



# 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

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.”





## 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.”



## 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.



United States Department of Agriculture National Institute of Food and Agriculture



NORTH CENTRAL EXTENSION RISK MANAGEMENT EDUCATION

*This material is based upon work supported by the U.S. Department of Agriculture-National Institute of Food and Agriculture under award number 2018-70027-28586*



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