



CROP INSURANCE FOR ORGANIC OPERATIONS

FILING CLAIMS AND THE IOWA COVER CROP DISCOUNT WITH RON MILLER



Location:
Harlan,
Iowa



Operation:
Organic corn, soybeans,
oats, and alfalfa



Acres:
Approx.
300

Ron Miller has been farming near Harlan, Iowa, since 1999. He got his start in conventional production with an off-farm job, but eventually realized he wanted to find a way to work the land full-time.

“ I had to do something different and couldn't compete with the bigger [farmers], so organic seemed like a natural place for me to take off. It looked like there was some profit potential there. ”

By 2005, Ron was transitioning sections of his ground and today, he is nearly 100 percent organic, with only 30 acres still in transition. The farmer grows corn, soybeans, oats, and alfalfa.

Crop insurance history

Ron insures his corn and soybeans with federal Multi-Peril Crop Insurance (MPCI) revenue protection, typically around 80 to 85 percent coverage. He has had MPCI for more than 10 years, but has only had coverage with organic prices for a handful of years. In 2011, the U.S. Department of Agriculture's Risk Management Agency (RMA) began offering organic prices for a number of commodities, which means that his insured revenue, or guarantee, now reflects the higher price of his organic crops.

“ You've got such a high income crop sitting there, you hate to lose any more than you have to for the amount of work you put into it. ”

Like many farmers with hail concerns, Ron also covers his corn, soybeans, and oats with a private hail policy offered by his insurance company. Perhaps less common, Ron has a unique story about purchasing hail insurance, and why he has stuck with it since.

“One Sunday evening, I was walking beans and a neighbor stopped to talk to me. He farmed conventionally, and mentioned that 'we're kind of in a hail alley.' He said that he had always bought hail insurance. Well, I thought about that. Thinking is about all you can do when you're walking beans. So, I called my agent Monday morning and asked if I could sign up, and he said yes. I decided to do that. Then, that fall, I got totally hailed out on that farm, and I got a check from it. If there's ever a lesson from above, that probably was it.”



Filing claims

In addition to his hail coverage, Ron has filed claims under his revenue protection policy, notably in drought years. He said the process differs between one-time weather events and longer-term perils that might result in lower yields.

With instances of a one-time weather event, such as hail or a severe storm, producers should contact their crop insurance agent within 72 hours. At that time, it is likely they will send a crop adjuster out to the farm to inspect the damage.

In the case of Ron's hail damage, the adjuster came out shortly after, but before making a final determination decided to let the crop mature. He returned one more time before harvest to see what was still standing. In instances of very severe damage, the adjuster may also "zero out" the field and release the crop back to the farmer to destroy at their discretion.

When a yield is lower than anticipated, but not necessarily due to a one-time weather event, adjusters usually come out at the end of harvest and piece together information and records. These calculations of total yield will determine if a claim is triggered. If it is, then the insurance company will give an indemnity payment to the agent, who is responsible for getting it to the producer.

“ The adjuster will come out and measure your grain bins, and put together other records [like elevator tickets]. They work with you pretty well. And, in the times I've received a payment, I'd say they were pretty fair. ”



“The insurance is just there to keep your profitability going. You aren't going to get rich off of it, but it might give you the opportunity to farm another year. You don't like thinking about it, but you should.”

Iowa cover crop discount

After being convinced by a neighbor to try cover crops for weed control, Ron sought a new opportunity to try Iowa's cover crop discount for crop insurance. Producers who plant cover crops and are not enrolled in another state or federal cost-share program are eligible for a \$5 discount per acre on their crop insurance premiums for the following spring. This discount is administered jointly by the Iowa Department of Agriculture and Land Stewardship and RMA.

The application period is typically from October through January, at apply.cleanwateriowa.org.

Q: What do you think is unique about buying crop insurance for organic farming?

A: In general, you have to think about organic farming in a longer timeline than conventional. I think that's going to impact how you approach crop insurance. You are required by certifiers to have a rotation, so your crop years are spread over what the actual crop years [are]. Your rotation has to be considered beyond just the corn and bean years. It's all part of the profitability picture.

Q: Is there anything else that organic producers should keep in mind?

A: I'd say try to find an agent who knows a thing or two about organic, and don't be afraid to ask about it. I've definitely prompted my agent to ask questions about organic to their higher ups in the chain [to their AIP].



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