

Crop Insurance Options for Texas Hemp Production

Part 3: WFRP, Nursery, NAP

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General Requirements

- For or all USDA Hemp Insurance:
 - Must have official certification/license to producer
(under applicable state, tribe, or federal program approval)
 - Grown under processor contract
 - Planted/Harvested as hemp in accordance with requirements and management practices of processor
 - Must plant/produce appropriate variety

- THC > 0.3 percent is not insurable loss



Whole Farm Revenue Protection

- Covers Total Farm Revenue from all commodities
 - Advantage: potentially lower premiums (higher aggregation)
 - Generally suited to diversified farms with specialty crops
- Hemp is eligible and WFRP is available nationwide
- Limits
 - Max \$8.5 million total revenue covered
 - Max \$2 million from animal / animal products
 - Max \$2 million from nursery or greenhouse revenue
 - No revenue from timber, forest products, animals for show/pets, or controlled substances)



Whole Farm Revenue Protection

- Insured (guaranteed) revenue is based on your history:
 - Adjusted for expected market prices or planned acreage growth
 - Coverage level choices (50% - 85%)
- Five years of Farm Tax Forms
 - Records are important
 - Substitute county yields/prices are generally lower



Whole Farm Revenue Protection

WFRP Subsidy: Percentage of Total Premium Paid by Government								
Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Basic Subsidy-Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 2	80%	80%	80%	80%	80%	80%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more	80%	80%	80%	80%	80%	80%	71%	56%



Nursery Growers, Eligibility

- Must be container grown
- Sold with root system attached
- Must be a wholesale Nursery
(>40% of gross income from wholesale market)
- Required software, record keeping, inspections, and practices



Nursery Growers

- Nursery Crop Insurance:
 - Asset-based form of insurance (rather than yield guarantee)
 - Select 50% - 75% coverage of inventory value
 - CAT Level (27.5% of inventory value)

	CAT (27.5%)	50%	55%	60%	65%	70%	75%
Subsidy %		67%	64%	64%	59%	59%	55%
Farmer Premium	\$300	33%	36%	36%	41%	41%	45%



Non-Insurable Crop Disaster Assistance Program (NAP)

- Eligibility
 - Available nationwide
 - Delivered through County USDA Farm Service Agency (FSA)
 - Designed for crops with no other insurance options
 - Adjusted Gross Income not more than \$900,000
- Coverage
 - Producer Approved Yield or county substitute
 - USDA announced prices



Non-Insurable Crop Disaster Assistance Program (NAP)

- Basic NAP
 - Catastrophic (CAT level) 50% yield and 55% Price)
 - \$325 flat fee per crop
 - \$125,000 maximum indemnity / person
- NAP Buy-up Options
 - 50%, 55%, 60%, or 65% of approved yield (100% price)
 - \$325 fee + (5.25% of guaranteed value * acres)
 - \$300,000 maximum indemnity / person



Other Considerations

- Coverage levels will be low relative to your yield expectations
- Understand the type of losses covered (not covered)
- There are specific deadlines (sales closing date, final planting date, acreage reporting dates, etc.)



Other Considerations

- Ask about beginning (< 5 years) farmer provisions
 - Improve 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 Farm Service Agency: <https://www.fsa.usda.gov/nap>
- 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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