

Whole-Farm Crop Insurance Improvement Act of 2018

H.R. 4865

Bill Summary

Crop insurance is a critical risk management tool, and in order to thrive, all our nation's farmers need access to crop insurance products that fit their scale and type of farming. Currently, crop insurance is widely available for a handful of commodity crops, but limited in its availability and utilization for many specialty and organic crops. Many of our nation's diversified producers who grow multiple crops and/or raise a mix of crops and livestock, beginning farmers, and producers with relatively small operations are either underserved by the federal crop insurance program, or are not able to access federal risk management tools at all. Whole-Farm Revenue Protection is a federal risk management option that can fill the crop insurance gap for these un-served or underserved producers. The Whole-Farm Revenue Protection Crop Insurance Policy administered by USDA's Risk Management Agency (RMA) provides farmers with a viable option for protecting their operations against risk and unforeseen calamities.

The Whole-Farm Crop Insurance Improvement Act will improve the Whole-Farm Revenue Protection Crop Insurance Policy (Whole-Farm) to make the program more accessible and effective for diversified, organic, beginning, and other farmers not adequately served by other risk management options.

Background

The 2014 Farm Bill created the Whole-Farm Revenue Protection (WFRP) program as a mechanism to provide diversified farmers with greater tools to manage risk on their farms. WFRP is "crop agnostic" policy that covers all the crop and livestock on a particular operation under a single policy. Since its creation, WFRP has greatly expanded the risk management options available for American producers. Whole-farm is an especially important tool for highly diversified, small and mid-scale farms, organic, and direct to consumer farms that have historically lacked access to crop insurance.

WFRP is not only improving access to risk management tools by expanding what can be covered, it is also expanding access geographically – today, WFRP stands out as the only federal crop insurance policy available in every state and every county. Understandably, farmer response to the program has been strong; WFRP policies more than doubled from just over 1,100 policies sold in its first year (2015) to roughly 2,800 in 2017.

Despite high levels of interest in the program, WFRP is still underutilized in many states. One of the challenges that both farmers and lenders have experienced with the program is the burden of onerous paperwork. If a farmer has a diversified operation, for example, documentation is required for every crop grown. The paperwork can also discourage lenders from recommending WFRP, because they are paid on the value of the policy (WFRP policies are often smaller than single commodity crop policies), not by the time or effort the writing of a particular policy requires. Additionally, beginning farmers – who would generally find WFRP enticing because many have smaller-scale, diversified or specialty crop operations – are barred from utilizing the program because it currently requires three years of revenue history in order to qualify.

The Whole-Farm Crop Insurance Improvement Act will ensure that the next farm bill expands underserved producers' access to crop insurance by:

Simplifying and Improving Whole-Farm Revenue Protection

- Require RMA to streamline the policy while maintaining actuarial soundness.
- Ensure crop insurance agents are adequately compensated for the increased time commitment required to write a Whole-Farm policy.

Expanding Access to Whole-Farm

- Create special coverage within the Farm Service Agency's Non-Insured Crop Disaster Assistance Program for beginning farmers. This will allow these producers to build up the revenue history required to purchase a Whole-Farm Revenue Insurance Policy.

Ensuring Adequate Coverage is Available

- Ensure that rapidly expanding small and mid-sized farm are adequately covered by WFRP.
- Require RMA to assess the practicality of coverage for farmers marketing through Community Supported Agriculture.
- Ensure that a farmer's past revenue calculations reflects current risks.

*All Members are encouraged to co-sponsor the
Whole-Farm Crop Insurance Improvement Act of 2018.*

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