National Organic Standards Board
Certification, Accreditation, Compliance Subcommittee (CACS)
Climate-Induced Farming Risk and Crop Insurance Proposal
July 18, 2024

Intro & Background:
Farming is both a rewarding and humbling profession in part because there are only a few variables within one's control, and mother nature is not one of them. The scientific literature recognizes organic farming as being climate-smart. It includes building soil organic matter, improving soil water-holding capacity, and eliminating the need for pesticides, synthetic fertilizers, and herbicides. Despite these attributes, major climate events such as hailstorms, tornadoes, floods, and droughts pose existential risks to all producers, conventional and organic. Inclement climatic events can devastate organic producers; therefore, sufficient crop insurance options are needed.

Additionally, the USDA's Transition to Organic Partnership Program (TOPP), climate-smart farming methods, and climate change-induced risk underlines the need to enhance support for transition and organic producers managing climatic risk on their farms. The primary mechanism for climatic risk support involves improving the existing crop insurance policy tools offered to organic producers.

Requirements from other entities are another driver for offering organic producers adequate and meaningful crop insurance offerings. Many financial institutions require organic producers to have adequate coverage before lending annual operating lines of credit. Additionally, the government requires producers to purchase crop insurance with the most recent Emergency Relief Program (ERP) facilitated by the Farm Service Agency (FSA) office. As the ERP landing page notes, "Producers who receive ERP payments must purchase crop insurance or Noninsured Crop Disaster Assistance Program (NAP) coverage for the next two available crop years." For an organic producer with diverse crop rotations, coverage for all crops is usually challenging through RMA channels, and producers then have to research and acquire NAP coverage from the FSA office, which, as the name states, for "non-insured crop disasters" offers a low-level coverage and generally, education on the specificities is low.

The NOSB has worked to identify barriers to farmers' transition to organic farming and the further retention of existing organic producers. Through robust rounds of public comment, we have heard repeatedly that crop insurance is one program that has an outsized potential to help farmers mitigate the climatic risk of both transitioning to organic and staying organic once they've been certified. Focusing on crop insurance is essential for the organic farming community. It was further echoed by public comments, including one stakeholder stating, "We encourage RMA, NOP, and the NOSB to continue to work with organic stakeholders to develop further new crop insurance tools that serve the needs of diversified organic growers (and transition-to-organic producers) and a system that recognizes the robust and extended rotation both during transition and as organic producers, rather than penalizing them through the Annual Production History system."

The Director of the Product Administration & Standards Division of the USDA's Risk Management Agency (RMA) gave a presentation on crop insurance at the Fall 2023 NOSB meeting in Providence, RI. Her presentation described the crop insurance landscape across the United States and how the agency works diligently to make better insurance products available to more producers.

Progress:
The CACS celebrates the progress RMA has made to improve access to crop insurance for organic producers. RMA has attempted to understand how organic farming works and to build better programs

for organic farmers. Indeed, several CACS members remarked on how much progress has been made in the past ten years. Recently, a new round of improvements for organic and specialty crop growers was announced through the Expanding Options for Specialty and Organic Growers Final Rule. RMA Administrator Marcia Bunger stated, "Expanding our coverage options gives producers more opportunities to manage their risks."

See below for some progress highlights:

- **Enterprise and Optional Units:**
  - Allow EUs by organic farming practice for alfalfa seed, almonds, apples, avocado (California), cabbage, canola, citrus (Arizona, California and Texas), coarse grains, cotton, ELS cotton, dry beans, dry peas, figs, fresh market tomatoes, forage production, grass seed, macadamia nuts, millet, mint, mustard, pears, potatoes (northern, central, and southern), processing tomatoes, prunes, safflower, small grains, sunflower seed, and walnuts.
  - Expand OUs by organic practice to all remaining crops where OUs are available, and the organic practice is insurable.

- Reduce coverage penalties on perennial specialty crop producers and producers of intensively managed crops, such as alfalfa, when they move to row crop production. This allows for a seamless transition without losing crop insurance coverage.

- **Good Farming Practices (GFP):** Streamline and shorten the FCIC GFP reconsideration process by closing the administrative file following FCIC's initial GFP determination.

- **Double Cropping and Annual Forage:** Clarify that a producer must prove an insurance history for the annual forage crop and meet the current double cropping requirements to receive a full prevented planting payment.

RMA will release new **Organic Practice Guidelines** to producers for the 2025 crop year. These guidelines will assist producers with reporting planted or perennial acreage insured under a certified organic or transitional practice.

Notable improvements RMA has already implemented:
RMA introduced a contract price addendum that allows transitioning and organic producers to submit their contracts in advance to obtain a higher price for crop coverage.

1. The RMA Agent Finder Web Page connects farmers interested in the Whole Farm Revenue/Microfarm Program with agents experienced in writing those policies.
2. Pasture, Forage, Rangeland (PRF) now has organic forage, allowing for more suitable organic coverage.

Continuous Improvement Still Needed:
Through public comments and various farmer and crop insurance agent interviews, we have heard that while significant progress has been made, there is still work to be done to level the playing field for organic producers. At a minimum, by offering risk management options that do not *disincentivize* the transition from conventional production to organic, the opportunity to participate in the organic marketplace will expand to more producers. Additionally, those certified producers will benefit from more robust, equitable risk management options. Further refining organic crop insurance options will help address the farming communities' concerns. A public commenter shared, "When a farmer changes

from one form of production to another (conventional→organic), even if one is very experienced and has an established track record of good management, one is treated like a beginning farmer in the RMA system. This is likely an inaccurate risk prediction, given the experience and track record, and it also systematically disadvantages farmers entering transition and organic production."

Because the organic marketplace is unique, organic farmers frequently face different risks than their conventional counterparts. The following list includes overarching opportunities that organic producers and agents mentioned in public comments and various interviews regarding improving crop insurance to help organic producers, both row crops and produce, mitigate risk.

Opportunities for Improvement:

1. **Quality Factor Consideration During Loss Adjustment:** Because of the dynamic food market that corresponds to a more diverse cropping rotation, organic producers raise crops that, to meet the market demand, must meet high-quality specifications. Because they are unique and not readily substitutable into the conventional commodity supply chain, these crops may only have a secondary market, like feed, if they meet the specifications. For this reason, if a farmer does not experience a yield loss but rather a quality loss due to a climatic event, it can be as economically devastating as a complete yield wipeout. With the recently published rule for crop insurance, quality adjustment coverage expansion did occur, i.e., sunburned damaged walnuts to be eligible for indemnity payments. Additional expansion for other organic and specialty crops is critical. Regarding row crops, an example to review is when raising blue corn; if a farmer does not have a yield loss but a quality loss, they will not be able to sell into the food market. They also cannot sell into the organic feed market as their blue corn may discolor chicken eggs. Their corn cannot be sold in the conventional market because of its color. Therefore, with no quality coverage, the farmer raising this otherwise in-demand-for-food crop will be left with only the option to compost it—a complete loss with no coverage even though yields were "fine." *Note: specific loss adjusting standards for quality are available for some specialty crops, including produce crops.

2. **T-Yields:** Transitional yields (T-yields) are county-level actuarial numbers on which insurance providers base a policy guarantee when a farmer cannot provide previous production data. By resetting the T-yield at the start of the transition, producers' coverage is generally decreased compared to conventional counterparts. Note: T-yield, coverage level, and price are the main factors determining loss payout. Building history within organics takes many years due to robust crop rotations. The organic producers and others in the organic community overwhelmingly expressed the need for RMA to re-look at the actuarial process regarding t-yields and how they are assigned to transition and organic producers. Several ideas were discussed amongst the community, including, at a minimum, allowing for the yield history acquired during the transition to carry on through organic farming since the farming "practice would be the same" instead of restarting the clock-building yield history. Additionally, stakeholders saw value in a more customized approach for t-yields that could be offered to allow a portion of the conventional yield history (an index applied to a producer's conventional approved production history, APH) to be associated with the assigned t-yield during transition and organic. Lastly discussed, if the base assigned t-yield values could not be changed or customized per operation, another idea that the organic community could be interested in would be a potential "buy up" coverage above the 85% level offered (similar to options available for production hail or pasture, range, forage (PRF) policies.

3. **In Field Adjusting Speed for Organics:** Whether you plant organic blueberries or organic corn, The time frame for adjusters to review a loss and visit a crop in-field can be the difference between an organic farmer saving the crop after weather damage (currently, adjusters are to see a field 7-13 days after a climatic event). For example, if a producer has a hail event before organic crops have time to canopy, the producer will experience a burst of weed pressure within one day of the hail event. Because of the potential delay in receiving a visit from an adjuster, the farmer is not allowed to get in the field and address the weeds mechanically without risking losing coverage for the crop. All organic crops need specific "in-field" adjusting standards for organic producers.

4. **Organic Crop Insurance Specialist Finder:** Organic crop insurance requires additional expertise to help farmers maximally. Modeled after the newly created agent finder for Whole Farm Revenue Protection/Micro Farm Landing Page hosted by RMA, it would be an excellent service to organic producers for RMA to create a similar landing page for adjusters and insurance agents who have specific knowledge of organic policies and are interested in working with organic farmers. There are many excellent crop insurance agents and crop adjusters around the country. Still, a farmer's ability to find them is relative to their network in the organic farming world. It is a distinct disadvantage to producers new to organic or farmers outside of organic agricultural hot spots.

5. **Ensuring Crop Insurance works for more organic farmers:** The design of crop insurance policies should be examined to ensure that they meet the needs of all organic farmers. Many organic producers who could benefit from existing programs still need to be aware of organic crop insurance option offerings. Many excellent, high-yielding farmers are not participating in organic crop insurance programs. By making more farmers aware of the programs, a larger pool with more diverse operators will help stabilize the loss ratio for organics.

NOTE: As shown above, opportunities 1 and 3 would benefit from having a distinct section in the RMA's loss adjustment manual specifically for organic production.

Other challenges that producers and agents mentioned include:

1. Now that RMA has adopted enterprise units through organic practice, the next step would be to allow different coverage levels through organic practice. For example, RMA allows different coverage levels for irrigated and non-irrigated land. Let farmers choose different coverage levels for conventional, transitional, and organic acreage.
2. There must be a clear path to providing feedback for Launching the Good Farming Practices Updated Handbook, especially for calibrating NRCS and RMA regarding no-till organic practices and relay cropping.
3. Whole Farm Revenue Program (WFRP): Agents cite the program's complexity (a 50-75 page application) and lower agent compensation compared to other insurance as a disincentive for writing those policies.
4. The time required to develop yield history on new crops insured under written agreements can slow their adoption, which, in turn, disincentives producers from diversifying their rotation.
5. Producer awareness and understanding of RMA's current policies and programs are inconsistent across the country.
6. The "Transition System Plan" or "Transition Producer Plan" is new, and producers transitioning to organic may not have sufficient help understanding its role in obtaining coverage. The idea is

good; however, it needs additional simplification as the amount of work required to complete it resembles a complete Organic System Plan.

7. Required planting dates can conflict with diverse crop rotations, including the incorporation of cover crops. This needs to be examined on a regional basis.
8. However, outside of climatic events, organic producers mentioned the threats posed by volatile, unknown point-of-source drift events such as dicamba.

Closing:

Organic producers take on significant costs and burdens; it's essential for crop insurance solutions for organic producers to be equitable to those available to conventional farmers, so farmers don't need to choose between being certified organic and having sufficient risk coverage.

The organic community appreciates the progress in improving crop insurance options and quality for organic producers. However, this document highlights more actions that would narrow the gap between conventional and organic crop insurance options and avoid disincentivizing the transition to organic, farm diversification, and climate-smart practices, including:

1. Updating the loss adjusting manual to include more specific quality adjusting standards and in-field adjusting standards relevant to organic producers
2. Improving the actuarial assignment of t-yields
3. Identifying organic literate agents who can help producers navigate the system.

Finally, RMA should continue to monitor the use of crop insurance by organic and transitioning producers and continuously improve access to and quality of relevant insurance policies for these producers.

Subcommittee Vote:

Motion to accept the Climate-Induced Farming Risk and Crop Insurance proposal
Motion by: Amy Bruch
Seconded by: Nate Powell-Palm
Yes: 8 No: Abstain: 0 Absent: 0 Recuse: 0

Appendix

The three significant weather events described below highlight why better coverage is necessary for organic producers to stay on the land.

Montana Diversified Farm Hailstorm:

In the spring of 2023, a well-known organic vegetable farm in Montana experienced a devastating loss due to a hailstorm. This farm has been certified organic for 19 years. It is a model of the potential for organic: They raise vegetables, rotate perennial legumes, produce compost, and have integrated pasture into their rotation using their certified organic goats, which they also milk and make certified organic cheese. This operator has adopted every climate-smart practice possible, and they have a thriving business.

On June 8th, 2023, this operator suffered a devastating loss from a hailstorm. According to their public account of the event, the storm brought in massive amounts of hail and 4-5+ inches of rain within an hour. It decimated most of their vegetable crops that supply the community with fresh vegetables. Anything that wasn't covered with a row cover was shredded. After the storm, a river ran through the field, unlike anything they'd ever seen. Some spots on the field had 4 inches of hail where it had piled up. Many vegetables were ready to be harvested and sent to the CSA members, farmer's markets, local restaurants, and grocery stores. The beautiful fields were gone.

This operator did not have adequate crop insurance coverage and needed to resort to a GoFundMe campaign to recover from the losses. These operators need improved insurance product options to keep them whole when they have devastating losses due to extreme weather.

Minnesota / Iowa Area Flooding:

In the spring of 2024, it was extremely and abnormally wet in northwest Iowa and Southwestern Minnesota, with some daily rainfalls exceeding 10+ inches. Continuous rainy conditions persisted, causing many rivers to exceed their banks and devastating flooding attributed to 100-year storms, which seem to come more frequently. The flooding caused tens of thousands of acres of conventional and organic farmland to be underwater, killing the planted crops. By the time the floods subsided, and the land dried out, it was mid-July and too late to plant additional crops for the season.

Nebraska Hailstorm:

Thirdly, on August 14th, 2017, a large storm rolled through Nebraska that had high straight-line winds (exceeding 80 mph) that destroyed grain bins, upended pivots, and snapped many corn plants to the ground, jagged golf-ball hailed trailed the wind, which pummeled everything else that was left standing. The organic producer's white corn crop was on track to exceed the t-yield assigned to the field. The corn was at the tender sweet corn stage, and quality and yield losses on corn left standing were high. Even with over 50% of the corn plants gone (broke off below the ear), this corn field outperformed the t-yield established. Since a yield loss was not triggered, then a quality loss wasn't assessed either, leaving the producer that several hours before the storm hit thinking they would have an excellent harvest to assess if crop inputs would even be covered by the damaged crop as there was not any insurance money to be received due to the low floor set by the t-yields assigned even though 50% of the crop was damaged.