

A Report from the
Risk Management Agency,
U.S. Department of Agriculture,
regarding:

The Department of Agriculture's Annual Report to the
Committee on Agriculture of the U.S. House of Representatives
and the Committee on Agriculture, Nutrition and Forestry of the
U.S. Senate Regarding the Progress Made in Developing and
Improving Federal Crop Insurance for Organic Crops

April 2023

Introduction

The Risk Management Agency (RMA) provides this report, pursuant to Section 508(c)(6)(D) of the Federal Crop Insurance Act, as amended by Section 11023 of the Agricultural Act of 2014:

The Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on progress made in developing and improving Federal crop insurance for organic crops, including:

- i. the numbers and varieties of organic crops insured;*
- ii. the progress of implementing the price elections required under this subparagraph, including the rate at which additional price elections are adopted for organic crops;*
- iii. the development of new insurance approaches relevant to organic producers; and*
- iv. any recommendations the Corporation considers appropriate to improve Federal crop insurance coverage for organic crops.*

This report provides: 1) information on the availability of organic price elections for the 2023 crop year; 2) our ongoing efforts to obtain additional data and information to aid future development of price elections for crops for which we do not yet offer organic price elections¹; and 3) a summary of our progress in establishing organic price elections and alternative options for organic coverage. This is the tenth annual report to Congress on the progress of implementing organic price elections.

Progress in Implementing Organic Price Elections

For the 2023 crop year, RMA will offer 84 distinct organic price elections; only 18 crops do not currently receive an organic price election². These crops do not currently have an organic price election because either: a) there is no known organic production in insured areas; b) there is

¹ “Organic price election” refers to organic crops that receive a price election that is greater than the conventional price election. Organic crops that do not receive an organic price election are still insurable at conventional price election values, even if a premium price above that of the conventional practice is not available.

² Based on the distinct number of crops listed in RMA’s online Actuarial Information Browser. Crops insured with the Actual Revenue History plan of insurance, Whole Farm Revenue Protection, nursery, clams, livestock policies, privately developed 508(h) submissions (other than caneberries, the cottonseed endorsement, and hemp), and crop policies that require a contract to determine a price are not considered. For those commodities identified as having an organic price, it does not mean RMA offers an organic price for all types and locations.

Regarding privately developed submission, section 508(h) of the Federal Crop Insurance Act allows private parties to develop insurance products (commonly referred to as 508(h) Submissions), including: crop insurance policies, provisions of policies, or rates of premium. The 508(h) Submissions are exempt from Federal Crop Insurance Corporation requirements limiting coverage levels, rates, and prices under Section 508(h)(2). RMA does not have the regulatory authority to require the developers of these products to create organic price elections for their submissions. Therefore, crops and/or crop types insured under 508(h) submissions are considered exempt from RMA’s organic price election requirements.

limited production and no available data that meets RMA's data quality requirements; or c) pricing data suggests these organic crops do not receive a premium over conventional products.

For the 2023 crop year, crops without an organic price election are: alfalfa seed, canola, chile peppers, various tobacco crops³, forage seeding, limes, peppers, processing apricots, processing freestone peaches, sugar beets, tangors, and various tree crops⁴. However, RMA anticipates that with additional data contained in the most recent organic survey (released December 2022) conducted by the National Agricultural Statistics Service (NASS) and funded by RMA, organic prices for both processing apricots and processing freestone peaches will be available for the 2024 crop year.

Funding NASS Surveys to Obtain Organic Data

NASS has completed seven organic surveys (2008, 2011, 2014, 2015, 2016, 2019, and 2021). RMA has funded four of these, providing NASS a total of \$6 million to complete them. These surveys provide comprehensive organic information and assist RMA in setting accurate organic price elections.

Additional Crop Insurance Options for Organic Producers

Contract price option offered under the Contract Price Addendum

The contract price option was offered beginning with the 2014 crop year and allows organic producers and those transitioning to organic practices who receive a contract price for their crop to get a crop insurance guarantee that is more reflective of the actual value of their crop. The contract price option is available for most crops and allows producers to use their personal contract price as their price election or choose existing crop insurance price elections.

Whole-Farm Revenue Protection (WFRP)

The [Whole-Farm Revenue Protection](#) (WFRP) plan of insurance provides a risk management safety net for all commodities produced on the farm under one insurance policy. Previously, this insurance plan allowed insurance for any farm with up to \$8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), and those marketing to local, regional, farm-identity preserved, specialty, or direct markets. In response to industry feedback, this limit increased to \$17 million in 2022. All certified organic commodities may be insured at their farm-level organic prices provided the farm meets eligibility requirements.

Production and Revenue History (PRH)

In 2020, RMA finalized development of and implemented a new plan of insurance, [Production and Revenue History \(PRH\)](#), which is designed to better handle commodities with less data, including organic agriculture. PRH uses the producer's personal production and revenue history

³ Cigar filler tobacco, cigar wrapper tobacco, and fire cured tobacco.

⁴ All other citrus trees, carambola trees, lemon trees, lime trees, and mango trees.

to establish a yield-based guarantee valued at what the producer has historically been able to obtain for their production. In so doing, PRH overcomes the lack of price data that hinders RMA's ability to improve and expand organic price elections.

RMA initiated PRH for strawberries in Florida for the 2021 crop year and in California for the 2022 crop year. RMA awarded a contract to develop PRH policies for fresh market sweet corn, fresh market tomatoes, and peppers; development for those crops is ongoing. Peppers is a crop for which RMA does not yet have an organic price election. The current insurance plan for peppers requires cost of production information to operate, and no organic cost of production information in the locations peppers are currently insured is available. The availability of PRH will generate organic coverage for peppers. Development of PRH for cherries began in 2023.

[Micro Farm](#)

The Agriculture Improvement Act of 2018 (2018 Farm Bill) directed RMA to conduct research and development of a policy to insure production of local foods. In June 2020, RMA contracted with a third party to assess the feasibility of insuring local food production. The conclusion and primary recommendation provided from the third party was that modifying the WFRP plan of insurance was the simplest and quickest way to improve access to coverage for local food producers. In response, RMA developed and implemented the Micro Farm Provisions as part of the WFRP plan of insurance for the 2022 policy year.

[Micro Farm](#) is designed for small, diverse farms that sell locally. Initially, the program allowed approved revenue up to \$100,000. In response to industry feedback, this limit was increased to \$350,000 in approved revenue. The policy simplifies recordkeeping and covers post-production costs like washing and value-added products; this was a key request from stakeholders to make crop insurance more useful to smaller growers.

[Outreach and Education](#)

Throughout the year, RMA staff engaged in public outreach to educate and interact with producers about organic crop insurance options and to gather feedback about existing programs. In 2022, RMA attended approximately 50 industry conferences and grower meetings, presenting information about organic coverage, including RMA's new Transitional and Organic Grower Assistance (TOGA) Program. These events ranged from large, national events such as The Midwest Organic & Sustainable Education Service (MOSES) to local growing season observation visits with individual organic producers across the country. Most notably, the RMA Administrator visited Organic Valley, where she highlighted RMA's TOGA program and outlined the \$300 million USDA pledged to support organic growers and those transitioning to organic.

RMA also has leveraged external partners as through its 2022 Risk Management Education Partnerships with the following: (1) Iowa Organic Association (\$81,600 award), to deliver approximately educational programs to approximately 17,000 Iowa beginning and organic

producers regarding strategies for organic certification and production; (2) The Gleaning Network of Texas (\$91,200 award), to provide targeted risk management assistance to more than 100 direct-marketing producers in northern Texas, with an emphasis on specialty crop growers, small and urban farms, and organic producers; and (3) Organic Trade Association (\$150,000 Award), to provide educational materials on crop insurance for organic farms, such as videos, online courses, podcasts and webinars, to thousands of producers across nineteen states.

Transitional and Organic Grower Assistance Program (TOGA)

Agricultural producers who have crop insurance coverage on crops in transition to organic or a certified organic grain or feed crop are eligible for premium assistance through RMA's Transitional and Organic Grower Assistance (TOGA) Program. TOGA reduces the producer's overall crop insurance premium bill and helps them continue to use organic agricultural systems. TOGA is part of USDA's Organic Transition Initiative, a group of programs that build more and better markets for American growers and consumers and improve the resilience of the food supply chain. There is no enrollment paperwork, and the premium assistance will automatically apply for the 2023 reinsurance year, which covers applicable policies with sales closing dates from July 1, 2022, to June 30, 2023.

For crops in transition to certified organic, producers can receive 10 percentage points of premium subsidy; for certified organic grain and feed crops, producers can receive \$5 premium assistance per insured acre; and for WFRP policies with crops in transition or certified organic crops, producers can receive 10 percentage points of premium subsidy. In addition to the WFRP benefit, producers who have additional individual crop insurance policies will also receive the applicable premium benefit on those policies.

Additional Flexibility

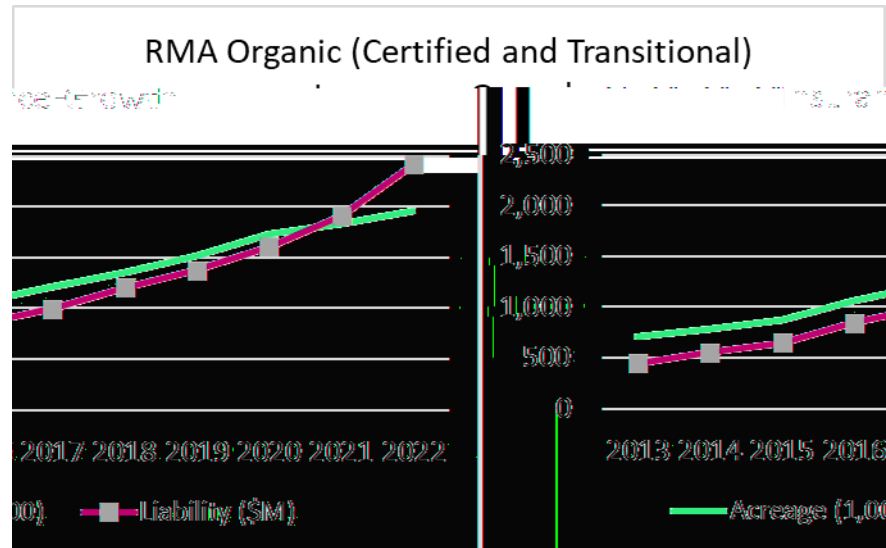
During COVID-19, RMA provided flexibilities to producers and Approved Insurance Providers (AIPs) to allow them to complete these tasks while supporting their health and safety. RMA learned from this experience that many of these flexibilities could be made permanent to alleviate unnecessary burdens on farmers.

Prior to 2020, crop insurance policy required producers with certified organic acreage, or acreage in transition to organic, to have written certification or written documentation from a certifying agent showing an organic plan is in effect for the acreage by the acreage reporting date. A certificate and plan must be in place each year to qualify for organic or organic transitional practices. In addition to flexibilities granted to all crop insurance participants, for organic producers specifically, RMA granted the ability to report acreage as certified organic, or as acreage in transition to organic, when they certify they have requested a written certification or other written documentation from a certifying agent on or before the acreage reporting date. RMA made this change permanent, recognizing that it is helpful for both organic producers and

certifying agencies because organic certification does not necessarily happen in unison with crop insurance dates and cycles.

Conclusion

RMA's efforts to increase organic price elections has resulted in tremendous growth in organic crop insurance participation. Since 2013, the number of organic and transitional acres insured increased 278 percent while liability increased 540 percent (see chart below).



Creating and maintaining organic price elections is dependent upon data availability. Organic price data that meets RMA standards for these crops is scarce, and data that meets the requirements for actuarial soundness and good insurance principles is necessary before organic prices can be added for additional crops. Availability of such data has generally not increased over time. Therefore, RMA has proactively taken steps to create an insurance policy, PRH, that generates prices for insurance offers using producers' own revenue history, thereby ensuring accurate organic price coverage. Micro Farm was also developed and initiated for the 2022 policy year. To ensure organic data availability, RMA has also funded many organic surveys conducted by NASS.

RMA continues efforts to locate and analyze new sources of data. Every crop is evaluated annually to determine if there are new or updated sources of organic information sufficient to develop or enhance organic price elections. RMA will continue to pursue opportunities for the acquisition of additional organic price data and information, given funding availability. Whenever possible, RMA will continue to improve the farm safety net by adding additional organic price elections.