

Crop Insurance for Specialty Crop Producers

To qualify for crop insurance, farmers need verifiable records. Farmers need to have an Actual Production History (APH).



Specialty crop insurance compensates for loss of specialty crops due to weather-related events.

Who qualifies to get specialty crop insurance?

Farmers (not gardeners) who grow specialty crops can get specialty crop insurance. By law, specialty crops are defined by the United States Department of Agriculture as “fruits and vegetables, tree nuts, dried fruits and horticulture and nursery crops, including floriculture¹.”

This definition is more exact than previous legal definitions; however, it leaves room for interpretation. Fruits, vegetables, tree nuts, and nursery and floricultural crops are all horticultural crops. Even so, the specific mention of these groups of crops means that such plants automatically qualify as specialty crops. The law is unclear about whether any other plants not specifically mentioned can be classified as horticulture crops. These include forage crops grown for haying, grazing or seed production.

How can people prove they are farmers?

To qualify, farmers need to have verifiable records. This way their losses are easy to determine. Farmers need to have an Actual Production



The value of the lost crops totaled \$35.6 million for the flooded area in East Central Arkansas in 2014⁴.

History (APH). In US federal agricultural law, the APH represents a record of an agricultural producer’s crop yields over a multi-year period². Such records are used by the Federal Crop Insurance Corporation to determine “normal” production levels for a producer². For beginning farmers, any loss is estimated according to data from the county in which they farm; the county average is used.

What type of crop losses does the insurance cover?

Specialty crop insurance covers losses associated with natural disasters, including those caused by droughts, floods or high winds. The loss needs to be directly or indirectly due to the weather. A loss resulting from a disease that was



Cooperative Extension

by
Dr. Touria Eaton, State Extension
Specialist – Horticulture

900 Chestnut Street, Allen Hall
Jefferson City, MO 65101
(573) 681-5543
LUCF S#04-A-2014
01/29/2015

triggered by too much humidity can be covered if good management practices were used and the disease is not treatable.

What does the insurance cover?

The insurance covers up to 65 percent of lost crops at up to 100 percent coverage value depending on the insurance plan. This means, for example, if a farmer loses 100 acres of cabbage due to weather related issues, he will be compensated for 65 acres of cabbage at \$2/lb if the cost of the cabbage is \$2/lb (100% coverage value).

How much does it cost for farmers to insure their crops?

To buy specialty crop insurance that will cover 50 percent of the lost crops at 55 percent coverage value, the farmer has to pay \$250.00 per crop per county each year. The cost of the insurance cannot exceed \$750.00 annually. For example, if the farmer has four crops to insure, the fee will only be \$750.00, not \$1,000.00, even though $4 \times \$250 = \1000 . An additional cost applies if farmers want to insure their crops for more than 50 percent of loss and/or for more coverage value than 55 percent.

What if the farmer is a limited resource farmer?

In this case, the fee is waived; the crops are covered for 50 percent of loss at 55 percent value. The farmer, however, must apply for the insurance.

How does the farmer apply for specialty crop insurance?

The farmer must visit the local branch of the Farm Service Agency (FSA)³. Each farmer will have to provide the Actual Production History. After the first year, the farmer can apply for continuous coverage by mail.

References

1. USDA. 2014. The United States Department of Agriculture Definition of Specialty Crop. <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5082113>
2. Cornell University Law School. 2012. Supplemental agricultural disaster assistance. http://www.law.cornell.edu/uscode/pdf/uscode19/lii_usc_TI_19_CH_12_ST_VIII_SE_2497.pdf
3. The United States Department of Agriculture Farm Service Agency. 2014. <http://www.fsa.usda.gov/FSA/>
4. University of Arkansas. 2014. Crop Value Losses due to 2014 Flooding in East Central Arkansas. <http://www.uaex.edu/farm-ranch/economics-marketing/farm-planning/flooding-report-2014.pdf> ■



Specialty crops include fruits, such as blueberries, and vegetables.