



Risk Management and Crop Insurance

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What is crop insurance?

The federal crop insurance program is managed by the USDA Risk Management Agency (RMA). The crop insurance program helps to protect producers against low-revenue years. The availability of policy varies by crop/species, by county, and by year. The chart on the next page shows crop insurance policy availability for Virginia for 2021. Crop insurance can be purchased through an RMA Approved Insurance Provider (AIP).

The federal crop insurance program is supplemented by the Price Loss Coverage (PLC) program and the Agricultural Risk Coverage (ARC) program. These programs are available to producers of wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, seed cotton, dry peas, lentils, small chickpeas, large chickpeas, and peanuts. Producers can opt into one of the two programs if they participate in conservation programs.

How does crop insurance work?

Traditional crop insurance reimburses in two situations

1. When a natural event causes low production. These events may include droughts, floods, extreme weather, disease, or wildfire. This insurance is called Yield Protection and it insures the number of bushels per acre.
2. When revenue is low. Revenue Protection insures farmers by their revenue per acre.

Similar to most insurance programs, producers estimate the value of their farm and pay an insurance premium for their desired level of coverage.

Producers may elect to insure their entire production or some percentage of their expected yield. Additionally, some insurance policies exist at the county level instead of the individual farm level. These policies cover operations based on conditions or problems in that county.

What other policies are available?

Some crop insurance policies are based solely on weather. These include rainfall index insurance and hurricane-wind index insurance. Operations with beehives and pastures are eligible for protection against rainfall irregularities. Wind index insurance is available to producers of barley, wheat, apples, grapes, and nurseries in some counties. Coverage against wind and hurricanes is available for canola and cattle in all counties.

For dairy farmers, Dairy Margin Coverage is available through the USDA's Farm Service Agency (FSA). Farmers can cover between 5% and 95% of their milk production—although they must have a production history determined by the FSA. Farmers may also enroll in Livestock Gross Margin insurance (LGM-Dairy) or Revenue Protection insurance (Dairy-RP).

The chart on the next page shows the full set of policies currently available for Virginia producers. Please visit the websites listed under "References" for more detailed information.

	Barley	Canola	Wheat	Apples	Grapes	Peaches	Bees	Cattle	Clams	Lamb	Milk	Dairy cattle	Swine	Pasture, Rangeland, Forage	Nursery
Yellow shading: available in some VA counties															
Green shading: available in all VA counties															
Revenue Protection with Harvest Price Exclusion	Green		Green												
Revenue Protection	Green		Green												
Yield Protection	Green		Green												
Supplemental Coverage Option	Green		Green												
ARC/PLC (2018 availability)	Yellow		Yellow												
Actual Production History (APH)	Green		Green	Green	Green	Green									
Hurricane / Wind Index	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Whole Farm Revenue Protection	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Rainfall Index	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Livestock Risk Protection						Green		Green		Green		Green		Green	
Livestock Gross Margin (LGM)								Green		Green		Green		Green	
Aquaculture Dollar								Yellow							
Dairy Revenue Protection (RP)											Green				
DMC (Run by FSA)											Green				
Nursery (Field-Grown & Container) Dollar															Green

Note: Whole Farm Revenue Protection is available for all commodities except timber, forest, and forest products and animals for show, sport, or pets.

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