



OEFFA Member Proposals to Make Crop Insurance Work for **Everyone**

Make Crop Insurance **Fair**

- Each operation should receive one subsidy and no more. The Farm Bill should include a strong “actively engaged in farming rule” to set this limit. No double-dipping.
- Crop insurance should only apply to land that is suitable to be farmed. The Farm Bill should prohibit crop insurance premium subsidies on unsuitable land.
- The Farm Bill can better support beginning farmers with less costly crop insurance policies, continue to support the majority of farmers with policies valued between \$10k-\$100,000 and reduce the rate of support for the largest farms who hold policies totaling more than \$100,000. See reverse side for more detail on this “Bracket” proposal.

Make Crop Insurance **Functional**

- Organic producers often plant later than their non-organic counterparts, due to strategic organic systems management. RMA must establish a unique final planting date for certified organic crops in each region *with a non-penalizing grace period* so that organic producers can maintain productivity and organic status.
- Organic producers should use the transition period to develop an organic management system and write their Organic System Plan in conjunction with their application for organic certification. RMA should provide organic insurance to producers transitioning to certified organic status without requiring an Organic Systems Plan.
- A clear, transparent, consistent path for organic transition and crop insurance must be established. As USDA invests \$300 million in organic transition, transitioning operators must be supported through a streamlined farm safety net.
- Create an Enterprise Unit (EU) by Practice Type option for organic status. This would enable operators to group land separately so that each type could be managed and insured appropriately.
- Whole Farm Revenue Protection is intended to serve small and diversified producers but has limited utilization. It must be improved to better support these growers through lower premium costs associated with higher levels of diversity, and true revenue protection for operations already mitigating risk through diverse production systems.

Make Crop Insurance **Informed**

- NASS and RMA should work together to regularly conduct an organic production survey.
- Expand NRCS technical capacity and cooperative agreements to support adoption of soil health plans.
- Require organic literacy within RMA to help employees and agents be informed about organic insurance in order to better serve organic clients and grow the benefits of the organic industry.

Crop Insurance **Subsidy Rate Bracket Proposal**

3 brackets based on annual insurance premium, functioning like marginal tax rates

- \$0-\$10,000
 - 50% increase to subsidy rate
- \$10,000 to \$100,000
 - No change, accrues identically to current system
- \$100,000+
 - 50% reduction to subsidy rate

Benefits

- Save an estimated \$5 billion over 10 years, derived from NSAC (Belasco) report and accounting for increased utilization by small policy holders
- Addresses current disparity in both crop insurance benefits and utilization rate across operation scales
- Greatly improves incentive for small to medium scale operations to seek crop insurance risk management
- Easily implemented, no additional data collection (AGI/tax return)
- Increased or no change in subsidy for vast majority of operations
- No hard thresholds to inadvertently encourage skirting rules (paper farming)
- No reduction or elimination of subsidy at scale thresholds (as AGI limit would do), helps with political feasibility and paper farming issue
- Minimal administrative burden, simple calculations, marginal rate brackets already used by accountants nation-wide
- No change to existing complex actuarial system
- Provides producers freedom of choice in how they reach or avoid rate thresholds with current insurance policy structure
- Flexible for future modifications (could change bracket levels, new brackets, rate factors)

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