



CENTER *for* RURAL AFFAIRS

# CROP INSURANCE: TAKING A LOOK AT ACCESS IN IOWA AND NEBRASKA

BY ANNA JOHNSON | JUNE 2020

## I. INTRODUCTION

Family farms are the backbone of rural communities in the Midwest. Farms rely on sound risk management options and practices, and federal crop insurance is a central tool for many farms to manage risk. However, crop insurance is not available to all farms and ranches. While there is a wide diversity of crops and livestock produced in the United States, the top four covered by crop insurance are corn, wheat, soybeans, and cotton. In 2019, of the \$109.6 billion of liability insured across all federal crop insurance policies, these four crops represented \$80.8 billion of that total.

In Iowa and Nebraska, crop production is dominated by corn and soybeans. In 2017, they represented 97.7 percent of the value of production in Iowa and similarly 90 percent in Nebraska. However, hundreds of farms in those states produce hundreds of millions of dollars of other crops, as shown in Table 1<sup>1</sup> on page 2, many of which have no insurance product available.

On-farm diversification can be an important strategy for mitigating risk, but lack of access to reliable crop insurance is one reason many farmers avoid incorporating additional crops into their operation. To support these farmers, the Center for Rural Affairs has engaged in outreach on crop insurance to underserved producers for several years. The research paper, “New Option for Farm Risk Management: Whole-Farm Revenue Protection Usage in Nebraska,” released in 2017, documents outreach efforts on the Whole-Farm Revenue Protection (WFRP) crop insurance product.<sup>2</sup>

In 2019, Center staff broadened their approach with farmers in Iowa and Nebraska to learn about crop insurance needs and the ways available crop insurance products do or do not serve their operations. While the conversations with many farmers focused on the broader subject of crop insurance, WFRP was a central topic in many of the conversations because of its potential to provide coverage and risk management for more operations.

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1 “Census of Agriculture, 2017 Publications.” National Agricultural Statistics Service, U.S. Department of Agriculture, April 11, 2019, [nass.usda.gov/Publications/AgCensus/2017/index.php](http://nass.usda.gov/Publications/AgCensus/2017/index.php). Accessed May 2020.

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2 Johnson, Anna, and Glen Ready. “New Option for Farm Risk Management: Whole-Farm Revenue Protection Usage in Nebraska.” Center for Rural Affairs, September 2017, [cra.org/NewOptionForFarmRiskManagement](http://cra.org/NewOptionForFarmRiskManagement). Accessed May 2020.

**TABLE 1: VALUE OF SELECT CROP PRODUCTION IN 2017**

Crop type	Nebraska		Iowa	
	Value	Number of farms	Value	Number of farms
Other grains*, oilseeds, dry beans, and dry peas	\$250,925,000	1,835	\$14,846,000	1,600
Vegetables, melons, potatoes, and sweet potatoes	\$93,461,000	428	\$20,253,000	1,119
Fruits, tree nuts, and berries	\$3,431,000	345	\$10,869,000	985
Nursery, greenhouse, floriculture, and sod	\$51,771,000	327	\$144,324,000	637

*Note: Excluded from "other grains" are corn, wheat, soybeans, sorghum, barley, and rice.*

## II. WHOLE-FARM REVENUE PROTECTION

WFRP has existed since 2015, and was expanded to all counties in all states in 2016. It offers insurance to cover the revenue of an entire operation, instead of covering yield or revenue of a specific crop. Farmers work with their crop insurance agents to establish their revenue history and expected revenue for the coming year, and can purchase a WFRP policy that covers between 50 to 85 percent of revenue loss. Through WFRP, farmers and ranchers can purchase coverage for a wider variety of crops and livestock than with other available insurance products. See Table 2 on page 3.<sup>3</sup>

## III. FINDINGS FROM THE CENTER'S OUTREACH AND EDUCATION EFFORTS ON CROP INSURANCE

Under this project, the Center for Rural Affairs continued its efforts from 2017 to conduct outreach and education on crop insurance. The organization held six webinars over two enrollment seasons, which have had more than 800 total views to date. In addition, they released

three fact sheets (see Appendix A) on crop insurance products, including one in Spanish.

The Center also worked with approximately 135 individuals to share educational materials and discuss their crop insurance options over 18 months. From those conversations, staff gathered valuable feedback about the availability of crop insurance and how it serves the needs of businesses.

The following patterns of farmers' knowledge and understanding of crop insurance emerged from this work.

### A. KNOWLEDGE ABOUT CROP INSURANCE

From conversations with farmers who have not used crop insurance before, staff observed a general lack of understanding of how crop insurance works and where to learn more, which the Center worked to address with outreach and education efforts. By far, the most popular webinar released by the Center for Rural Affairs was "Crop Insurance for Beginners," in January 2019, which has garnered more than 600 views to date. However, staff found that, for many farmers, significant support was still needed if they were to ultimately purchase insurance, ranging from identifying an agent willing to work with them to selecting the appropriate insurance product for their operation.

3 "Summary of Business." U.S. Department of Agriculture, Risk Management Agency, [prodwebnlb.rma.usda.gov/apps/SummaryofBusiness/ReportGenerator](http://prodwebnlb.rma.usda.gov/apps/SummaryofBusiness/ReportGenerator). Accessed May 2020.

**TABLE 2: PARTICIPATION IN WHOLE-FARM REVENUE PROTECTION IN SELECT STATES**

State	Whole-Farm Revenue Protection policies sold			Total liabilities		
	2017	2018	2019	2017	2018	2019
Colorado	126	127	105	\$103,513,008	\$102,647,347	\$86,013,812
Illinois	65	29	18	\$56,974,110	\$25,346,616	\$13,480,848
Iowa	27	20	13	\$11,785,932	\$10,763,561	\$5,489,176
Kansas	23	20	11	\$13,685,358	\$10,427,516	\$6,020,333
Minnesota	24	25	23	\$20,220,702	\$18,188,063	\$18,099,636
Missouri	35	18	11	\$19,834,271	\$7,835,325	\$5,674,037
Nebraska	27	22	17	\$22,767,673	\$11,868,599	\$10,036,113
North Dakota	46	34	16	\$39,803,429	\$22,260,735	\$8,754,017
South Dakota	96	79	54	\$43,588,560	\$53,521,534	\$33,832,907
Wisconsin	31	26	9	\$19,242,148	\$17,634,362	\$11,051,338
Wyoming	9	12	12	\$3,209,542	\$4,471,191	\$3,342,371
<b>U.S. total</b>	<b>2,836</b>	<b>2,532</b>	<b>2,226</b>	<b>\$2,826,880,160</b>	<b>\$2,674,817,974</b>	<b>\$2,356,841,919</b>

### **B. WHILE ALL PRODUCERS ARE CONCERNED ABOUT RISK, MANY STILL DO NOT SEE CROP INSURANCE AS A VIABLE OPTION**

The farmers had a wide variety of operations—from a few head of livestock and diversified orchards to hundreds of goats and row crop farmers with a third small grain in rotation. A pattern was found among these farmers: they understood that crop insurance is most often purchased by row crop farmers, and if they manage a different type of operation they do not see crop insurance as a viable risk management strategy.

Some of the reasons these producers gave for not being interested in pursuing crop insurance included:

- Figuring out insurance for the first time isn't a priority with other demands of their time.
- Some producers felt that being diversified was sufficient risk management.
- They feel their operations or income are too small to merit the effort required to purchase insurance.
- One of their concerns is pesticide drift, particularly for certified organic and fruit and vegetable growers. Crop insurance does not cover damage from pesticide drift (a human-caused loss rather than natural caused loss).

### C. WHOLE-FARM REVENUE PROTECTION—SPECIFIC BARRIERS

WFRP is available in all counties of all 50 states, and may be a viable product for many of the producers the Center for Rural Affairs worked with. While many of them looked into it, very few purchased it. Those who did faced notable challenges during the duration of their policies. Reasons they shared included:

- Their crop insurance agent advised against it, sharing that, in their opinion, WFRP is not a good product, or that agents' lack of experience with it in this region makes it difficult to purchase and use successfully.
- The burden of paperwork was too great, for both the farmers and the agents.
- WFRP is not built to accommodate a crop-sharing arrangement.
- At least one farmer who had purchased WFRP found it difficult to file a claim and receive an indemnity payment, in part, seemingly due to the agent's lack of understanding of the product.

### IV. RECOMMENDATIONS

The farmers worked with under this project are all creative and hardworking individuals, and many of them see pursuing alternative markets and operations as a risk management strategy. These producers deserve equal access to crop insurance; however, for many of them, individual crop insurance products are not available, and WFRP has not proven to be an accessible or appealing product to them.

Nationwide, WFRP has shown strong appeal for specific groups of producers. From 2015 to 2017, 25 percent of the value of nationwide agricultural production that WFRP policies covered was for apples, by far the most popular crop.<sup>4</sup> This trend bore out in the Center's farmer interviews, with some of the producers expressing

4 Morris, Mike, et al. "Is Organic Farming Risky? Improving Crop Insurance for Organic Farms." National Center for Appropriate Technology, 2019, [organic-center.org/wp-content/uploads/2019/11/Is-organic-farming-risky\\_ATTRA.pdf](https://organic-center.org/wp-content/uploads/2019/11/Is-organic-farming-risky_ATTRA.pdf). Accessed May 2020.

confusion about WFRP and not understanding who the ideal audience was for the product.

In Iowa and Nebraska, several types of operations can benefit from WFRP, and Center staff found that outreach and education must be tailored to reach producers. For example, an apple orchard in Iowa that markets through pick-your-own and farmers markets will have very different sales records than an operation that sells organic specialty small grains, which will impact the records they have available when purchasing a WFRP policy. This project was an important step in this direction; however, more work needs to be done to provide farmers the support they need to purchase insurance.

The Center for Rural Affairs offers the following recommendations to continue to increase diverse farmers' access to insurance.

1. The Risk Management Agency should work with insurance companies and stakeholder groups to release case studies on the recordkeeping required for different types of operations to purchase WFRP. For example, three audiences who might benefit the most from improved access to WFRP in Iowa and Nebraska are orchardists, certified organic operations, and operations with small grains in their row crop rotation.
2. Improve annual training for agents to better understand WFRP, and establish crop insurance hubs of expertise in every region where farmers and agents can receive assistance. In addition, increase agent fee levels for WFRP, as the policies are generally more complicated to write.

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### ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities. This institution is an equal opportunity provider and employer.

# APPENDIX A



# FACT SHEET: CROP INSURANCE 101



## What is federal crop insurance?

- Insurance against crop loss from natural causes such as drought or disease. Some products offer insurance for lost revenue, whether due to low yields or changes in market price.

## Benefits to having crop insurance:

- Helps manage risk and protects against yield loss or price declines.
- Many banks require proof of crop insurance to qualify for loans.

## Causes of loss that crop insurance covers:

- Depends on the insurance plan.
- Natural causes are usually covered, such as drought, excessive moisture, hail, wind, frost, insects, and disease.
- Changes in price can be covered.
- Not covered: damage from pesticide drift, fire, negligence, failure to follow Good Farming Practices, and others.

**Good Farming Practices are defined by Risk Management Agency as “the production methods utilized to produce the insured crop and allow it to make normal progress toward maturity and produce at least the yield used to determine the production guarantee or amount of insurance, including any adjustments for late planted acreage, which are those generally recognized by agricultural experts or organic agricultural experts, depending on the practice, for the area.”**

## Important things to know for beginning farmers:

- Those buying crop insurance during the first five years of farming are considered beginning farmers, unlike other U.S. Department of Agriculture programs. The exception is **Whole Farm Revenue Protection**, which considers those with 10 or fewer years of farming experience as beginning farmers.
- Sometimes you will qualify for higher subsidies on your crop insurance, such as a 10 percent bonus on your premium.
- Fees for buying catastrophic risk protection coverage are waived.
- Production histories from farms you were involved with in the past can be used even if you're not currently farming there.

## Is crop insurance right for you?

- Consider the level of risk your farm or ranch has throughout the season. Are there certain times when your production is more vulnerable and you could experience a major loss? You might wish to purchase crop insurance against that loss.
- What is your debt level? Could a major loss significantly impact your ability to repay your loans? If so, crop insurance might be a good idea to help you protect against a loss.
- Or, is your operation so diversified that your risk is spread over several enterprises and seasons? Risk management may be built into your business model, and crop insurance may not be needed.



## Useful preparation when searching for a crop insurance agent:

- If you have a more unusual farm model, have materials on hand about your type of operation in case education is needed.
- Insurance agents rely on business from producers like you—if the first one you call isn't a good fit, another one will be.
- Look up crop insurance agents in your area using Risk Management Agency's Agent Locator. All multi-peril crop insurance, including catastrophic policies, are available from private insurance agents. [rma.usda.gov/en/Information-Tools/Agent-Locator-Page](https://rma.usda.gov/en/Information-Tools/Agent-Locator-Page)

## After identifying an agent:

- Work with your agent to understand several important details, such as: 1) premium cost, 2) premium due date, 3) required reporting, 4) how and when to file a claim.
- Nobody wants to have a loss, but speak with your agent about how to be prepared. The window required to submit documentation of a loss is usually 72 hours. Ask your agent about what information you will need to collect after a loss for your claim to be valid.

## Covering organic crops:

- Policies for specific organic crops are available in certain counties, and 80 crops have organic price elections. A premium rate for an organic practice must be specified in Risk Management Agency's actuarial documents or in an approved written agreement.
- In counties with no organic policy for a specific crop, **Whole Farm Revenue Protection** is available to cover the revenue of your entire operation, including that from organic crops.
- Crop insurance coverage is also available for acres that are transitioning to certified organic in accordance with an organic plan.

## Learn more:

- Crop insurance options available in your county (select the crop year): [webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx](https://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx)
- What would a crop insurance policy cost you? Estimate using this tool: [webapp.rma.usda.gov/apps/costestimator/Estimates/QuickEstimate.aspx](https://webapp.rma.usda.gov/apps/costestimator/Estimates/QuickEstimate.aspx)

## Other crop insurance facts:

- The Risk Management Agency, part of the U.S. Department of Agriculture, manages the Federal Crop Insurance Corporation to provide innovative products to America's farmers and ranchers.
- Risk Management Agency has public-private partnerships with crop insurance companies called Approved Insurance Providers, which sell and service insurance products in every state and Puerto Rico. In 2019, 15 companies have Approved Insurance Provider status. Risk Management Agency backs Approved Insurance Providers which share the risks associated with catastrophic losses due to major weather events.
- Approved Insurance Providers work with individual crop insurance agents to offer crop insurance. Work directly with an agent to purchase crop insurance. The Risk Management Agency subsidizes a portion of your crop insurance premium.
- Other forms of private crop insurance (like hail insurance) exist that are not subsidized by the federal government. Insurance agents can provide more information.

## What is Whole Farm Revenue Protection?

- Whole Farm Revenue Protection provides a risk management safety net for all commodities on the farm under one insurance policy and is available in all counties nationwide. This insurance plan is tailored for any farm with up to \$8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.



# FACT SHEET:

# WHOLE FARM REVENUE PROTECTION

## What is Whole Farm Revenue Protection (WFRP)?

- Federally subsidized crop insurance.
- Covers the revenue of the entire operation.
- Based on previous years' revenue level.
- Allows you to insure crops and livestock that cannot be insured otherwise.
- WFRP is available in every county of every state.

I've never been able to buy crop insurance for the crops I grow or the livestock I raise in the county where I live.

- WFRP may be a helpful risk management tool for you. It provides protection for a wide variety of crops and livestock where coverage was not previously available.

## What crops or livestock will WFRP cover?

WFRP protects your farm against the loss of farm revenue on a wide variety of commodities:

- Which can include fruits, vegetables, nuts, organic crops, specialty grains, and livestock.
- That are produced during the insurance period, whether they are sold or not.
- Which are purchased for resale during the insurance period.
- Except timber, forest, and forest products; and animals for sport, show, or pets.

## WFRP rewards farmers and ranchers with diversified operations.

- A higher subsidy and lower premium level is available if you grow or raise several commodities. Speak with your insurance agent to learn more.



## What does WFRP cover, and at what level of coverage?

- Similar to many other crop insurance products, you can purchase WFRP for losses ranging from 50 to 85 percent. Catastrophic coverage is not available.
- A policy can cover up to \$8.5 million in insured revenue.
- There are limits on the amount of coverage you can purchase for livestock and for nursery revenue: \$1 million in revenue for both. The 2018 farm bill asked Risk Management Agency to consider increasing these limits. Check with your crop insurance agent for more information.
- WFRP will cover up to 50 percent in total revenue from commodities purchased for resale.
- WFRP does not cover hemp in 2019. Watch the Risk Management Agency website at [rma.usda.gov](http://rma.usda.gov) for announcements regarding hemp coverage in 2020.





## What do I need to purchase WFRP?

- Identify a crop insurance agent to work with. Research crop insurance agents by using Risk Management Agency's Crop Insurance Locator tool at [rma.usda.gov/Information-Tools/Agent-Locator-Page](http://rma.usda.gov/Information-Tools/Agent-Locator-Page)
- Collect the Schedule F form from your tax records for the previous five years. If you are a beginning farmer, provide three years of tax documents. Under WFRP, you are considered a beginning farmer or rancher if you have 10 or fewer years of farming experience.
- If your operation is growing, gather information about that, such as documentation of increased acres, adding equipment, or other records.
- WFRP can insure an increase in your inventory of a particular commodity. Work with your insurance agent to file a beginning inventory report.
- Work with your agent to determine expected value and yield for the coming year. Pricing documentation may be needed.
- The filing deadline for WFRP in many states is March 15, but it is never a bad time to begin building relationships with insurance agents.

## What questions should I ask my agent about WFRP?

- Talk with your agent about what to do if you experience a loss.
- Your agent will likely tell you that within 72 hours of discovering your revenue may be dropping below your insured level, you will need to submit a "notice of loss."
- Since the final loss is determined by your revenue for the year, after you file your taxes for that year, you will then file your claim. A claim needs to be submitted within 60 days of submitting your tax forms to the Internal Revenue Service.

## How does WFRP work with my other crop insurance?

- WFRP can be combined with other insurance products. Speak with your agent to learn more.

## What documentation about my operation is required?

- Similar to other crop insurance plans, you file three reports with your agent: an intended farm operation report, a revised farm operation report, and a final farm operation report.

## What losses are covered under WFRP?

- Loss of revenue due to unavoidable natural causes that occur during the insurance period. This can include a decline in market price unless the Federal Crop Insurance Corporation specifically determines otherwise.

## My operation is growing and my revenue next year is projected to be much higher than it has been for the previous five years. Can I still benefit from WFRP?

- Yes. WFRP includes provisions that allow you to insure higher projected revenue based on expansions within your operation. Speak with your insurance agent to learn more.

## Learn more:

- Risk Management Agency: [rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection-2019](http://rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection-2019)
- Risk Management Agency's Cost Estimator Tool: [webapp.rma.usda.gov/apps/costestimator/](http://webapp.rma.usda.gov/apps/costestimator/)

## How can I decide if crop insurance is right for me?

- Is there a time in the season when a high portion of your revenue for the calendar or fiscal year is in the field and vulnerable to revenue? Crop insurance might be for you.
- If you experience a major loss of revenue, would you have trouble paying your debts? Crop insurance might be a helpful risk management tool for you.
- Are you highly diversified with risk spread across several crops and enterprises? Your business model might be sufficient for risk management.
- Speak with an insurance agent to learn more.



# FACT SHEET:

# LIVESTOCK REVENUE INSURANCE FOR FEEDER CATTLE



## What is livestock revenue insurance?

- Livestock revenue insurance includes insurance products that protect a producer against a decline in revenue reflected in the market.

## Types of livestock revenue insurance

- The Risk Management Agency currently has two revenue insurance products that help livestock producers manage market risk:
  1. Livestock Gross Margin (LGM)
  2. Livestock Risk Protection (LRP)
- In addition, Whole Farm Revenue Protection (WFRP) serves as a risk management tool providing coverage for all commodities on the farm, including both crops and livestock.



## Livestock Gross Margin (LGM)

Livestock producers have limited tools available to manage price risk. Livestock Gross Margin is one insurance product that helps producers manage their risk, and can be used on any size operation.

### What Livestock Gross Margin does not cover—

Death or any other losses to the producer's feeder cattle.

**Purpose**—Livestock Gross Margin provides protection against the loss of gross margin (market value of livestock minus feeder cattle and feed costs) on feeder cattle. Livestock Gross Margin uses futures prices to determine the expected gross margin and actual gross margin and is not based on the local market.

**Eligibility**—Producers who own feeder cattle in Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, South Dakota, Texas, Utah, West Virginia, Wisconsin, and Wyoming. The feeder cattle must be both fed and sold for commercial or private slaughter for human consumption in these states.

Livestock Gross Margin policies sold in 2018	
Iowa	7
Nebraska	4
Nationwide	14

## How does Livestock Gross Margin work?

**Purchasing Livestock Gross Margin**—There are 12 insurance periods each year, each insurance period lasts 11 months. No cattle can be insured in the first month of an insurance period. Livestock Gross Margin can be purchased at authorized crop insurance agents' offices.

**Coverage**—Coverage for feeder cattle begins one full calendar month after the sales closing date—for example: for a sales closing date of Jan. 31, coverage begins March 1.

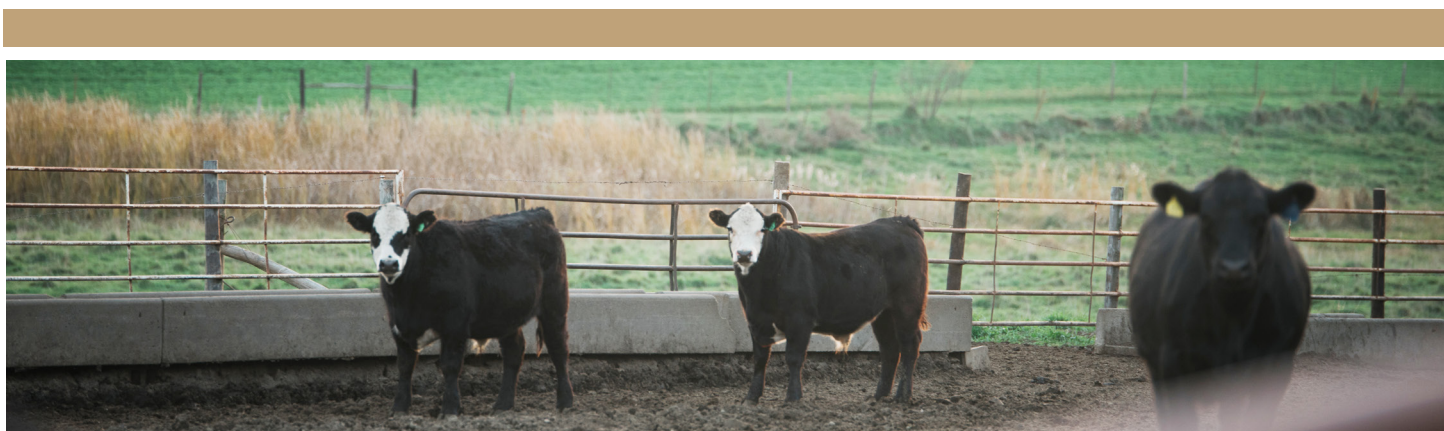
The contract change date is April 30, and the contract cancellation date is June 30 for all insurance periods.

A producer can insure all feeder cattle expected to market over an 11-month period. For example: if the insurance product is purchased on Jan. 31, the insurance coverage expires Dec. 31.

**Indemnity payments**—At the end of the 11-month insurance period, producers compare the gross margin guarantee on their policy to their actual gross margin. If their actual gross margin is lower than the gross margin guarantee, they can file for an indemnity payment under their Livestock Gross Margin policy.

### For more information:

- Livestock Gross Margin for cattle insurance policy: [rma.usda.gov/-/media/RMAweb/Policies/Livestock-Gross-Margin-Cattle/2020/LGM-Cattle-Policy.ashx?la=en](https://rma.usda.gov/-/media/RMAweb/Policies/Livestock-Gross-Margin-Cattle/2020/LGM-Cattle-Policy.ashx?la=en)
- FAQ: [rma.usda.gov/News-Room/Frequently-Asked-Questions/Livestock-Gross-Margin---Cattle](https://rma.usda.gov/News-Room/Frequently-Asked-Questions/Livestock-Gross-Margin---Cattle)







## Livestock Risk Protection (LRP)

Many small- to medium-sized operations do not produce enough livestock to manage price risk with tools such as futures contracts or options, so Livestock Risk Protection offers risk management through insurance. With Livestock Risk Protection, producers have the ability to choose how many head of cattle they insure—anywhere from one cow up to the maximum of 2,000 head of cattle.

**What Livestock Gross Margin does not cover—**Death or any other losses to the producer’s feeder cattle.

**Purpose—**Livestock Risk Protection provides protection against declining livestock prices, if the price drops below the producer’s selected coverage price-level.

**Eligibility—**Producers with feeder cattle in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Livestock Risk Protection policies sold in 2018	
Iowa	61
Nebraska	1,224
Nationwide	4,815

## How does Livestock Risk Protection work?

**Purchasing Livestock Risk Protection—**Livestock Risk Protection can be purchased at authorized crop insurance agents’ offices.

**Coverage—**Coverage for feeder cattle is available for: calves, steers, heifers, predominantly Brahman cattle, or predominantly dairy cattle.

There are two weight ranges of cattle that can be covered:

1. Under 600 lbs.
2. Between 600 to 900 lbs.

Livestock Risk Protection coverage is determined by this formula:

$$\# \text{ of livestock to be marketed} \times \text{market weight} \times \text{coverage price level}$$

There is an annual limit for feeder cattle, which is 2,000 head/producer/year (July 1 to June 30).

**Coverage level options—**Range between 70 to 100 percent of expected ending value. The length of insurance coverage available is 13, 17, 21, 26, 30, 34, 39, 43, 47, or 52 weeks.

**Indemnity payments—**At the end of the insurance period, if the actual ending value is less than the coverage price, the producer may file for an indemnity for the difference between the coverage price and the actual ending value.

- $\text{Insured value} = \text{head of cattle} \times \text{coverage price} \times \text{hundredweight (CWT)}$
- $\text{Final price} = \text{price at the end of coverage period (13 weeks, 21 weeks, etc.)}$
- $\text{Actual revenue} = \text{head of cattle} \times \text{final price} \times \text{CWT}$
- $\text{Indemnity} = \text{insured value} - \text{actual revenue}$

### For more information:

- Livestock Risk Protection insurance policy: [rma.usda.gov/-/media/RMAweb/Policies/Livestock-Risk-Protection/2020/LRP-Policy.ashx?la=en](https://rma.usda.gov/-/media/RMAweb/Policies/Livestock-Risk-Protection/2020/LRP-Policy.ashx?la=en)
- Risk Management Agency Livestock Risk Protection fact sheet: [rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Livestock-Risk-Protection-Feeder-Cattle](https://rma.usda.gov/en/Fact-Sheets/National-Fact-Sheets/Livestock-Risk-Protection-Feeder-Cattle)





## Whole Farm Revenue Protection (WFRP)

Whole Farm Revenue Protection is an insurance product designed for diversified farms with up to \$8.5 million in insured revenue, not to exceed \$1 million in expected revenue from animals and animal products or nursery products. This insurance product provides coverage to producers who grow commodities (both crops and livestock) that may not be covered by other insurance products.

**Purpose**—Whole Farm Revenue Protection protects against the loss of insured revenue due to an unavoidable natural cause of loss, such as drought or disease, and can also include a decline in market price.

**Eligibility**—Producers in all counties nationwide.

**Purchasing Whole Farm Revenue Protection**—Whole Farm Revenue Protection can be purchased at authorized crop insurance agents’ offices.

Whole Farm Revenue Protection policies sold in 2018	
Iowa	20
Nebraska	22
Nationwide	2,537

*Note: Not all purchased Whole Farm Revenue Protection policies included livestock.*

For more information:

- Center for Rural Affairs Whole Farm Revenue Protection fact sheet: [cfra.org/publications/factsheet/WFRP](http://cfra.org/publications/factsheet/WFRP)
- Risk Management Agency Whole Farm Revenue Protection fact sheet: [rma.usda.gov/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection-2019](http://rma.usda.gov/Fact-Sheets/National-Fact-Sheets/Whole-Farm-Revenue-Protection-2019)

## HOW TO FIND A CROP INSURANCE AGENT:

To find a crop insurance agent, check out the Risk Management Agency’s Agent Locator Tool: [rma.usda.gov/Information-Tools/Agent-Locator-Page](http://rma.usda.gov/Information-Tools/Agent-Locator-Page)





# SEGURO DE COSECHAS 101



## ¿Que es el seguro de cosechas federal?

- Seguros protegen contra la pérdida natural de cultivos, como sequía o enfermedad del cultivo. Algunos productos cubren pérdida de ingresos, debido a bajos rendimientos o cambios en el precio de mercado.

## Beneficios de tener seguro de cosechas:

- Ayuda a gestionar el riesgo y protege contra la pérdida de rendimiento o la disminución de precios.
- Muchos bancos requieren prueba de seguros agrícolas para calificar para préstamos.

## Causas de pérdida que cubre el seguro de cosecha:

- Depende del plan de seguro.
- Causas naturales generalmente están cubiertas, como la sequía, la humedad excesiva, el granizo, el viento, las heladas, los insectos, y la enfermedad del cultivo.
- Los cambios en el precio pueden ser cubiertos.
- Lo siguiente no están cubiertos: el daño de deriva de pesticidas, el fuego, la negligencia, el incumplimiento de los “Good Farming Practices,” y otros.

“Good Farming Practices” son definidos por la Agencia para la Administración de Riesgos como “los métodos de producción utilizados para producir el cultivo asegurado y permitirle progresar normalmente hacia la madurez y producir al menos el rendimiento utilizado para determinar la garantía de producción o el monto del seguro—incluidos los ajustes por acres plantados tarde—que generalmente son reconocidos por la expertos agrícolas o expertos en agricultura orgánica, según la práctica, para el área.”

## Cosas importantes que los agricultores principiantes deben saber:

- Los agricultores que compran seguro de cosechas durante sus primeros cinco años de cultivo se consideran agricultores principiantes, a diferencia de otros programas del Departamento de Agricultura de los Estados Unidos (USDA). **El Programa Comprehensivo para la Protección del Ingreso de las Granjas (WFRP)**, es la excepción, y considera a aquellos con diez años o menos de experiencia como agricultores principiantes.
- A veces calificará para mayores subsidios en su seguro, como un bono del 10 por ciento en su prima de seguro.
- Tarifas por comprar cobertura de protección contra riesgos catastróficos son renunciados.
- Los historiales de producción de granjas en las que Ud. estuvo involucrado en el pasado se pueden usar incluso si actualmente no está cultivado allí.

## ¿Es el seguro de cosechas una buena opción para usted?

- Considere el nivel de riesgo que tiene su granja o rancho durante la temporada. ¿Hay ciertos momentos en que su producción es más vulnerable y podría tener una pérdida extrema? Es posible que debas comprar un seguro de cosechas.
- ¿Cuánta deuda tienes? ¿Podría una gran pérdida afectar significativamente su capacidad para pagar sus préstamos? Si es así, el seguro de cosechas podría ser una buena idea para ayudarlo a protegerse contra una pérdida.
- ¿O es su operación tan diversificada que su riesgo se extiende en múltiples productos y temporadas? Si es así, la gestión de riesgos probablemente ya sea parte de su negocio y el seguro de cosechas probablemente no es necesario.



## Preparaciones útiles al buscar un agente de seguros de cosechas:

- Si tiene un modelo de granja único, tenga materiales sobre su operación en caso de que necesite enseñarle al agente.
- Los agentes de seguros dependen de los negocios de los agricultores como usted. Si el primero agente con el que contacta no es suficiente, pruebe con otro.
- Busque agentes de seguros de cosechas en su área utilizando el Localizador de agentes de la Agencia para la Administración de Riesgos (RMA). Todas las pólizas de seguro de cosechas—incluidas las pólizas catastróficas—están disponibles a través de agentes de seguros privados. También puede buscar específicamente un agente que hable español. [rma.usda.gov/en/Information-Tools/Agent-Locator-Page](http://rma.usda.gov/en/Information-Tools/Agent-Locator-Page)

## Después de identificar a un agente:

- Trabaje con su agente para comprender detalles importantes, como: 1) costo de la prima 2) el último día que tiene que pagar la prima 3) informe requerido 4) cómo y cuándo presentar un reclamo.
- Nadie quiere una pérdida, pero hable con el agente sobre cómo estar preparado. Normalmente necesita informar de una pérdida durante las primeras 72 horas. Pregúntele a su agente qué información necesitaría recopilar después de una pérdida para que su reclamación sea válida.

## Seguro de cosecha con cultivos orgánicos:

- Las pólizas para cultivos orgánicos específicos están disponibles en ciertos condados, y 80 cultivos tienen elecciones de precios orgánicos. Se debe especificar una tarifa premium para una práctica orgánica en los documentos actuariales de RMA o en un acuerdo escrito aprobado.
- En los condados sin una póliza orgánica para un cultivo específico, **El Programa Comprehensivo para la Protección del Ingreso de las Granjas (WFRP)** está disponible para cubrir los ingresos de toda su operación, incluidos los cultivos orgánicos.

## Aprender más:

- Opciones de seguro de cosechas disponibles en su condado (seleccione el año): [webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx](http://webapp.rma.usda.gov/apps/ActuarialInformationBrowser/Default.aspx)
- ¿Cuánto podría costar una póliza de seguro de cosechas? Estima usando esta página: [webapp.rma.usda.gov/apps/costestimator/Estimates/QuickEstimate.aspx](http://webapp.rma.usda.gov/apps/costestimator/Estimates/QuickEstimate.aspx)

- La cobertura del seguro de cosechas también está disponible para acres que están en transición a orgánicos certificados de acuerdo con un plan orgánico.
- Para más información sobre los cultivos orgánicos de RMA en español, busca aquí: [rma.usda.gov/-/media/RMAweb/Fact-Sheets/2016/organicsfactsheet\\_Spanish.ashx?la=en](http://rma.usda.gov/-/media/RMAweb/Fact-Sheets/2016/organicsfactsheet_Spanish.ashx?la=en)

## Otros hechos sobre seguro de cosechas:

- RMA, parte del USDA, administra la Corporación Federal de Seguro de Cosechas para proporcionar productos innovadores a los agricultores y ganaderos en los Estados Unidos.
- RMA tiene asociaciones público-privadas con compañías de seguros de cosechas llamadas Proveedores de seguros aprobados, que venden y dan servicio a productos de seguros en todos los estados y Puerto Rico. En 2019, 15 compañías tienen el estado de Proveedor de seguros aprobado. RMA respalda a los proveedores de seguros aprobados que comparten los riesgos asociados con pérdidas catastróficas debido a eventos climáticos extremos.
- Los proveedores de seguros aprobados trabajan con agentes de seguros de cosechas individuales para ofrecer seguros de cosechas. Trabaje directamente con un agente para comprar un seguro de cosecha. RMA subsidia una parte de la prima de su seguro de cosechas.
- Existen otras formas de seguro privado de cosechas (como el seguro contra granizo) que no están subsidiados por el gobierno federal. Los agentes de seguros pueden dar más información.

## ¿Qué es el Programa Comprehensivo para la Protección del Ingreso de las Granjas?

- **El Programa Comprehensivo para la Protección del Ingreso de las Granjas (WFRP)** asegura una red de seguridad para todos los productos en la granja bajo una póliza, y está disponible en todos los condados de los Estados Unidos. El plan está diseñado para cualquier granja con hasta \$ 8.5 millones en ingresos asegurados, incluidas las granjas con productos especializados u orgánicos (cultivos y ganado), o aquellos que comercializan en mercados locales, regionales, de identidad de granja preservados, especializados o directos.



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