THE 2014 FARM BILL:
Whole Farm Revenue Protection
(and other related crop insurance issues)

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What Do We Know?

• There is a Farm Bill and it has been signed into law
  – Agricultural Act (AA) of 2014

• It is over 930 pages long
  – Will likely be over 20,000 pages long after USDA has written implementation rules for all programs
Disclaimer

• Information provided here is based on my reading of the Bill and other available materials regarding the contents of the Bill.

• There will likely be differences in my interpretation and final regulations.
Whole Farm Crop Insurance

• 2014 Farm Bill required development of a whole farm crop insurance policy (Title XI, Sec. 110222)

• Primarily because specialty, organic, and diversified crop farmers have historically been underserved
  – Specialty crops: fruits, nuts, vegetables (including strawberries)
Figure 4. Share of Specialty Crop Acres Insured, 2011

Fruit and Nut Crops Market Penetration

- PRUNES
- ORANGES
- GRAPEFRUIT
- ALMONDS
- CRANBERRIES
- MACADAMIA NUTS
- BLUEBERRIES
- LEMONS
- CHERRIES
- PLUMS
- APPLES
- TANGELOS/MANDARINS
- GRAPES
- PEACHES
- FRESH NECTARINES
- FIGS
- AVOCADOS
- PEARS
- FRESH APRICOTS
- WALNUTS
- BANANA
- PAPAYA

Penetration Rates:
- 0% to 10%
- 10% to 20%
- 20% to 30%
- 30% to 40%
- 40% to 50%
- 50% to 60%
- 60% to 70%
- 70% to 80%
- 80% to 90%
- 90% to 100%

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<table>
<thead>
<tr>
<th>Crop</th>
<th>Acres</th>
<th>Crop</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrots, processing</td>
<td>12,790</td>
<td>Squash 1/</td>
<td>50,200</td>
</tr>
<tr>
<td>Cucumbers, processing</td>
<td>85,000</td>
<td>Watermelons, fresh</td>
<td>138,600</td>
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<tr>
<td>Spinach, processing</td>
<td>10,200</td>
<td>Blackberries</td>
<td>7,300</td>
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<tr>
<td>Artichokes 1/</td>
<td>7,400</td>
<td>Boysenberries</td>
<td>500</td>
</tr>
<tr>
<td>Asparagus 1/</td>
<td>28,900</td>
<td>Raspberries</td>
<td>17,500</td>
</tr>
<tr>
<td>Broccoli 1/</td>
<td>133,300</td>
<td><strong>Strawberries</strong></td>
<td>58,660</td>
</tr>
<tr>
<td>Cantaloupes, fresh</td>
<td>72,590</td>
<td>Tart cherries</td>
<td>36,000</td>
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<tr>
<td>Carrots, fresh</td>
<td>75,400</td>
<td>Dates</td>
<td>8,200</td>
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<tr>
<td>Cauliflower 1/</td>
<td>37,680</td>
<td>Guavas</td>
<td>110</td>
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<tr>
<td>Celery 1/</td>
<td>28,700</td>
<td>Kiwi fruit</td>
<td>4,200</td>
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<tr>
<td>Cucumbers, fresh</td>
<td>42,850</td>
<td>Olives</td>
<td>41,500</td>
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<td>Garlic 1/</td>
<td>25,650</td>
<td>Papayas</td>
<td>1,300</td>
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<td>Honeydews, fresh</td>
<td>14,750</td>
<td>Hazelnuts</td>
<td>29,500</td>
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<td>Lettuce, fresh</td>
<td>273,000</td>
<td>Pistachios</td>
<td>153,000</td>
</tr>
<tr>
<td>Spinach, fresh</td>
<td>35,700</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,157,480</strong></td>
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</tbody>
</table>

1/ Includes fresh and processing.
Whole Farm Crop Insurance

• New whole farm crop insurance policy meant to expand & improve upon existing whole-farm revenue programs:
  – AGR and AGR-Lite

• AGR & AGR-Lite have been lightly used since its introduction in 1999
  – In NC, 3 AGR-Lite policies sold in 2013
Whole Farm Revenue Protection

• In May 2014, the FCIC approved the Whole Farm Revenue Protection (WFRP) pilot policy to be offered by RMA in 2015

• WFRP allows farmers to insure all crops (& livestock) at once, rather than insuring commodity-by-commodity
  – Expands options for diversified producers
WFRP Program Features

• **Revenue insurance**
  – Revenue coverage from tax records

• **Expanded coverage levels from 50% to 85% of gross farm revenue**

• **Premium subsidy of up to 80% when at least two crops are grown**

• **Further premium discounts with increased diversification (at higher coverage)**
WFRP Program Features

• Expanded coverage to allow incidental processing expenses needed to bring commodity to market
  – Washing, trimming, and packaging costs

• Increased liability limit to $8.5 million
  – Compared to $6.5 million for AGR & $1 million for AGR-Lite
WFRP Availability

• “Pilot” policy – which means only available in select geographical regions starting 2015
  – Will be made available where AGR & AGR-Lite is offered
  – In 2015, should be available in all states
    • Except: AK (some counties), AR, CA (some counties), LA, MS, OK, TX
Whole Farm Revenue Protection

• Attractive option for:
  – Diversified farms (with specialty crops)
  – Farms with integrated grain & livestock systems
  – Organic producers who grow crops without organic price elections (for insurance)
  – Single commodity farms not insurable under other RMA policies (strawberries)
  – Farms that sell to direct markets, local markets
Food Safety Insurance

• 2014 Farm Bill required studies to determine the feasibility of offering policies to cover food safety and contamination-related losses
  – To cover production or revenue losses from government, retail, or national consumer group announcements of a health advisory, removal, or recall due to contamination
Weather Index Insurance

- 2014 Farm Bill also allowed RMA to conduct pilot programs that would provide financial assistance to specialty and livestock growers for purchase of index-based weather insurance
  - Purchase weather index insurance from a private provider
  - Up to 60% premium subsidy
Take Home Messages

• WFRP has potential to be an attractive risk management option for strawberry growers (especially diversified operations)

• “Wait and See” attitude for now
  – The devil is in the details!
  – There are still questions about complexity & paperwork requirements
For More Information on WFRP

• Call your Crop Insurance Agent!

• See the RMA Website:
  – Note: Sales closing date is 2/28/2015
Thank You!

- Questions? Contact:
  
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