their guarantee, which is typically 55 percent for corn and 60 percent for soybeans in the Midwest. Joe notes that farmers may want to think about their options strategically.

“ Honestly, I don’t have prevented plant claims too often, but you’d be better off late planting if you can. For example, if you get corn planted 10 days after the planting date, then you’re 10 percentage points less than your guarantee, which is still probably higher than 55 percent (for prevent plant). ”





CROP INSURANCE FOR ORGANIC OPERATIONS ENDORSEMENTS AND AGENT CONSIDERATIONS WITH JOSHUA MANSKE



Location:
Algona, Iowa



Licensed to sell crop insurance in:
Iowa, soon to be Minnesota

Joshua Manske holds a unique perspective as a new crop insurance agent. He is finishing his second year selling in north central Iowa, and has also worked for several years as a financial advisor.

Crop insurance always piqued Joshua's interest, so when the opportunity arose to have a few clients, he took advantage of it. His customer base is conventional corn and beans, but he is connected with numerous organic producers as well.

“There are plenty of farmers who will tell you that if it wasn't for federal crop insurance, they wouldn't be in business. Being a newer crop insurance agent, I feel a big responsibility to make sure that every step of the way, it's done right. It's really vital.”

Endorsements for Multi-Peril Crop Insurance

Also known as options, endorsements can be added to a federal Multi-Peril Crop Insurance (MPCI) policy for additional coverage, usually for a small cost per acre. Examples include additional prevent plant coverage, yield exclusion, yield adjustment, and contract price. Endorsements available for organic crop insurance are generally the same for conventional crop insurance, and need to be decided on by the sales closing date. For crops such as corn and soybeans, the sales closing date is March 15.

Q: Does a producer need to know what endorsements to consider, or will their agent walk them through it?

A: Probably a little bit of both. It would probably be smart for the farmer to have an idea of what those certain endorsements do, but it's absolutely up to the agent to be able to explain what each one of those endorsements adds to the policy, and why it's something that would be advantageous to have.

If acres cannot be planted, all MPCI policies will cover a percentage of the original coverage guarantee (see coverage level, next page). That percentage is currently 55 percent for corn and 60 percent for soybeans. However, purchasing a prevent plant endorsement would increase coverage levels by 5 percent, to 60 percent for corn and 65 percent for soybeans.

Prices for this endorsement vary by county. One note: this endorsement is not available for catastrophic (CAT) coverage.

“ If [a farmer] has a field they were unable to plant, they need to report that to their agent, and the agent would file a claim in the county. From there, the insurance adjuster would go out to the property and inspect things. ”



ENDORSEMENTS AND AGENT CONSIDERATIONS WITH JOSHUA MANSKE, CONTINUED

Thinking about coverage level

Joshua says there are a number of things farmers can expect to discuss with an agent when putting together a policy, including coverage level. Coverage level refers to the percentage of a producer's actual production history (APH). In most cases, MPCI policies offer coverage levels from 50 percent to 85 percent, in 5 percent increments.

The higher the coverage level, the higher the premium cost that the farmer will need to pay. Producers should expect to discuss what makes the most sense for their operation. While some may appreciate having a high level of protection, others may prefer to stick with the lower price.

“ For example, I've worked with some individuals who insure 80 percent of the APH and use those premium dollars that we saved to buy a private hail policy, for example. ”

Joshua says an important note is to find an agent who is willing to sit down with you and crunch the numbers, for coverage level and other elements of the policy.

Agent role in filing a claim

Understanding the role of the agent is helpful in knowing how crop insurance works, especially in the claims and indemnities process. The agent is the main connector between the farmer and the federal crop insurance program, Joshua noted.

In the event of a loss, the agent files a claim, and then a crop adjuster will be sent out to the producer's farm for an inspection. Adjusters are hired by the parent crop insurance company, known as an approved insurance provider (AIP). The adjuster is intentionally kept separate from the agent to prevent a conflict of interest. By federal law, the agent also isn't allowed to be at the farm when the adjuster is present. Adjusters change every few years, so a farmer wouldn't work with the same adjuster for multiple years.

“ My role is to help farmers obtain the coverage best suited to their risk management needs. If needed, I submit the claim. Then, the insurance company sends out the adjuster, and the adjuster works with the farmer. ”

Q: Why do you think crop insurance is important?

A: My philosophy is, no other considerations matter unless you get the protection element correct. Telling me what seed you're going to plant, and how you're going to plant it, that is wonderful. And, those are really important details. But, if you have a derecho come through, you have a drought, you have a massive hail event, if we don't get the protection element right, all of those other things do not matter. That's my philosophy. Let's tailor the insurance to you and make it work.



“You need to have an agent who is willing to sit down with you, go over your operation, and make sure that you understand and are comfortable with what we're doing.”





CROP INSURANCE FOR ORGANIC OPERATIONS

SELECT ENDORSEMENTS AND INSURANCE TIMELINE WITH BETH CAPLE



Location:
Nevada, Iowa



Licensed to sell crop insurance in:
Iowa

For Beth Caple, an important part of her job is to learn and adapt as things change in the agriculture and crop insurance worlds.

Beth has been selling crop insurance in central Iowa for more than 20 years. The types of individuals she services stretch across the board, from farmers with 3,000-acre operations to a landowner with around 50 acres. Most of her customers are conventional row crop producers, but she also sells to a handful of split operations, or operations with both organic and conventional ground.

YA, YE, and TA endorsements

For both organic and conventional producers purchasing federal Multi-Peril Crop Insurance (MPCI), endorsements, also known as options, can be added to the policy for additional coverage, usually for a small cost per acre, or in some cases free. Below, see Beth's explanation for three common endorsements.

- **Yield Adjustment (YA)** is helpful if a producer has a year with a zeroed-out or low yield, which would impact their actual production history (APH) and ultimately their potential coverage for future years. Instead of recording low yields, the endorsement allows them to record a percentage of county average yields. According to the 2020 Crop Insurance Handbook, “[Farmers] may elect to substitute 60 percent of the applicable T-Yield for actual yields (does not apply to assigned and temporary yields) that are less than 60 percent of the applicable T-Yield to mitigate the effect of catastrophic year(s).”

- **Yield Exclusion (YE)** allows 1 year's low yield to be excluded in a producer's 10 years of yield history. However, only farmers in select counties are eligible to purchase YE, which usually happens if the county average is a certain percentage lower than normal. So, this option is not available for everyone.

“ The timeline for this process is a bit delayed. Based on the 2020 derecho in Iowa, for example, eligible counties will be decided in spring 2021, so the YE would only be able to be added to a policy in 2022 to exclude the 2020 yield. ”

- **Trend Adjustment (TA)** takes historical yields and adjusts them based on today's technology. This has the potential to increase the 10-year average, which would ultimately impact available coverage levels. TA for corn and soybeans is available in most of the Corn Belt.

“There are so many endorsements, so if you're curious about one, or you hear about something in a trade journal or something, ask your agent about it.”



SELECT ENDORSEMENTS AND INSURANCE TIMELINE WITH BETH CAPLE, CONTINUED

Crop insurance timeline

When thinking about crop insurance, organic producers should be aware of key dates in the process. See below for standard Midwest dates. If a date is not listed, expect one to be set during the noted season.

● **March 15:** Sales closing date for crops such as corn and soybeans

“ March 15 is the big one. You have to have the majority of things done: pick your coverage level, entity name correct, endorsements, etc. You lock in what coverage you want, and then we report the acres later. ”

● **Spring:** a) Producer reports organic plan to agent upon request, b) Final planting date

● **July 15:** Producer reports planted acres, planting dates, and provides their organic certificate

● **Fall:** a) Producer reports yields to agent, b) Premium payment due date

● **December:** Claim reporting deadline

In addition to these general crop insurance dates, organic farmers should be aware of deadlines to submit organic certification documents to their insurance agent, to be sure they can be insured with organic prices.

Questions for producers new to crop insurance

Q: When should a farmer reach out to an agent?

A: The earlier the better. Maybe January or February. Sometimes it takes time to get the records where they all need to be. If you're looking for a quote, that'll be based on what yields you'll be using for your coverage, so I like to gather everything first to know what I'm dealing with. It could make a big difference as far as coverage, and we want to give an accurate quote.

Q: What kind of documents should a producer bring to their first meeting with an agent?

A: Legals are good. So, if they have the [Farm Service Agency] paperwork, like FSA-578 forms that show farm numbers and acres, that's very helpful. If they've had crop insurance in the past, that paperwork is helpful as well, because that's usually going to have the yield history on it. If they haven't had crop insurance in the past, but they have yield history, that information is helpful too.



“Organic farmers should also talk with their agent about when they will need their organic certification. In the past, there were people who wouldn't get their certification letters until a few months after we needed them. So, they had to be insured as transitional for that year.”





CROP INSURANCE FOR ORGANIC OPERATIONS

WHOLE FARM REVENUE PROTECTION WITH JOSH HOEME



Location:
Salina and Concordia,
Kansas



Licensed to sell crop insurance in:
Kansas, Colorado, Oklahoma,
and Nebraska

Josh Hoeme was raised on a farm in western Kansas, and worked there until he was a young adult. After working for one of Risk Management Agency's Approved Insurance Providers, he began selling crop insurance, which he has been doing for nearly a decade.

Now based in north central Kansas, Josh sells crop insurance to family farm operations in a number of states. Most of his customers grow corn, soybeans, grain sorghum, wheat, and many also have cow-calf operations.

Over the years, Josh has worked with producers on Whole Farm Revenue Protection (WFRP) policies. WFRP is a risk management option for organic operations, as well as any operations selling products they otherwise would not be able to insure with other crop insurance programs, namely Multi-Peril Crop Insurance (MPCI).



“There are policies for organic crops available, but they are limited. Currently, producers are raising organic crops which aren't insurable in their county or state. So, WFRP may potentially be an option.”

WFRP overview

WFRP, often referred to as “Whole Farm,” covers the revenue of an entire operation for a variety of commodities. Approved commodities include organic crops, fruits, vegetables, nuts, specialty grains, and livestock. WFRP will not cover timber, forest, forest products, and animals for sport, show, or pets.

Like other federal crop insurance policies, WFRP is federally subsidized. Coverage levels are offered from 50 to 85 percent, and the program is set up to reward diversified operations. Higher subsidy and lower premium rates are available for operations with several commodities.

“ Whole Farm is pretty much how it sounds. It looks at all agricultural products you sell. That could include basics like corn, wheat, soybeans, or things like fruits and vegetables. ”

Josh has sold WFRP policies to different types of operations. The majority have been cow-calf and feeder cattle operations. He's also sold to a pheasant operation that was raising the birds for sale, not hunting, and individuals who wanted to insure double cropped soybeans. Additionally, Josh has a colleague who is currently working on a WFRP policy for a roadside vegetable seller.



WHOLE FARM REVENUE PROTECTION WITH JOSH HOEME, CONTINUED

Q: What should producers expect in their first year of buying WFRP?

A: The first year is always going to take the most time and effort. I will warn you there's a lot of paperwork involved. For farmers who aren't beginning farmers or ranchers, you have to have six years of previous Schedule F tax returns. Only five years are used. The most current year is a lag year and wouldn't be used. The agent will also need documents showing your yields. If you already have MPCCI, that would be pretty easy for those crops. You will then need to sit down with the agent and tell them your plans for the year; planting plan, livestock plans, any contracts already set, etc.

WFRP timeline for signups and claims

Because WFRP is a revenue product, policies are based on five years of Schedule F tax records. For beginning farmers and ranchers, three years are required. These documents need to be given to the agent prior to the sales closing date, which is March 15 for most Midwest farmers. The agent and customer also need to decide on details such as policy type and coverage level by this date.

Josh advises interested producers to be aware of WFRP's unique timeline for filing claims. Because WFRP is based on annual revenue, claims are finalized after the producer's taxes are finished in the spring. This differs from other policies for which claims are finalized soon after harvest.

“ The producer will be working with the agent to gather all the information needed to finalize the claim. This usually occurs sometime between March and May. Just like your Multi-Peril, you're going to have a ledger sheet. But, with WFRP, they are going to need a ledger sheet showing total bushels as well as income received for those bushels, or a sale bill showing what was received for their steer or heifers if they were sold. There's a lot of information gathering going on at that point. ”

“Before meeting with an agent, start thinking about, what is your main goal? What are you trying to cover? How much risk are you comfortable with? What is your debt level? Have all of that in mind.”

Layering WFRP with MPCCI

An operation with some commodities insurable with MPCCI has the option to layer MPCCI with a WFRP policy. This combination of coverage can allow the producer to insure additional crops, and may also result in lower premium costs.

In one example, Josh was working with a farmer who had MPCCI for his corn, soybeans, and wheat, and was interested in adding coverage for his cattle. They worked together to buy MPCCI with a lower level of coverage, and then added WFRP, which allowed him to insure his cattle. The MPCCI covered 65 percent of potential crop losses, and with WFRP, the farmer was insured at a total of 75 percent. When they ran the numbers, the farmer was paying less in total premium costs with the addition of WFRP than he had with the MPCCI in previous years. But, he was receiving additional coverage for his crops and livestock

In the instance of a loss in this type of situation, a producer would file a claim for their MPCCI after harvest. If they receive an indemnity payment, that would be considered revenue when the time comes to file a claim for their WFRP. The two steps are separate, but potentially impact one another.

Josh says while the deadline to sign up for WFRP is March 15, interested producers should reach out to an agent as early as possible, especially due to WFRP's document-heavy nature.





CROP INSURANCE FOR ORGANIC OPERATIONS

CONTRACT PRICING AND THE 2020 DERECHO WITH SCOTT SHRIVER

 Location: Jefferson, Iowa	 Operation: Organic corn, soybeans, and small grains (mostly wheat and barley)	 Acres: Approx. 2,000
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Scott Shriver farms approximately 2,000 certified organic acres in central Iowa. After earning a construction engineering degree, he worked in that industry for a number of years. He returned home about 25 years ago to take over the farm that has been in his family for generations. In the years since, he’s also had the opportunity to acquire other farms.

Scott began transitioning to organic farming in 1998 when he acquired 40 unfarmed acres that were able to go straight into production without transition. Nearly 10 years later, after transitioning a couple of farms each year, his entire operation was 100 percent certified organic.

Multi-peril revenue protection

To cover his organic corn and soybeans, Scott uses federal Multi-Peril Crop Insurance (MPCI) revenue protection. Coverage is available between 50 and 85 percent by 5 percent intervals, and Scott insures at the full 85 percent. This means he is guaranteed coverage for—and would file a claim if his revenue fell below—85 percent of his expected revenue.

Put simply, the revenue Scott is covering for a particular crop is 85 percent of his average yield per acre, multiplied by the number of acres, multiplied by the crop price per bushel. This is also known as his revenue guarantee.

When insuring his revenue, Scott’s policy uses organic prices set by the U.S. Department of Agriculture’s Risk Management Agency (RMA), which administers federal crop insurance. Known as organic price elections, these prices have only been offered since the 2011 crop insurance year, and the list has been expanded each year after. Scott has been using MPCI for about 20 years, and has therefore seen insurance offerings change over time.



“When we were first talking about organic, conventional farming was tough. Prices were down and it wasn’t profitable. So, we started to try to make it more profitable, and it’s gone from there.”

“Originally, they didn’t have the organic prices structure, that’s definitely the biggest change I’ve seen. They can insure you [now] at a higher rate.”



CONTRACT PRICING AND THE 2020 DERECHO WITH SCOTT SHRIVER, CONTINUED

Contract price option

In addition, Scott signs up each year for the contract price option, which is available for organic operations. Also called endorsements, options can be added to a MPCI policy for a small price per acre, and in some cases, for free. With this particular option, if a producer has a contract for their organic grain set early, then they can use those contract prices instead of organic price elections for the amount of crop contracted. In instances where the contract price is higher than the organic price, this can be a benefit to the producer because they are insuring more revenue.



“[RMA] sets an organic price, but if you have a contract, and that contract has a higher price, then you can insure your crop at the contract price.”

The contract price option needs to be added to the crop insurance policy by the sales closing date, typically March 15. However, signing up for the option in March does not require you to use it. The higher prices are solidified later, often July 15 when a farmer submits their finalized contract(s), and are reflected in the premium price due in the fall. While Scott signs up for contract pricing every year, there have been a number of years he chose not to use it. This doesn't have a huge impact on him, because his premium price would only increase if he chose to use the option. By signing up for it, Scott is simply ensuring he can use the option if he chooses.

Q: What is your advice for organic producers thinking about buying crop insurance?

A: I would suggest other organic farmers look for an agent who is aware of the variations in the insurance for organic. I'd also say that the process is not too difficult, so it's nothing to be afraid of.

2020 derecho

In his years of using crop insurance, Scott has seen his fair share of weather events that triggered claims. However, he's never seen anything like the derecho storm that hit Iowa in August 2020. While his past claims were typically made after harvest, Scott said the derecho's damage prompted him to take immediate action.

“ [In 2020], we had the drought, and then that derecho storm. The storm really triggered me to call my agent and say ‘hey, we're going to have a claim this year. We have downed corn, we have beans that have been hailed on pretty badly.’ ”

Because Scott had soybean fields so severely damaged that he didn't think they were worth harvesting, a crop adjuster visited his farm to inspect them soon after the storm. Scott was concerned about three fields in particular. The adjuster evaluated two of those fields “at zero yield” and released the crop back to Scott, meaning he did not have to attempt harvest to file a claim. He was able to destroy the crop at his discretion. The third field, the adjuster thought might fill out a little better, and Scott had to wait until harvest to file a claim for it.

In other instances when Scott has had to file a claim, he said “the process has been pretty simple,” and generally requires an adjuster to measure his grain bins after harvest.

“ I buy crop insurance to reduce risk of loss. You buy it every year, and hope you don't need it. ”





CROP INSURANCE FOR ORGANIC OPERATIONS

UNIT TYPES AND THE CLAIMS PROCESS

WITH ERIC MADSEN

 Location: Audubon, Iowa	 Operation: Organic corn, soybeans, oats, and hay	 Acres: Approx. 240
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Returning to the family farm was always at the back of Eric Madsen’s mind. A graduate of Iowa State University, Eric started out doing custom haying, and later worked for an organic seed company. Then, in 2010, he returned home to help out his father, and in 2012 began farming on his own.

Still working alongside his father, Eric’s operation in Audubon, Iowa, consists of organic corn, soybeans, oats, and hay. During his farming career, Eric has used a few combinations and types of crop insurance for his operation.

Coverage used

To insure his organic corn and soybeans, Eric uses Multi-Peril Crop Insurance (MPCI) revenue protection. He sees insuring these crops as especially important for organic operations, as they often provide the highest income throughout an organic crop rotation.

“I look at crop insurance as covering my risk. If we have [corn or soybeans] for two or three out of six years, those two or three years really need to pay. You need to focus on those couple years because they need to carry the weight.”

Eric recently switched to a new crop insurance agent who has experience with organic operations, and together they decided to make changes to Eric’s coverage. Previously, he was insuring with MPCI at a 75 or 80 percent coverage level, and also purchasing a private hail policy. Now, Eric is insuring at 85 percent and is not purchasing hail insurance.

While this is what seems to be a good fit for Eric’s operation, there is no one-size-fits-all combination of crop insurance, especially for organic producers. Farmers should talk with their crop insurance agent about the specifics of their operation and risk tolerance.

Unit types

Part of putting together an MPCI policy is determining what type of units are the best fit, or how to divide up an operation to insure the different land parcels or enterprises. Another change Eric made with the help of his agent was switching from enterprise units to basic units.

With Eric’s previous unit type, enterprise units, one field with high yields and one field with low yields could potentially offset each other, and not trigger a claim. However, with basic units, a field with low yields would more likely trigger a loss, because the policy is insuring sections of the operation individually.



UNIT TYPES AND THE CLAIMS PROCESS WITH ERIC MADSEN, CONTINUED

Unit types defined

- **Enterprise units** take into account the entire crop planted and combine all fields together. At claim time, production across parcels will be added up to see an overall picture of whether a loss is triggered. This unit type receives the highest amount of federal premium subsidy.
- **Optional units** divide an operation by individual farms and crops, each with their own yield history. Each is evaluated individually at claim time.
- **Basic units** count all owned and cash-rented acres in the same county together, but each crop is separate, and if applicable, each share arrangement is separate. Each unit is evaluated individually at claim time.
- **Whole farm units** are the least commonly used type of unit structure, and combine in one unit all insurable acres of all crops the farmer grows within a single county. This is not related to Whole Farm Revenue Protection.

“ We’re now separating them out by each farm [using basic units]. It’s a bit more in premium cost, but the benefit is, if we have a problem out on one farm, that section will be looked at individually. It could be a benefit for organic in case one farm does badly and one does well. Then, they wouldn’t cancel out. ”

Insights from the claims process

In 2019, a hail storm caused significant damage to Eric’s fields. At the time, the crop was not mature, and the hail stripped a lot of leaves off the plants. He called his agent promptly, but an adjuster did not make it out to inspect his fields until more than a month later. At that time, the crop was nearly mature and the damage was less observable to the adjuster. Eric could see there was more damage than the adjuster’s assessment suggested, and overall wasn’t very satisfied with the process.

Because of that experience, Eric has recommendations for organic farmers dealing with a severe weather event. First, advocate for yourself to get an adjuster to your farm sooner rather than later so they can see the crop damage. Second, Eric suggests taking photos and having your own documentation of the weather event. Now, Eric drives around and takes photos of damage at various locations. Finally, he says to clearly state how organic practices could impact crop damage differently.

“ Another thing some adjusters might not realize is that organic is on a different timing schedule. When the hail event occurred, most of the neighbors’ conventional crop probably was mature enough. But, our crop was not nearly as mature. You’ve got to really remind them that you’re on a different schedule. ”



Q: Is there anything else farmers should keep in mind?

A: Don’t be afraid to find an agent from far away. The individual agent is more important than the locality. They can sell in several states as long as they have their licenses. With today’s technology to communicate, distance isn’t a big deal. Having an agent who knows their stuff, especially for organic, is definitely more important.



“It was mind-blowing how much having a crop insurance plan fit for my operation made a difference. There are actually lots of different options you can look into.”





CROP INSURANCE FOR ORGANIC OPERATIONS

CROP INSURANCE TIMELINE WITH CALEB MOSEL

 Location: Page, Nebraska	 Operation: Organic corn, alfalfa, chickpeas, oats, rye, field peas, and livestock	 Acres: Approx. 1,200, including some pasture
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Caleb Mosel grew up on the family farm, and has worked the land since he was young. His father started farming organically in 1994, and when Caleb set out on his own, he continued the practice.

After renting his first fields from his father, Caleb has continued to lease new ground, and in many cases, transition it to certified organic. He now farms approximately 1,200 acres, which includes some pasture. The operation includes organic corn, alfalfa, chickpeas, oats, rye, field peas, and livestock. He has grown soybeans in the past, but does not currently. Though he’s been farming on his own for about 15 years, Caleb continues to work alongside his father and brother whenever he can.

History with crop insurance

Caleb first purchased crop insurance when it was required for a Farm Service Agency (FSA) program he was interested in. In addition to FSA programs and loans, crop insurance is often required to access credit from private lenders. At the time, Caleb purchased a private hail policy. Then, at a meeting with fellow organic producers, he heard a presentation about federal crop insurance.

This prompted the farmer to look into Multi-Peril Crop Insurance (MPCI), and over the years he has purchased both yield and revenue protection policies. He currently insures his organic corn, and when he grew soybeans was also insuring them. MPCI policies allow the producer to choose their coverage level, between 50 and 85 percent by 5 percent intervals. Caleb typically insures at a coverage level of 80 or 85 percent, evaluating the decision each year based on his expected risk and premium price.

“ Obviously, there are different premium prices based on your coverage level, and going from 80 to 85 percent coverage is a jump in price. It just depends on how you feel about your fields. With the last few years of it being wet, we erred more on the cautious side. ”

Q: Have you ever had challenges with the timeline (see next page), being organic?

A: Yes, especially with the final planting date. [Risk Management Agency (RMA)] sets a date that you have to plant by. Organic farmers just don’t get going like [conventional farmers]. It just depends on rain and everything. We sometimes run a little late on the deadline because we don’t have as much time as other people do to get it done on time.

Q: Is there anything else you think organic producers should keep in mind?

A: I do think it’s important to have crop insurance, especially when you get certified organic. If you just got done with three years of transition, and your first year of organic is too wet or too dry, it’s good having something there to back you up.



CROP INSURANCE TIMELINE WITH CALEB MOSEL, CONTINUED

Crop insurance timeline

Federal crop insurance is administered by the U.S. Department of Agriculture's Risk Management Agency (RMA), which sets specific deadlines by which all major steps in the crop insurance process must be completed. Since he began using crop insurance, Caleb has familiarized himself with the timeline. See below for typical Midwest dates. If a date is not listed, expect a date to be set during the noted season.

March 15: Sales closing date for crops such as corn and soybeans.

“Early in the year, sometimes January or February, my agent and I will talk about my [crop insurance] options for the coming year. That all needs to be decided by March 15.”

Spring:

a) Producer reports organic plan to agent upon request. If a farmer is transitioning a portion of their ground, they will be asked to present their organic certification plan to their agent.

b) Final planting date. All farmers, organic and conventional, must plant by a final planting date set by RMA to receive the full guaranteed coverage for crop insurance.

“ For every day you're planting after their final planting date, you're getting docked 1 percent of your coverage, but the premium stays the same [unless otherwise stated]. It might also be during that time that you'd need to call them and tell them if you had any prevent plant. ”

In the instance of prevented planting, MPCl policies will cover a percentage of the producer's guarantee. In the Midwest, corn is typically covered at 55 percent and soybeans at 60 percent, which applies for both conventional and organic. There is also an endorsement, or option, that can be added to a policy to increase that coverage by 5 percent.

July 15: Producer reports planted acres, planting dates, and provides their organic certificate to their agent.

Fall:

a) Producer reports yields to agent.

b) Premium payment due date.

“In the fall, if you're into harvest and if you think you're going to have a loss, you need to tell your agent so they can get a claim turned in.”

December: Claim reporting deadline.





CROP INSURANCE FOR ORGANIC OPERATIONS

INSIGHTS FROM A FARMER AND CROP ADJUSTER WITH JUSTIN DOERR

 Location: Plainview, Nebraska	 Operation: Organic corn, soybeans, small grains (wheat, hay, clover, alfalfa), and outdoor pigs, sheep, and cattle	 Acres: Approx. 300
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Justin Doerr grew up watching his father and grandfather manage the family farm. After pursuing a number of career paths, including serving in the U.S. Army, working for the U.S. Department of Agriculture’s Natural Resources Conservation Service, and obtaining a degree in architectural drafting, he realized he wanted to return home and to the farm.

Before becoming certified organic, Justin farmed conventionally. Then, a neighbor who was mentoring him suggested Justin look into organic as a way to potentially increase profitability. After transitioning his operation in halves, Justin’s grains are now 100 percent organic. He also raises livestock. Justin said he wouldn’t be where he is today without the help of mentors, friends, and neighbors.

Justin brings a unique perspective to the conversation about crop insurance. Not only is he an organic producer who uses insurance, but he is also an adjuster for a crop insurance company. In this role, he goes out to operations to assess damage and document yields.

Policies used

Crop insurance policies fall into one of two categories—federally subsidized policies and private policies managed entirely by the insurance company. To insure his operation, Justin purchases Multi-Peril Crop Insurance (MPCI) revenue protection (a federal policy), and crop hail insurance (a private policy). While most MPCI policies must be purchased by the March 15 deadline, crop hail insurance can usually be purchased at any time.

Federally subsidized crop insurance policies, often referred to as “federal crop,” are administered by the U.S. Department of Agriculture’s Risk Management Agency (RMA) and operate on set federal guidelines. This means that for identical policies, no agent can offer a better premium price than another, because all prices and metrics have been set by the government. Private insurance policies, such as crop hail insurance, differ more extensively and are regulated by state insurance departments.

“ On the hail side, we don’t catch a whole lot of hail. Having hail insurance is reflective of me being more risk-averse. I did decrease the amount of hail protection I had in the past, and at the same time, I did increase the protection I had on the multi-peril side. That’s been a good move for us. ”



“There seem to be about 15 hail policies I could choose from. All have different deductibles and multipliers. But, the [federal MPCI] is pretty straightforward.”



Q: What type of documentation do you receive once you purchase crop insurance?

A: I receive a schedule of insurance from my agent, which shows acres, type of policy, amount of coverage, and generally outlines the policy. I always review it just to make sure the details are correct.

Crop insurance after organic certification

While Justin had crop insurance while he was farming conventionally and during transition, several factors changed once he became certified organic. Namely, he had to build back up his average yield history as a certified organic producer. In the years since certification, Justin has had to use transitional yields, also called T-yields, which are set at the county level and factored into a producer's average until they can build up their own history.

“ So, the way crop insurance works, you have your yields that you've had over the years, called actual production history (APH). It's a running average of what you've raised bushel per acre over the years. When you transition [to organic], your APH does not follow you, because your farming practice changed... So, we then started with what they call the county T-yield, which is the county average. In our case, it was substantially lower than what our actual production history would be here. Each year, I'm trying to get that average back up. ”

APH requires a minimum of four years or maximum of 10 years of yield history. Each year Justin contributes an organic yield value to his APH, one year of T-yield is removed from his average, which will continue until he has four years of his yields established. However, with a complex crop rotation, this can sometimes take longer than four years for a crop to repeat in the rotation.

Adjuster perspective

Parent crop insurance companies, called approved insurance providers (AIPs), dispatch crop adjusters when a claim is filed or a loss is suspected.

“On the hail side, we assess the damage that the hail or wind caused [to] the crop. Using established charts and methods, we try to determine what percentage of loss that is to that crop. On the [MPCI] side, we do a lot of documentation and verification. We'll check scale tickets and settlement sheets and measure bins. If the producer has a loss, our job is to verify and document that loss. It's federal, so the government requires that everything is very well-documented. Our job is to fulfill that requirement.”

Q: Do you have any advice for organic farmers looking into crop insurance?

A: My advice is to know what your numbers are. Know your breakevens, and what kind of revenue you need to continue to farm and cover your costs.





CROP INSURANCE FOR ORGANIC OPERATIONS

ORGANIC PRICES AND REPLANT CLAIMS WITH LOGAN SHEETS



Location:
Dorchester,
Nebraska



Operation:
Organic corn, soybeans,
yellow peas, and alfalfa



Acres:
Approx.
2,100

As a farm administrator for a 100 percent organic operation in eastern Nebraska, Logan Sheets is well aware of the importance and complexities of a farm’s management. Prior to his current role, Logan was employed by a small farm service company. Now, he works with the operation’s field data, accounts, finances, crop plan, and organic certification, and also helps with planting, cultivating, and harvesting, when needed. Among his duties is managing the crop insurance.

To educate himself more on the topic, Logan attended a multi-day training on the federal Multi-Peril Crop Insurance (MPCI) program. The event was mostly attended by agents working to get their crop insurance license, and an organizer commented he had never had a farmer take part. Through the experience, Logan gathered ideas for his operation, as well as options to raise with their crop insurance agent.

Coverage used

The operation Logan administrates produces food- and feed-grade corn and soybeans, along with yellow peas and alfalfa—all certified organic. They use federal MPCI revenue coverage with organic prices to cover their corn and soybeans, and also have private crop hail insurance for their corn, soybeans, and yellow peas.

They currently use MPCI at a 75 percent coverage level. When considering a higher coverage level, sometimes the premium price does not make the few percentage points worth it. At other times, a higher coverage level is necessary.

“ The coverage levels have changed a bit at certain points. When we were transitioning, [we chose] coverage levels ...a little higher because you were signing up to grow a crop as organic, but selling it at whatever you could get, such as non-GMO. So, we bumped our revenue protection up over those years, just to cover ourselves in the event of a loss. You already know those years you aren’t going to make a lot of money. So, if we had a disaster with crop production, we wanted to make sure that we could cover and get back as much as possible. ”

“I went up there to just try and get a better grasp of what was going on in the crop insurance world. It’s a lot to handle because you walk in once a year and try to understand what’s going on, so we said, ‘This needs to change. We need to have a better idea of how we’re actually going to look at our risk management.’”



ORGANIC PRICES AND REPLANT CLAIMS WITH LOGAN SHEETS, CONTINUED

Organic prices and certification

The U.S. Department of Agriculture's Risk Management Agency (RMA), which administers federal crop insurance, offers organic price elections to insure select commodities. This means that a number of organic crops, from corn and soybeans to oats and popcorn, can be insured at higher prices than conventional insurance offers. For their food-grade crops, Logan's team has also used the contract price option, which allowed them to insure the higher revenue expected by their set contract prices.

“ We have used the contract prices before, and I strongly recommend doing that if there are contracts on hand. For us, the process was fairly easy. We had a single contract that took up quite a bit of our production, so we were able to just submit that to our agent, and he got us that price for those acres. In my opinion, it was really painless for something that if you miss, could be really painful. ”

Organic price elections are available for certified organic operations, and the contract price option is available for certified organic and operations in transition. To be eligible, farmers must present their organic certification to their crop insurance agent, and continue to update each year as they get a new certificate.

Replant claims

Last year, Logan had to contact their crop insurance agent about a replant claim. Replant payments assist the farmer to replant an insured crop that has been damaged. To be eligible for a replant claim, a crop must have been impacted by a cause of loss covered by the insurance policy, replanted acres must have been initially planted on or after the earliest planting date, and the insurance provider must determine if it is practical to replant, among other requirements. Additionally, replant coverage is not available for every type of crop insurance, so producers should be sure to check their individual policy.

“ We called our agent and reported a replant claim. Within a couple days, they had an adjuster out and went around to every field they planned to replant on and walked around a little bit. We had to explain what and why we were replanting. ”

“It was interesting being organic and walking through that replant claim because some of our replant fields had a decent stand of corn in them, but we had gotten just totally beat by weeds. They were good about understanding that this just isn't going to work for organic. You can't go out there and spray the weeds... [all we can do is] terminate everything and replant. Even though it signed us up for more work, we were really relieved to work with the adjuster... otherwise we would've been in deep trouble.”

Q: Why is crop insurance important to your operation?

A: For us, it's all about risk management. It's nice to know that what we've worked hard for all year is covered. Of course, we'd prefer to have no weather issues, but crop insurance can hold us over until next year. The premium is worth paying as far as the risk and stress management.





CROP INSURANCE FOR ORGANIC OPERATIONS

FILING CLAIMS AND THE IOWA COVER CROP DISCOUNT WITH RON MILLER



Location:
Harlan,
Iowa



Operation:
Organic corn, soybeans,
oats, and alfalfa



Acres:
Approx.
300

Ron Miller has been farming near Harlan, Iowa, since 1999. He got his start in conventional production with an off-farm job, but eventually realized he wanted to find a way to work the land full-time.

“ I had to do something different and couldn’t compete with the bigger [farmers], so organic seemed like a natural place for me to take off. It looked like there was some profit potential there. ”

By 2005, Ron was transitioning sections of his ground and today, he is nearly 100 percent organic, with only 30 acres still in transition. The farmer grows corn, soybeans, oats, and alfalfa.

Crop insurance history

Ron insures his corn and soybeans with federal Multi-Peril Crop Insurance (MPCI) revenue protection, typically around 80 to 85 percent coverage. He has had MPCI for more than 10 years, but has only had coverage with organic prices for a handful of years. In 2011, the U.S. Department of Agriculture’s Risk Management Agency (RMA) began offering organic prices for a number of commodities, which means that his insured revenue, or guarantee, now reflects the higher price of his organic crops.

“ You’ve got such a high income crop sitting there, you hate to lose any more than you have to for the amount of work you put into it. ”

Like many farmers with hail concerns, Ron also covers his corn, soybeans, and oats with a private hail policy offered by his insurance company. Perhaps less common, Ron has a unique story about purchasing hail insurance, and why he has stuck with it since.

“One Sunday evening, I was walking beans and a neighbor stopped to talk to me. He farmed conventionally, and mentioned that ‘we’re kind of in a hail alley.’ He said that he had always bought hail insurance. Well, I thought about that. Thinking is about all you can do when you’re walking beans. So, I called my agent Monday morning and asked if I could sign up, and he said yes. I decided to do that. Then, that fall, I got totally hailed out on that farm, and I got a check from it. If there’s ever a lesson from above, that probably was it.”



FILING CLAIMS AND THE IOWA COVER CROP DISCOUNT WITH RON MILLER, CONTINUED

Filing claims

In addition to his hail coverage, Ron has filed claims under his revenue protection policy, notably in drought years. He said the process differs between one-time weather events and longer-term perils that might result in lower yields.

With instances of a one-time weather event, such as hail or a severe storm, producers should contact their crop insurance agent within 72 hours. At that time, it is likely they will send a crop adjuster out to the farm to inspect the damage.

In the case of Ron's hail damage, the adjuster came out shortly after, but before making a final determination decided to let the crop mature. He returned one more time before harvest to see what was still standing. In instances of very severe damage, the adjuster may also "zero out" the field and release the crop back to the farmer to destroy at their discretion.

When a yield is lower than anticipated, but not necessarily due to a one-time weather event, adjusters usually come out at the end of harvest and piece together information and records. These calculations of total yield will determine if a claim is triggered. If it is, then the insurance company will give an indemnity payment to the agent, who is responsible for getting it to the producer.

“ The adjuster will come out and measure your grain bins, and put together other records [like elevator tickets]. They work with you pretty well. And, in the times I've received a payment, I'd say they were pretty fair. ”

Iowa cover crop discount

After being convinced by a neighbor to try cover crops for weed control, Ron sought a new opportunity to try Iowa's cover crop discount for crop insurance. Producers who plant cover crops and are not enrolled in another state or federal cost-share program are eligible for a \$5 discount per acre on their crop insurance premiums for the following spring. This discount is administered jointly by the Iowa Department of Agriculture and Land Stewardship and RMA.

The application period is typically from October through January, at apply.cleanwateriowa.org.

Q: What do you think is unique about buying crop insurance for organic farming?

A: In general, you have to think about organic farming in a longer timeline than conventional. I think that's going to impact how you approach crop insurance. You are required by certifiers to have a rotation, so your crop years are spread over what the actual crop years [are]. Your rotation has to be considered beyond just the corn and bean years. It's all part of the profitability picture.

Q: Is there anything else that organic producers should keep in mind?

A: I'd say try to find an agent who knows a thing or two about organic, and don't be afraid to ask about it. I've definitely prompted my agent to ask questions about organic to their higher ups in the chain [to their AIP].



“The insurance is just there to keep your profitability going. You aren't going to get rich off of it, but it might give you the opportunity to farm another year. You don't like thinking about it, but you should.”





CROP INSURANCE FOR ORGANIC OPERATIONS

FINDING A GOOD AGENT AND THE NEXT GENERATION WITH CARMEN FERNHOLZ



Location:
Madison,
Minnesota



Operation:
Organic corn, soybeans,
and small grains (wheat, oats,
barley, flax, alfalfa)



Acres:
Approx.
500

Photo courtesy of Water Resources Center, Minnesota State University, Mankato

Carmen Fernholz began farming in southwest Minnesota in 1972, and began organic practice in 1975. He now has approximately 500 acres of certified organic corn, soybeans, and small grains.

When he was in his twenties and in the early years of his career, Carmen says that mentorship from more experienced farmers made a huge impact on him. At the time, commercial fertilizers were beginning to be introduced into farming, with some opting not to go in that direction.

Now, Carmen is a mentor for the next generation. He is in the process of transitioning his operation to a younger farmer, who lives a few miles down the road and plans to keep it organic. Over the years, the two have worked together to plan the transition. Though he is still active in the operation, 2020 is the first year that Carmen is officially retired. Soon, he will introduce a cow-calf herd, while the younger farmer manages the rest.

As Carmen reflects on his career, he notes the ways crop insurance has been beneficial. As organic production has changed shape in the past few decades, so too have organic options for crop insurance.

Finding a good agent

Carmen became aware of crop insurance when it was required for a Farm Service Agency (FSA) program he was looking into. In those early years, Carmen purchased federal Multi-Peril Crop Insurance (MPCI) and occasionally added private hail coverage. Over time, insurance became increasingly meaningful as he invested more money in his crops. He would soon learn the importance of finding an agent who understood the details of his operation. Upon switching to a new agent, he appreciated that the agent took time to thoroughly explain his options to him. He's stayed with the agent ever since.

“ It was the first time that I really understood what crop insurance could do for a person. That crop insurance agent has been really critical for me. ”



“One day, at about 5 a.m., a severe windstorm hit our area. At 7 a.m., I had a call from my agent, wondering what my crop looked like.”

One example Carmen cites is that every year, his agent prepares a spreadsheet for him showing a price breakdown of his different coverage and price options. For a MPCI revenue protection policy, coverage levels are available from 50 to 85 percent, by 5 percent intervals. Carmen's agent will show him what 85 percent would cost, what 80 percent would cost, etc. and also walk him through potential scenarios of loss and payment with each option. Carmen said he appreciates this service from the agent, because it helps him visualize what will work best for him.



FINDING A GOOD AGENT AND THE NEXT GENERATION WITH CARMEN FERNHOLZ, CONTINUED

Finding a good agent, continued

In another instance, Carmen wanted to grow and insure dry field peas. However, Risk Management Agency (RMA) operates on a county level, and insurance was not available in his county for the crop. So, his agent filed a request for actuarial change and, in time, was able to get Carmen's dry field peas insured in the county.

“ If there is one takeaway, it's that your experience with crop insurance is going to be dependent on your crop insurance agent. ”

Crop insurance for the next generation of organic farmers

Carmen has seen a number of changes made for organic crop insurance throughout his career. He began purchasing crop insurance at conventional prices, but had to pay a higher premium. Now, organic producers can purchase revenue protection with organic prices, and in some cases, even insure at contract prices. Over the years, Carmen has also had good experiences throughout the claims process.

“ In organic farming, weather is a big factor, especially row crop farming where your weed challenges can get ahead of you very quickly if the weather doesn't cooperate. One particular soybean field was planted, but cultivating conditions were never close to ideal. So, the field absolutely got overwhelmed by weeds. When I talked to my agent, he got the adjuster out there, and he understood immediately what the challenge was, and why the weeds had taken over the soybeans. So, we ended up filing a claim due to the weather conditions. ”

The farmer said those weather conditions and events seem to have become more severe than they were 20 or 30 years ago. As he begins to think about the next generation of organic farmers, Carmen knows crop insurance is arguably more important for them, not only because of weather concerns, but also the investment required of beginning farmers.



“When I started farming, I had very little investment in equipment and land. Of course, as I wanted to ratchet up my operation, my debt load increased. But, with most young farmers today, even if they want to get into farming, they're going to have to accept a significant debt load from day one. Without any crop insurance, a young farmer with a crop failure one or two years is not going to be able to continue farming.”

Q: Why do you buy crop insurance?

A: I buy crop insurance so I can sleep at night.

