



CROP INSURANCE FOR ORGANIC OPERATIONS

ORGANIC PRICES AND REPLANT CLAIMS WITH LOGAN SHEETS



Location:
Dorchester,
Nebraska



Operation:
Organic corn, soybeans,
yellow peas, and alfalfa



Acres:
Approx.
2,100

As a farm administrator for a 100 percent organic operation in eastern Nebraska, Logan Sheets is well aware of the importance and complexities of a farm's management. Prior to his current role, Logan was employed by a small farm service company. Now, he works with the operation's field data, accounts, finances, crop plan, and organic certification, and also helps with planting, cultivating, and harvesting, when needed. Among his duties is managing the crop insurance.

To educate himself more on the topic, Logan attended a multi-day training on the federal Multi-Peril Crop Insurance (MPCI) program. The event was mostly attended by agents working to get their crop insurance license, and an organizer commented he had never had a farmer take part. Through the experience, Logan gathered ideas for his operation, as well as options to raise with their crop insurance agent.



"I went up there to just try and get a better grasp of what was going on in the crop insurance world. It's a lot to handle because you walk in once a year and try to understand what's going on, so we said, 'This needs to change. We need to have a better idea of how we're actually going to look at our risk management.'"

Coverage used

The operation Logan administrates produces food- and feed-grade corn and soybeans, along with yellow peas and alfalfa—all certified organic. They use federal MPCI revenue coverage with organic prices to cover their corn and soybeans, and also have private crop hail insurance for their corn, soybeans, and yellow peas.

They currently use MPCI at a 75 percent coverage level. When considering a higher coverage level, sometimes the premium price does not make the few percentage points worth it. At other times, a higher coverage level is necessary.

“ The coverage levels have changed a bit at certain points. When we were transitioning, [we chose] coverage levels ...a little higher because you were signing up to grow a crop as organic, but selling it at whatever you could get, such as non-GMO. So, we bumped our revenue protection up over those years, just to cover ourselves in the event of a loss. You already know those years you aren't going to make a lot of money. So, if we had a disaster with crop production, we wanted to make sure that we could cover and get back as much as possible. ”



Organic prices and certification

The U.S. Department of Agriculture's Risk Management Agency (RMA), which administers federal crop insurance, offers organic price elections to insure select commodities. This means that a number of organic crops, from corn and soybeans to oats and popcorn, can be insured at higher prices than conventional insurance offers. For their food-grade crops, Logan's team has also used the contract price option, which allowed them to insure the higher revenue expected by their set contract prices.

“ We have used the contract prices before, and I strongly recommend doing that if there are contracts on hand. For us, the process was fairly easy. We had a single contract that took up quite a bit of our production, so we were able to just submit that to our agent, and he got us that price for those acres. In my opinion, it was really painless for something that if you miss, could be really painful. ”

Organic price elections are available for certified organic operations, and the contract price option is available for certified organic and operations in transition. To be eligible, farmers must present their organic certification to their crop insurance agent, and continue to update each year as they get a new certificate.

Replant claims

Last year, Logan had to contact their crop insurance agent about a replant claim. Replant payments assist the farmer to replant an insured crop that has been damaged. To be eligible for a replant claim, a crop must have been impacted by a cause of loss covered by the insurance policy, replanted acres must have been initially planted on or after the earliest planting date, and the insurance provider must determine if it is practical to replant, among other requirements. Additionally, replant coverage is not available for every type of crop insurance, so producers should be sure to check their individual policy.

“ We called our agent and reported a replant claim. Within a couple days, they had an adjuster out and went around to every field they planned to replant on and walked around a little bit. We had to explain what and why we were replanting. ”

“It was interesting being organic and walking through that replant claim because some of our replant fields had a decent stand of corn in them, but we had gotten just totally beat by weeds. They were good about understanding that this just isn't going to work for organic. You can't go out there and spray the weeds... [all we can do is] terminate everything and replant. Even though it signed us up for more work, we were really relieved to work with the adjuster... otherwise we would've been in deep trouble.”

Q: Why is crop insurance important to your operation?

A: For us, it's all about risk management. It's nice to know that what we've worked hard for all year is covered. Of course, we'd prefer to have no weather issues, but crop insurance can hold us over until next year. The premium is worth paying as far as the risk and stress management.



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