



## CROP INSURANCE FOR ORGANIC OPERATIONS

# MULTI-PERIL CROP INSURANCE FOR ORGANIC OPERATIONS WITH SCOTT PHILLIPS



Location:  
Pleasanton, Nebraska



Licensed to sell crop insurance in:  
Nebraska

Based in central Nebraska, Scott Phillips sells insurance to about 90 operations, totaling nearly 130 policies. His business focuses exclusively on crop insurance, predominantly for conventional corn and soybean growers. However, he has also worked with a handful of organic farmers over the years.

The typical operation Scott insures is between 700 to 1,000 acres, with some as high as 16,000 acres and one as small as 15 acres. He also sells pasture, rangeland, and forage coverage.

### MPCI for organic production

Federal Multi-Peril Crop Insurance (MPCI) is the most common form of federal crop insurance in the U.S. Coverage is available as both revenue protection and yield protection, and a number of commodities are eligible for coverage, including organic commodities.

MPCI policies for organic operations are generally the same type purchased for conventional operations. However, select organic commodities can be insured at higher prices, known as organic price elections. These commodities include corn, soybeans, popcorn, oats, and wheat. County yield averages also differ for organic production.

One unique option for organic producers within MPCI is the contract price option. If a farmer already has set a contract for a particular crop, then they can insure that crop at the contract price. This can have tremendous benefit if the contract price is higher than the organic price election set by the U.S. Department of Agriculture's Risk Management Agency (RMA). Scott has used this endorsement with a number of customers.

If a producer is interested in adding the contract price endorsement to their MPCI policy, the decision needs to be made with their agent before the sales closing date, which is March 15 for most Midwestern policies. Contract documentation is required by the acreage reporting deadline, commonly July 15.

“ In 2014, we experienced the benefits firsthand. We took the contract price endorsement and doubled the value of the crop. The farmer got a complete hail out of the crop just a month later, and the endorsement doubled the value of his payment. ”



“It was a learning experience when we got our first organic producer. One of the most important things that happened for our agency was the ability to use the contract price endorsement. We realized that organic farmers are often not able to insure the full value of their crop, unless they're able to insure at that contract price.”



## Benefits of crop insurance when working with FSA

Scott notes that producers should be aware of the benefits to having crop insurance beyond the protection it provides. When working with the U.S. Department of Agriculture's Farm Service Agency (FSA), having crop insurance is often required for loans and programs. Perhaps lesser known is that historical crop insurance records are accepted by FSA as evidence of yield.

“ We've helped many farmers update their payment yields (used when determining Price Loss Coverage payments) through FSA based on crop insurance records. So, simply having it as a way to record historic yields by a third party is a benefit. Farmers can submit those histories, whereas before they'd be digging through their own records and digging up scale tickets, settlement sheets, bin measurements, and feeding records. ”

## Questions for producers new to crop insurance

**Q:** What happens if someone wants to insure a crop where coverage isn't available in their county?

**A:** That might be good to know for organic producers with multiple crops in their rotation.

RMA operates by county, almost exclusively. If you have a program offered in your county, you have the ability to use it. If you don't have one, then you've got to look outside your county and start asking permission to use that county's details.

In this process, the agent will submit what's called a request for actuarial change. Then, they will put together a written agreement, basically proposing a plan of coverage in your county based on another one in another county. If it's a bordering county (a contiguous county) you have a pretty good chance of getting that approved. If it isn't, it's a bit more difficult. Start by talking with your agent about it.

“Because MPCl is a federal program, the costs are the same across the board. No agent has an advantage in premium rates they can offer. So, it increases the importance of service and knowledge that an agent can provide.”

**Q:** Is there anything organic producers can do to advocate for themselves in the claims process?

**A:** Organic farmers should be prepared to talk through what their plan was with the agent or adjustor, because there are weather events that would impact the organic farmer more than a conventional farmer. For example, if a weather event impacts their ability to get in early when the weeds are small, then they're going to be behind for the entire growing season.

**Q:** Should farmers be taking photos or videos if they sustain crop damage?

**A:** I would never say that they shouldn't do that. It's a great tool as far as claim verification, and safeguard if someone has questions about what happened. In most cases, weather events are pretty general in nature, and it's pretty obvious to a number of sets of eyes on the ground what has happened in the area. If it were a loss that was unique to your farm compared to others, as simple as it is these days to snap pictures that are time stamped and date stamped, I think that's great evidence. However, I can't think of a time where that has made a difference between a loss getting paid and not getting paid.



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