

CROP INSURANCE AND HEMP THE WHOLE FARM APPROACH

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Whole Farm Revenue

- Whole Farm Revenue Protection is unique. It is not insuring a specific crop but rather insuring the revenue of the whole farm, no matter what it produces.
- Hemp can be insured as one of the products that contributes to the revenue of the whole farm.



Photo: Maria Pagan



Hemp and Crop Insurance

- For 2020 Crop Year
 - “The Whole-Farm Revenue Protection (WFRP) is available beginning the 2020 crop for hemp grown for fiber, flower, or seeds.”

Source: www.farmers.gov/manage/hemp - 11/11/2019



Photo: Elmor2, Wikimedia.org



Hemp Coverage Restrictions

- Producers can now purchase WFRP coverage if
 - they have a contract for the purchase of the insured industrial hemp and
 - meet all applicable state, tribal, and federal regulations
- WFRP provisions state that hemp having THC above the 0.3% compliance level **will not** constitute an insurable cause of loss
- Hemp is not eligible for otherwise available prevented planting option
- RMA is currently looking at additional insurance options for hemp producers

Source: www.farmers.gov/insurance/hemp - 11/1/2019



Hemp Coverage Restrictions

- Industrial hemp grown without a valid marketing contract is not insurable, even if the insured's farm operation has a marketing contract for a portion of the industrial hemp planted acreage. Any revenue produced from uninsurable hemp acreage will be included as Revenue to Count (RTC).
 - **Example:**
The insured has a marketing contract for 50 acres of industrial hemp valued at \$50,000. However, the producer produces 100 acres of industrial hemp and sells all 100 acres for \$100,000. At claim time, \$100,000 will be included as RTC."

(RMA 2020 WFRP Policy Handbook, page 102)

Source: www.farmers.gov/manage/hemp - 11/11/2019



What Can Be Insured Under WFRP?

- Almost any agricultural crop or livestock product
 - no show, sport or pet animals or forest products
- Does not cover on-farm value added products
 - grapes not grape jam
- All counties in all 50 states
- Any marketing channel
 - wholesale, retail, direct market



Photo: USDA-RMA, www.rma.usda.gov



Whole-Farm Revenue Protection

- Insures WHOLE farm revenue based on all crop or livestock product(s)
- Premium rate discount increases with each added product up to seven products- incentivizes diversity
- Five years of submitted tax forms or three years if beginning farmer (10 years or less)
- Covers liability up to
 - \$8.5 million for crops;
 - \$2 million for livestock; nursery/greenhouse



The Opportunities of WFRP

- WFRP is the only federal insurance option for many crops and livestock products in certain counties
- Provides insurance for diverse operations
- Organic pricing is embedded in crop and livestock income history upon which coverage is based (unlike lower non-organic pricing)
- Having crop insurance can assist in qualifying for loans for your farm business

