

2014 Changes for Organic Crop Insurance



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Organic producers will see changes in the Organic Crop Insurance Program for 2014. Beginning in the 2014 crop year, RMA will:

1. allow organic producers growing crops under contract to use the contract price as their “price election” (if authorized on the actuarial table for the crop in the county);
2. begin to evaluating emerging organic crops for new organic price elections;
3. establish new organic transitional yields (T-yield) for the 2014 crop year and forward; and
4. no longer charge organic producers a 5 percent surcharge on their organic crop insurance policies.

What Will Remain the Same in 2014

RMA will continue to provide organic crop insurance coverage for 1) certified organic acreage, 2) transitional acreage, acres that utilize organic farming practices, but have not been certified organic yet, and 3) buffer zone acreage. Coverage is available for crops grown with organic practices when there is a premium rate for the organic practice contained in the actuarial documents or there is an approved written agreement. Organic producers should talk with their crop insurance agent to determine if their specific crop has organic coverage. To find a list of crop insurance agents, see www.rma.usda.gov/tools/agent.html.

Insured losses will be from the following causes:

- Drought;
- Excess moisture;
- Freeze;
- Hail;
- Insect damage;
- Disease;
- Weeds – if the recognized organic practice fails to provide an effective control method that results in a loss; and
- Prevented planting.

Non-insurable losses include those stemming from
1) contamination from an application or drift of a prohibited substance onto organic, transitional, or buffer zone acreage and
2) failure to comply with organic standards.

When filing an acreage report, producers will need to have:

1. A current organic plan and recent written certification (certificate) in effect from a certifying agent for certified organic acreage.
2. A certificate or written documentation from a certifying agent indicating that an organic plan is in effect for transitional acreage. Acreage transitioning to a certified organic farming practice without an organic certificate or written documentation from a certifying agency is only eligible for insurance as a conventional farming practice.
3. For both certified and transitional acreage, records from the certifying agent showing the specific location of each field of certified organic, transitional, and buffer zone area, and the number of acres maintained or not maintained under organic farming practices.

Organic growers will need to keep separate records for the actual production history (APH) of their conventional, transitional, and certified organic acreage. Buffer zone acres should be added to the organic field's acres that it buffers. For example, the buffer zones' production history should be included with the buffered certified organic acreage production history.



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Organic producers may have a new contract price option under a guaranteed contract. These producers will be able to use the prices established in their contract as their price election, if certain conditions are met, in place of the RMA-issued prices when buying insurance. This allows organic producers to get a crop insurance guarantee that is more reflective of the actual value of their crops.

2014 Changes

1. Contract Price Option

Beginning in crop year 2014, organic producers may have a new contract price option under a guaranteed contract. These producers will be able to use the prices established in their contract as their price election (if authorized on the actuarial table for the crop in the county and any additional requirements are met) in place of the RMA-issued prices when buying insurance. This allows organic producers to get a crop insurance guarantee that is more reflective of the actual value of their crops. Organic producers will have the option to choose between their personal contract price as their price election or an existing crop insurance price elections where this option is available. This contract pricing option will be available for 60 to 70 crops in the 2014 crop year and will be available on the majority of insured organic crops.

Currently in Maryland, the contract price election is available on certified organic processing apples, either irrigated or non-irrigated, on certified organic irrigated or non-irrigated oats, certified organic fresh market

tomatoes, certified organic green peas, certified organic fresh or processing peaches, certified organic processing beans, certified and transitional organic sweet corn, and certified organic tomatoes. Table 1 contains the organic crops and counties where the contract price election is available.

2. New Organic Price Elections

RMA is currently evaluating all crops to establish organic prices for the 2014 crop year. Currently 6 to 10 crops have emerged as the most promising for new organic price elections. These include apricots, apples, blueberries, oats, mint, millet. In some cases, premium organic price elections will be available only in certain locations and for certain types of crops given the availability of data. RMA is continuing to expand the premium organic price elections when data becomes available.

For all other organic and transitional crops, the price elections, insurance amounts, projected prices, and harvest prices are the same as price elections, insurance amounts, projected prices, and harvest prices RMA publishes for the conventionally grown crop for the current year.

3. Adjusted Organic Transitional Yields (T-Yields)

Beginning with the 2014 crop year, organic T-yields will be changed to reflect the actual organic farming experience. T-yields prior to 2014 will not be changed and can be used in production yield histories. Generally, every 3 years T-yields will be updated to reflect changes that occur over time.

4. Removal of 5-Percent Surcharge

Beginning with the 2014 crop year, organic producers will also no longer be charged a 5-percent organic surcharge for any crop insurance policy (unless the actuarial table specifies otherwise).

Conclusion

The Organic Crop Insurance Program provides a viable risk management tool in organic production. For more information on USDA-RMA's Organic Crop Insurance Program please visit, www.rma.usda.gov/news/currentissues/organics/. Producers should talk to a crop insurance agent for specific information and deadlines for the relevant crops. To find a list of crop insurance agents, see: www.rma.usda.gov/tools/agent.html.

Table 1

Maryland Counties With Contract Price Election Allowed & Available Organic Crops

County	PROCESSING APPLES - Certified organic and either irrigated or non-irrigated	OATS - Certified organic and either irrigated or non-irrigated	FRESH MARKET TOMATOES - Certified Organic	GREEN PEAS - Both certified organic and transitional
Allegany	X			
Baltimore		X		X
Calvert				
Caroline			X	X
Carroll	X	X		X
Cecil	X			
Dorchester			X	X
Frederick	X	X		
Garrett		X		
Harford	X	X		
Kent				X
Queen Anne's				X
Somerset	X		X	
Talbot				X
Washington	X	X		
Worcester			X	
County	PEACHES - Fresh or processing and certified organic	PROCESSING BEANS - Irrigated or non-irrigated and certified organic	SWEET CORN - Transitional and certified organic and irrigated or non-irrigated	TOMATOES - Certified organic and irrigated or non-irrigated
Allegany				
Baltimore		X		
Calvert	X			
Caroline		X	X	
Carroll	X	X		
Cecil	X			X
Dorchester		X	X	X
Frederick	X			
Garrett				
Harford	X	X		
Kent		X	X	X
Queen Anne's		X	X	X
Somerset		X		X
Talbot		X	X	X
Washington	X			
Worcester		X		X

Source: USDA -RMA

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References:

Berry, John. "Organic Crop Insurance Explained." *Farm and Dairy*, June, 2013.

USDA-RMA. *Organic Farming Practices*. Washington DC: U.S. Department of Agriculture/A Risk Management Agency Fact Sheet, May, 2013. Available at <http://www.rma.usda.gov/pubs/rme/2013revisedorganicsfactsheet.pdf>.

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Authors



L. Paul Goeringer
Extension Legal Specialist
and Economist



Lori Lynch
Professor
Extension Economist



**University of Maryland
Department of Agricultural
and Resource Economics**

**Symons Hall, Room 2119
College Park, MD 20742
<http://agresearch.umd.edu/CANRP/>
(301) 405-1293**