



# Organic Farming Practices

January 2011

## USDA Guidelines Provide Crop Insurance for Organic Farming Practices

Organic farming has become one of the fastest growing segments of U.S. agriculture.\* USDA's Risk Management Agency (RMA) recognizes organic farming practices as good farming practices and continues to move forward in improving crop insurance coverage for organic producers and producers transitioning to organic production, so they will have viable and effective risk management options available to them.

\*Source: Economic Research Service. USDA's National Agriculture Statistics Service's 2008 Organic Production Survey counted 14,540 organic farms and ranches in the United States, comprising 4.1 million acres of land. Of these farms, 10,903 are USDA certified and 3,637 are exempt from certification.

### Coverage Availability

RMA currently provides coverage for—1) certified organic acreage; 2) transitional acreage (acreage on which organic farming practices are being followed that does not yet qualify to be designated as certified organic acreage); and 3) buffer zone acreage.

Insurance can only be provided for any crop grown using organic farming practices when a premium rate for the organic practice is contained within the actuarial documents or there is an approved written agreement.

### Insurable Causes of Loss

Covered perils under most crop insurance policies include losses due to the following causes if the damage is significant enough to lower a yield below the deductible for the entire insured unit: drought, excess moisture, freeze, hail, prevented planting (for crops eligible for prevented planting, see Basic Provisions, 2011-BR), insect damage, disease, and weeds, if recognized organic farming practices fail to provide an effective control method that may result in losses.

*Note:* Contamination by application or drift of prohibited substances onto organic, transitional, or buffer zone acreage is not an insured peril. Policies also have some exclusions with which you should become familiar.

If any acreage qualified as certified organic acreage or transitional acreage on the date you report such acreage (even if such certification is later revoked by the certifying agent or the certifying agent no longer considers the acreage as transitional acreage for the remainder of the crop year) that acreage will remain insured under the reported practice for which it qualified at the time the acreage was reported. Any loss due to failure to comply with the organic standards is considered an uninsured cause of loss.

### Reporting Acreage

On the date you report acreage you must have—1) for certified organic acreage, a current organic plan and recent written certification (certificate) in effect from a certifying agent; or 2) for transitional acreage, a certificate or written documentation from a certifying agent showing that an organic plan is in effect\*; and for both 3) records from the certifying agent showing the specific location of each field of certified organic, transitional, buffer zone, and acreage maintained and **not** maintained under organic farming practices.

You are required to maintain separate Actual Production History databases for conventional, transitional, and certified organic acreage. Also, all buffer zone acreage production has to be added to the acreage that it buffers.

\**Note:* Acreage transitioning to a certified organic farming practice without an organic certificate or written documentation from a certifying agency must be insured under conventional farming practices.

### Prices, Insurance Dollar Amounts, and Premiums

Beginning in **2011**, separate organic price elections, projected prices, and harvest prices, as applicable, are available for: cotton, corn, soybeans, and tomatoes (processing). For all other crops, the price elections insurance amounts, projected prices, and harvest prices that apply to both certified organic and transitional crops will be the price elections, insurance amounts, projected prices, and harvest prices, as applicable. RMA publishes for the crop grown using conventional means, for the current crop year.

*Note:* All approved organic price elections, projected prices, and harvest prices will be available on the Actuarial Information Browser under the ‘prices’ tab. To see estimated prices based on current market information for organic corn, cotton, and soybeans, check out the “Price Discovery Reporting Application”. Both the Actuarial Information Browser and the Price Discovery Tool are available under the ‘Information Browser’ on <http://www.rma.usda.gov/tools/>.

Premiums are adjusted to recognize any additional risk associated with covering organic farming practices under the terms of the Crop Provisions. These premium adjustments are reviewed annually based on the accumulated insurance experience. **For the 2011 crop year**, there is no additional charge for the following organic crop insurance programs: figs, Florida citrus fruit, Florida fruit trees, macadamia trees, nursery, pears, peppers, prunes, Texas citrus trees, and Texas citrus fruit (for these programs, the Crop Provisions specify a very limited set of causes of loss that are independent of farming practices or other variable circumstances. This was further supported by a review of the accumulated insurance experience and the removal of the additional charge).

## Definitions

**Buffer Zone**—A parcel of land, as designated in your organic plan, that separates agricultural commodities grown under organic practices from agricultural commodities grown under non-organic practices, and used to minimize the possibility of unintended contact by prohibited substances or organisms.

**Good Farming Practices**—The production methods used to produce the insured crop, allow it to make normal progress toward maturity, and produce at least the yield used to determine the production guarantee or insurance amount, including adjustments for late-planted acreage, which are—1) for conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or 2) for organic farming practices, those generally recognized by organic agriculture experts for the area or contained in the organic plan.

**Organic Agriculture Experts**—Persons who are employed by the following organizations—Appropriate Technology Transfer for Rural Areas (ATTRA), the Cooperative Extension System, university agriculture departments, or other persons approved by the Federal Crop Insurance Corporation, whose research or occupation is related to the specific organic crop or practice for which such expertise is sought.

**Organic Crop**—An agricultural commodity that is organically produced, consistent with section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502).

**Organic Farming Practice**—A system of plant production practices used to produce an organic crop approved by a certifying agent, in accordance with 7 CFR part 205.

**Organic Plan\***—A written plan, in accordance with the USDA National Organic Program published in 7 CFR part 205, that describes the organic farming practices that you and a certifying agent agree upon annually or at such other times as prescribed by the certifying agent (\*also called an Organic Systems Plan).

**Organic Standards**—Standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) and 7 CFR part 205.

## Where To Purchase and Insurable Crops

You should talk to your crop insurance agent to get specific information and deadlines. To find a list of **crop insurance agents** see: <http://www.rma.usda.gov/tools/agent.html>. For a **list of insurable crops**, see: <http://www.rma.usda.gov/policies/>

More information on RMA’s Organic Crop Insurance Program can be found on RMA’s Web site: <http://www.rma.usda.gov/news/currentissues/organics/index.html>

## Contact Us

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