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Farm Bill Revisions Aimed at Supporting Specialty Crop Growers

By Becky Tucker, AFIS

Over the past several years, insurance coverage for specialty crops has gradually expanded. Despite the increase, research by the American Farm Bureau Federation (AFBF) shows the majority of agribusiness insurance policies remain **focused on serving only a handful of operations**, such as almonds and tree nuts, dry peas and beans, and potatoes and tomatoes.

This year, the Specialty Crop Farm Bill Alliance, a coalition representing over 100 producer organizations around the U.S., has opened up the discussion to make it easier for growers to **insure revenue on various specialty crops** by exploring ways to calculate revenue guarantees – for which there remains limited public data on pricing.[1]

Main barriers to insurance programs

The main focus of the 2018 Farm Bill was always to **support programs for major row crops**. Recently, however, provisions of the bill have been helping to **support specialty crop growers** through targeted funding and programs. Despite these efforts, it remains challenging to provide specialty crop growers with the stability they require in today's economy.

The AFBF notes that the major barrier to developing new insurance policies for specialty crops centers on the **lack of funding** to increase the pool of **specialty crop pricing data**. This is why, in 2023, the bill's sponsors have been tasked with revising the bill to provide the USDA with additional funding to **increase data collection efforts**.

Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops, including floriculture. AFBF economist Danny Munch stated,

> *"[Because of the] many distinct varieties of fruit and vegetable crops, there can be differences in pricing within a single farmer's crop due to* ***issues such as grading****. The dynamics and diversity make it difficult to establish a price series and have futures prices or anything sort of reflective of that."* [2]

Another issue related to pricing centers on **risk levels**. According to the USDA's Economic Research Service Bulletin, specialty crop production and associated markets are considered to have **heightened levels of risk**, and specialty crops are **often sold in thinner markets** (compared to most conventional crops). These thinner markets – in addition to risks associated with the production and labor processes used in planting, growing and harvesting of specialty crops – have made it even more challenging for the government and insurance company actuaries to offer products to **adequately protect against price risks**.

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[1] AgriPulse.
[2] Ibid.

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The Federal Crop Insurance Program is good but not enough

Risk management products offered through the USDA include the Federal Crop Insurance Program (FCIP), which **provides coverage** for a number of perils. For states such as California, which produces a large number of specialty crops, coverage provided by the FCIP is great, with a reported **23,000 active policies** in 2022 for almond, grape, orange and walnut crops.

Currently, however, **only four different insurance policies** exist under the FCIP that provide coverage for specialty crops: yield-based, revenue-based, dollar plans and whole-farm revenue protection.

The AFBF stated, “While the FCIP provides a wide array of policies, it falls short in addressing the 350+ unique specialty crops grown and in providing adequate risk protection for producers across every region of the country.”

Conclusion

As conversations regarding the Farm Bill continue, specialty crop producers will **continue to face challenges in securing insurance programs** to meet their unique needs. As an insurance professional with agribusiness clients, it is important to **stay informed regarding Farm Bill's updates** and understand how these and other market challenges can impact your policyholders.

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