



## Exploring Insurance Options for An Expanding Specialty Crop Business

**T**om and Chris Lin have been involved in agriculture for eight years. Shortly after moving to a small acreage outside of Anchorage, they started growing vegetables for sale at a roadside stand. Soon, they expanded production enough to start selling at a local farmers market and built a greenhouse to facilitate year-round production. Understanding the importance of diversification, they expanded into the cut flower business and built up several wholesale customers in addition to their retail business.

### Expanding the Farm: Greenhouses and Diversification

Today, the Lins operation encompasses six

acres of growing crops, two greenhouses, one full-time and two part-time employees. Diversification has been their primary risk management tool. However, they have made note of increasing opportunities to insure crop production in Alaska under the USDA Risk Management Agency (RMA) suite of insurance programs. The latest thing to grab their attention was the announcement that the Nursery Value Select (NVS) insurance program was expanded to include all counties in all states, including Alaska.

### Exploring USDA Insurance Options

Tom and Chris recently discussed their growing business, the great employees they

# Nursery Value Select

Fact Sheet



## General Information

Nursery Value Select (NVS) is an inventory-based pilot program that allows nursery producers to select the dollar amount of coverage that best fits their risk management needs.

## Availability

NVS is available in all states and counties.

## Crop Insured

The insured crop will be all plants within each insured practice for catastrophic (CAT) level of coverage, and each plant category you choose to insure within each insured practice for additional levels of coverage and that:

- You have a share;
- Are grown in a nursery that receives at least 40 percent of its gross income from the wholesale marketing of nursery plants;
- Meet all the requirements for insurability;
- Are grown in an appropriate medium; and
- Are grown and sold with the root system attached.

Nursery plants may not be insurable if they:

- Are grown in containers containing two or more different genera, species, subspecies, varieties, or cultivars;
- Are any plant classified by a state or county as illegal to grow or sell in the county in which the nursery is located;
- Are grown as stock plants; or
- Are grown solely for harvest of buds, flowers, or greenery.

Your nursery must be inspected and approved as acceptable before insurance coverage can begin.

## Causes of Loss

You are protected against the following:

- Adverse weather conditions, including wind, hurricane, and freeze. If cold protection is required for the plant category in the Special Provisions, adequate and operational cold protection measures must be in place;
- Failure of irrigation water supply, if due to an insurable cause of loss, such as drought;
- Fire, provided weeds and undergrowth are controlled; and
- Wildlife.



Plant damage or losses in value resulting from the following situations are not covered:

- Collapse or failure of buildings/structures, unless caused by an insurable cause of loss;
- Disease or insect infestation, unless effective control measures for the infestation do not exist;
- Failure of plants to grow to an expected size;
- Inadequate power supply, unless such inadequacy is a result of an insurable cause of loss; and
- Inability to market nursery products due to a stop sales order, quarantine, boycott, phytosanitary restriction on sales, or buyer refusal.

## Important Dates

**For all Atlantic Coast states (including Pennsylvania, Vermont, and West Virginia) and Gulf Coast states:**

Contract Change Date

January 31

Sales Closing/Cancellation

May 1

Insurance Period Begins

June 1

**For all other states:**

Contract Change Date

April 30

Sales Closing/Cancellation

September 1

Insurance Period Begins

October 1

## Where to Buy Crop Insurance

All multi-peril crop insurance, including CAT policies, are available from private crop insurance agents. A list of crop insurance agents is available at all USDA service centers and on the RMA website at [www.rma.usda.gov/tools-reports/agent-locator](http://www.rma.usda.gov/tools-reports/agent-locator).

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for nurseries that receive at least 40 percent of their gross income from wholesale marketing of nursery plants. Plants eligible for coverage are grown and sold with the root system attached. Coverage levels available ranged from 50 percent to 75 percent based on inventory value and premium subsidies varied from 67 percent to 55 percent based on coverage level. There is catastrophic (CAT) coverage available at 27.5 percent of inventory value for an administrative fee of \$655 for each insured practice. A producer can select specific plant categories within each insured practice they wish to cover, and they do not have to cover all their production.

The Lins spent some time exploring some of the RMA literature and coverage examples in their first meeting. While they liked the flexibility and simplicity of the NVS insurance coverage, they realized that their present operation did not rely heavily on plant sales eligible for NVS coverage. However, they made a note to themselves that if they followed through with plans to expand that portion of their business, they should re-visit the possibility of insuring some of their production under this program.

have brought into the operation, and the growing need to manage their financial risk. They made a commitment to each other to explore more of what RMA has to offer for insurance tools to manage risk on their farm. They decided to hold weekly meetings on Wednesday mornings over coffee where they could explore each insurance product more in depth.

Since Chris was the one who noticed the announcement about the NVS program, she took responsibility for doing a little background research on the product for their first meeting. She discovered that the insurance was designed to provide coverage

## Whole-Farm Revenue Protection

Tom made a commitment to investigate the Whole-Farm Revenue Protection (WFRP) insurance program for their next meeting. In his research, he soon discovered that there are two levels of whole farm type insurance coverage available to producers in Alaska. He knew of the existence of WFRP insurance from a little bit of reading he did back when they started their operation. However, in recent years, a Micro Farm insurance program has become available for any farm with up to \$350,000 in approved revenue. He wished he had kept up with his reading on available products





because the Micro Farm program would have been a great fit for their operation as they were growing the business. Now, they are fast approaching the \$350,000 limit and the better option might be to use WFRP coverage which allowed coverage for any farm with up to \$17 million in insured revenue.

As Tom explained to Chris in their meeting, WFRP provides an opportunity for producers to insure risk management protection for all eligible commodities on the farm under one insurance policy. A few years ago, they suffered a total loss of their cabbage crop which caused them to investigate cabbage insurance. They

decided that, even though the production coverage was good for cabbage, the crop made up only a small portion of their overall income. It didn't make sense at the time to put too much effort into just buying insurance on the cabbage crop. However, WFRP uses the operation's whole-farm historical average revenue and expenses from five consecutive tax years as a basis for coverage. It fits well with people like themselves that are marketing into specialty or direct markets and expanding their operations as expanding operations with the potential to produce up to 35 percent more revenue than the historic average can reflect that in the insurance guarantee.

USDA Risk Management Agency  
U.S. DEPARTMENT OF AGRICULTURE

## Whole-Farm Revenue Protection

Fact Sheet

**Whole-Farm Revenue Protection**  
 Whole-Farm Revenue Protection (WFRP) provides a risk management safety net for all commodities on the farm under one insurance policy. This insurance plan is tailored for any farm with up to \$17 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.

**Availability**  
 WFRP is available in all counties in all 50 states.

**Causes of Loss**  
 WFRP provides protection against the loss of insured revenue due to an unavoidable natural cause of loss which occurs during the insurance period and will also provide carryover loss coverage if you are insured the following year. See the policy for a list of covered causes of loss.

**Important Dates**  
 Sales Closing, Cancellation, & Termination Dates  
 Calendar Year and Early Fiscal Year Filers.....January 31, February 28, or March 15 (by county)  
 Late Fiscal Year Filers.....November 20  
 Revised Farm Operation Report Dates  
 All Filers.....July 15  
 Contract Change Date....August 31  
 Talk to your crop insurance agent about the dates that apply for your county.

**Insurance Period**  
 Coverage is provided for the duration of the producer's tax year (the insurance period). The insurance period is a calendar year if taxes are filed by calendar year, or a fiscal year if taxes are filed by fiscal year.

**Reporting Requirements**  
 Revenue Losses - You must submit a notice of loss within 72 hours after discovery that revenue for the policy year could be below the insured revenue. Inspections may be required for losses. You must have filed farm taxes for the policy year before any claim can be made. You must make claims no later than 60 days after the date you submit farm tax forms to the Internal Revenue Service (IRS). Claim payments for a revenue loss under WFRP are paid within 30 days after the determination of a payment due as long as you are in compliance with the policy.

**Coverage**  
 WFRP protects your farm against the loss of farm revenue that you earn or expect to earn from:

- Commodities, including Industrial Hemp, you produce during the insurance period, whether they are sold or not;
- Commodities you buy for resale during the insurance period; and
- All commodities on the farm except timber, forest, and forest products; and animals for sport, show, or pets.

The policy also provides replant coverage:

- For annual crops, except Industrial Hemp and those covered by another Federal crop insurance policy;
- Equal to the cost of replanting up to

**Buying Whole-Farm Revenue Protection**  
 You can buy Whole-Farm Revenue Protection from a crop insurance agent by the sales closing date shown for each county in the actuarial documents at: AIB Landing Page ([usda.gov](http://usda.gov)). A list of crop insurance agents is available at all USDA service centers and on the RMA website at: [www.rma.usda.gov/Information-Tools/Agent-Locator](http://www.rma.usda.gov/Information-Tools/Agent-Locator).

**Contact Us**  
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This fact sheet gives only a general overview of the crop insurance program and is not a complete policy. For further information and an evaluation of our risk management needs, contact a crop insurance agent.

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[rma.usda.gov](http://rma.usda.gov)

## Role of Diversification in Risk Management

WFRP limits the amount of expected revenue from nursery and greenhouse production that can be covered under the policy to \$2 million maximum. However, Tom told Chris they would be fully retired long before that became an issue. Tom also liked that diversification of farm production matters with WFRP in terms of what it costs the producer. They discussed the time commitment that would be involved with enrolling for WFRP as it required five years of tax forms and a projection for the coming year that they wanted to insure. However, it seemed to be a good fit for their operation as they were a diversified farm with multiple direct marketing channels that brought a premium price for their crops based on a well-earned reputation. They agreed WFRP was worth some exploration with a crop insurance agent that could provide more details on the protection options and pricing for coverage on their operation. Tom agreed to investigate that while Chris agreed to explore other options to consider.

## NAP and Other Options

In their next meeting, Chris started off by sharing a little bit about the USDA Farm Service Agency (FSA) Noninsured Crop Disaster Assistance Program (NAP). NAP provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented plantings are experienced due to natural disasters which include weather events such as drought, hail, excessive winds and/or moisture, freeze, tornados, and floods as well as earthquakes and volcanic eruptions. Recently, FSA added some buy-up provisions for NAP that made it more of an insurance product option rather than disaster coverage. For a \$325 administration fee per crop or \$825 per producer per county, they could purchase NAP coverage at the catastrophic level. By paying an extra premium, they could buy up coverage to 65 percent of expected production at 100 percent of the average market price.

## Challenges and Next Steps in Risk Management

Chris went on to say that she found the specialty crops page on the RMA website and discovered that most of what they grow is covered in some RMA insurance product somewhere in the U.S. However, many were not covered in Alaska and, given their diversity of crops, the WFRP insurance looked like a great option. Tom agreed and said his research showed that several crop insurance agents were licensed to sell Whole Farm/Micro Farm insurance in Alaska. However, all were in western states of "The Lower 48". They would likely need to meet with them via Zoom or over the



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To learn more, see:  
<https://RightRisk.org>



(This is a continuous Application for Coverage. Refer to section 2.)

**CCC-471 NAP BP**  
 (03-04-20)

U.S. DEPARTMENT OF AGRICULTURE  
 Commodity Credit Cooperation

**NONINSURED CROP DISASTER ASSISTANCE**  
**2020 and Subsequent Years**  
**Basic Provisions**

This Noninsured Crop Disaster Assistance Program (NAP) Application for Coverage is administered by the Commodity Credit Corporation (CCC) under the provisions of the Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127), as amended (7 U.S.C. 7333). Provisions of the Application for Coverage and rights and responsibilities of the parties are specifically subject to the authorizing statute and pertinent regulations that appear at 7 CFR Part 1437. The provisions of the Application for Coverage may not be waived or varied in any way by CCC, or any other contractor or employee of ours or any employee of USDA. We will use the procedures (handbooks, manuals, and notices) as issued by USDA and published on the Farm Service Agency (FSA) website at <http://www.fsa.usda.gov> in the administration of the Application for Coverage, including the adjustment of any loss or claim submitted hereunder.

Throughout this document, "you" and "your" refer to the named participant shown on the accepted Application for Coverage and "we," "us," and "our" refer to USDA Commodity Credit Corporation through the Farm Service Agency providing coverage.

**TERMS AND CONDITIONS**  
**BASIC PROVISIONS**

**1. Definitions.**

**Abandon** - To discontinue care for a crop/commodity, or to provide care so insignificant as to provide no benefit to the crop or commodity, or to fail to harvest in a timely manner.

**Accrue Report** - A report required by section 10 of these Basic Provisions that contains, in addition to other required information, your report of your share of all planted or prevented planted acreage of an eligible crop or commodity in the administrative county.

**Accrue Reporting Date** - The date as established by FSA by which you are required to submit your accrue report according to section 10.

**Acres Devoted to the Crop** - The total P&CP acres of the crop.

**Act** - Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127) as amended.

**Actual Production** - The total of the eligible crop or commodity unit's harvested production and appraised production, if not accounted for in harvested production.

**Actual Production History (APH)** - The actual production history of the crop or commodity for the unit used to determine the approved yield for NAP purposes in accordance with 7 CFR 1437.102(e).

**Actual Yield** - The total amount of harvested and appraised production on a per planted acre or other basis, as applicable.

**Actuarial Documents** - Information regarding crop insurance in the county.

**Added Land** - Land which you have not been farming for a share of the crop's or commodity's production on a unit for more than 2 years.

**Added Practice, Type, Intended Use, Planting Period, or New Unit** - A practice, type, intended use, or planting period of a crop/commodity that requires a separate approved yield. If the new practice, type, intended use, planting period, or new unit of a crop/commodity does not require a separate approved yield, the production from the new practice, type, intended use, planting period, or new unit of the crop/commodity will be included in the current APH for the crop/commodity.

**Administrative County Office** - The county FSA office designated to make determinations, handle official records, and issue payments for you in accordance with 7 CFR Part 718.

**Agricultural Commodity** - Any crop or other commodity produced, regardless of whether or not it is insurable.

**Agricultural Experts** - Persons who are employed by the National Institute of Food and Agriculture or the agricultural departments of universities, or other persons approved by FSA, whose research or occupation is related to the specific crop/commodity or practice for which such expertise is sought.

**Animal Unit (AU)** - A standard expression of livestock based on a daily net energy maintenance requirement equal to 13.6 Megacalorie.

**Animal-Unit-Day (AUD)** - An expression of an expected or actual stocking rate for pasture or forage.

**Annual Crop** - An agricultural commodity that normally must be planted each year.

**Application for Coverage** - The form, CCC-471, required to be completed by you and accepted by us before NAP coverage will commence. This form must be completed and filed in your administrative county office not later than the application closing date.

**Application Closing Date** - The last date, as determined by CCC, you can submit CCC-471 for noninsured crops/commodities for the specified crop year.

**Appraised Production** - Production determined by FSA or an appraiser acceptable to CCC, that was unharvested but which reflected the crop's or commodity's yield potential at the time of appraisal. For the purpose of APH, appraised production specifically excludes production lost because of ineligible disaster conditions.

**Approved Yield** - The APH-calculated yield approved by CCC for making NAP payments. The yield represents a unit's expected production on a per planted acre or other basis, as applicable, according to 7 CFR 1437.102.

**Aquaculture Facility** - An eligible aquaculture facility is a commercial operation conducted on private property, and in water in a controlled environment according to 7 CFR 1437.303.

**Aquacultural Species** - Any species of aquatic organism grown as food for human consumption, or fish raised as feed for fish that are consumed by humans or ornamental fish propagated and reared in an aquaculture facility.

**Assigned Production** - The loss of production not related to natural disaster.

**Assigned Yield** - A one-time yield assigned for a crop year in the base period according to 7 CFR 1437.102 for which you do not file an acceptable production report by the production reporting date.

**AUD Value** - The dollar value of a daily energy requirement equivalent of 15.7 pounds of corn determined on the basis of the 5-year national Olympic average price per pound of corn.

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phone. He share a document with Chris that listed contact information for each one that he found online at RMA (<https://www.rma.usda.gov/sites/default/files/2024-05/Whole-Farm-Micro-Farm-Agent-List-PDF.pdf>).

## Shared Vision for the Future

They agreed that within the next two weeks, their next meeting would involve a conversation with one of the agents on the list about WFRP and Micro Farm insurance. In the meantime, Chris agreed to contact the local FSA office about meeting to discuss the NAP coverage options they should consider for their risk management needs. Together, they agreed this was time well spent and that they were happy with the direction things were headed.