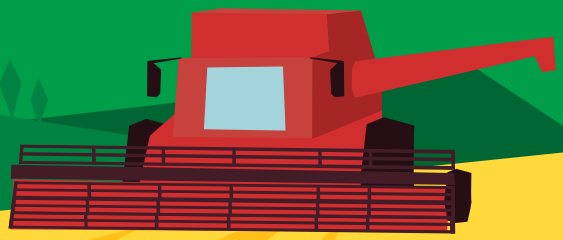
CASE STUDY

UPDATING INSURANCE COVERAGE USING PROXY CROPS



PRODUCTION CHANGE: Winter canola cultivation for cover crop use and biofuel production

FOCUS REGION: Mid-south (Kansas, Kentucky, Missouri, Oklahoma, Georgia)

EXISTING INSURANCE OPTIONS:

When producers introduce alternative crops like winter canola, the Federal Crop Insurance Program requires extensive historical acreage, yield, and rating data to establish insurance coverage. Alternatively, producers can request an individualized Written Agreement through the USDA Risk Management Agency. Private entities may also submit new crop policies to the Federal Crop Insurance Corporation Board under Section 508(h) for approval, though this process offers limited reimbursement for the intensive research and development costs required.

INSURANCE GAPS:

It is administratively burdensome and confusing for farmers to navigate the process to prove that a new or alternative crop can be grown in their area and covered by the FCIP. To procure crop insurance for a new or alternative crop, farmers need three years of data before they can apply for a written agreement. Farmers need data they don't have to get crop insurance but obtaining that data (by growing a crop without crop insurance) is risky and expensive.

To learn more:

business.edf.org/farm-finance/

PROPOSED SOLUTION:

We propose creating a regional yield average as a base for new insurance policies using available acreage and yield data from farmers already cultivating the new crop or from university field trials, augmented with comparable data for more established crops grown in the pilot region with similar agronomic and yield characteristics. Using a combination of these factors, this process would create a reasonably accurate proxy for the proposed crop's performance without needing years of historical data that doesn't exist. Over time, this would allow farmers to create their own individual coverage plans.

KEY STAKEHOLDERS:

Biofuels manufacturers, investment groups, canola buyers and processors, trade and commodity associations.

Case study content provided by Dr. Stephanie Mercier and Dr. Rob Myers.

CURRENT STATUS: Research and development.

Winter canola shows strong regional potential to diversify cropping systems and markets.

But farmers lack insurance coverage in emerging growing regions.

PATHWAY TO SCALE:

This solution aims to show how the FCIP can be more efficient for administrators and farmers alike. Proxy crops and updated yields can be incorporated into the federal system to increase their impact through the subsidies that exist for the federal program.

