

Crop Insurance Options for Texas Hemp Production

Part 2: MPCCI

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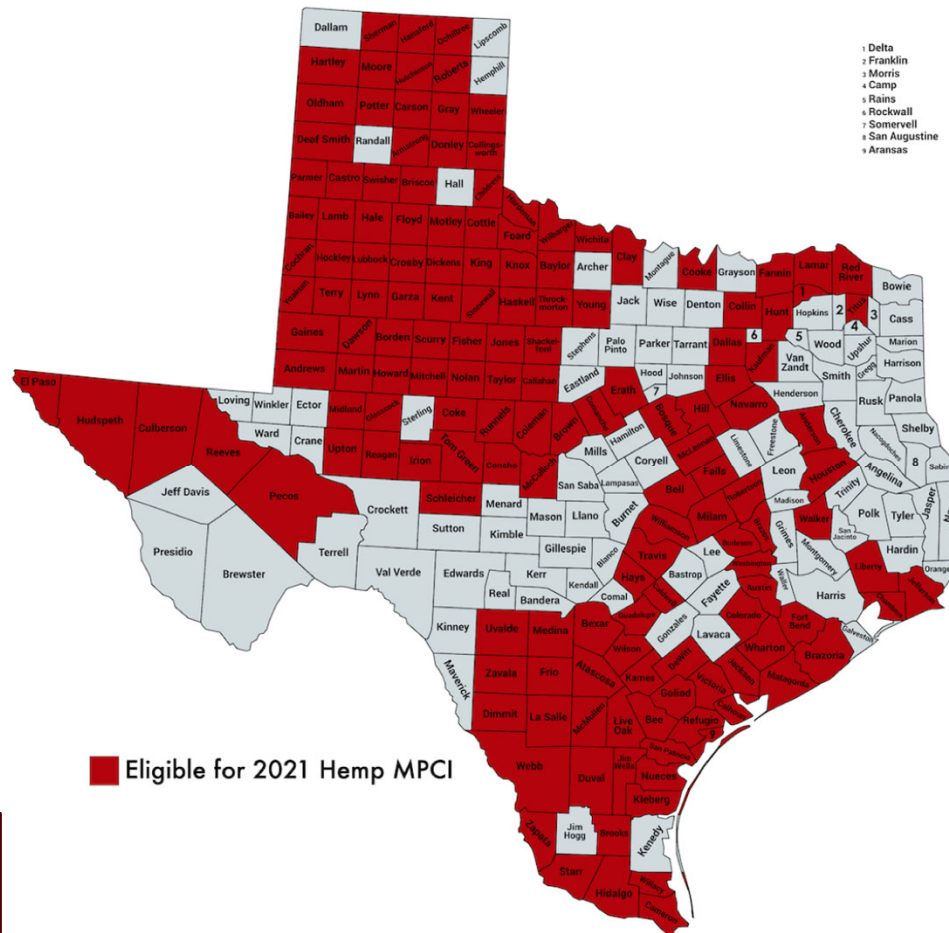
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MPCI Hemp Pilot Program

- Traditional Crop Insurance Product
 - USDA-RMA, delivered through local Crop Insurance Agent
 - Yield coverage policy
 - Limited Availability



MPCI Hemp Pilot Program Eligible Texas Counties



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MPCI Hemp Pilot Program, Eligibility

- Producer:
 - **Must have minimum one year history producing the crop**
 - Must have license (applicable state, tribe, federal authority)
- Crop:
 - **Minimum 5 acres for CBD, or 20 acres of grain or fiber**
 - Planted in accordance with rotational requirements
 - Grown under processor contract
 - Grown under official certification/license
 - Planted/Harvested as hemp in accordance with requirements and management practices of processor
 - Must plant/produce appropriate variety



MPCI, Hemp Product Provisions

- Approved Yield

- Actual Production History (APH) and/or substitute T-yields

- 4-10 years of history: APH = average of producer yield history

- 3 years of history: APH = producer yields and 1 year of 100%T-Yield

- 2 years of history: APH = producer yields and 2 years of 90%T-yield

- 1 year of history: APH = producer yield and 3 years of 80%T-yield**

- No history: APH = 65%T-yield

- 1 year production history = 678 lbs

- County T-yield = 551 lbs

- Approved Yield = $(678 + 440.8 + 440.8 + 440.8) / 4 = 500$ lbs



MPCI, Coverage Levels

Coverage Level choice determines guaranteed yield

Wichita County, Texas
Non-Irrigated Hemp Fiber
Approved Yield = 500 lbs
Announced Price = \$0.08/lb

	50%	55%	60%	65%	70%	75%
Guaranteed Yield (lbs)	250	275	300	325	350	375

MPCI, Premiums

Wichita County, Texas
 Non-Irrigated Hemp Fiber
 Approved Yield = 500 lbs
 Announced Price = \$0.08/lb

	50%	55%	60%	65%	70%	75%
Guaranteed Yield (lbs)	250	275	300	325	350	375
Total Premium	\$7.47	\$8.50	\$9.60	\$10.76	\$12.02	\$13.57
Subsidy %	67%	64%	64%	59%	59%	55%
Farmer Premium	\$2.46	\$3.06	\$3.45	\$4.41	\$4.93	\$6.10



MPCI, Hemp Product Provisions

2021 Announced Prices

- Hemp Fiber: \$0.08/lb
- Hemp Grain: \$0.55/lb - (Certified Organic: \$1.15/lb)

- CBD, Direct Seeded Whole Plant: \$0.78/lb
- CBD, Direct Seeded Floral: \$2.80/lb
- CBD, Transplant Whole Plant: \$3.26/lb
- CBD, Transplant Floral: \$7.60/lb



MPCI, Hemp Product Provisions

- Indemnities

Yield Loss = Guaranteed Yield – Actual Yield

Indemnity = Yield Loss * Announced Price * Acres



Other Considerations

- Coverage levels will be low relative to your yield expectations
 - Lack of history
 - Substitute T-Yields
 - Don't plan to insure a profit (rather mitigate a disaster)
- Understand the type of losses covered (or not covered)
 - Insurance will not cover "Hot Crop"
- There are specific deadlines (sales closing date, final planting date, acreage reporting dates, etc.)



Other Considerations

- Ask about beginning farmer provisions (< 5 years)
 - Higher Approved Yields
 - Reduced fees
 - Lower premiums
- In case of loss
 - File notice of loss with **72 hours**
 - **Do not** destroy the crop and/or replant until you talk to your agent and discuss options
 - **DOCUMENT**, You must have verifiable documentation that you have planted a crop (seed tickets, expense receipts, farm records)



Resources

- USDA Risk Management Agency: www.rma.usda.gov
- Menu Bar → Tools:
 - Agent Locator
 - Cost Estimator
 - Price Discovery
 - Actuarial Information Browser (AIB)
eligible counties, t-yields, dates, etc
- Menu Bar → Topics:
 - Hemp (press releases, fact sheets, FAQs)



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