



SPECIALTY CROPS REPORT 2021

Report to Congress

Delivered by the Federal Crop Insurance Corporation as required by
section 508(a)(6)(A) & (B) of the Federal Crop Insurance Act

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EXECUTIVE SUMMARY

The 2021 Specialty Crops Report is submitted by the Risk Management Agency (RMA) on behalf of the Federal Crop Insurance Corporation (FCIC) in response to Section 508(a)(6)(A) & (B) of the Federal Crop Insurance Act (Act), as amended. The statute requires that the Federal Crop Insurance Corporation report to Congress on the progress and expected timetable for expanding crop insurance coverage to specialty crops:

“508 (6) ADDITION OF NEW AND SPECIALTY CROPS (INCLUDING VALUE-ADDED CROPS). –

(A) ANNUAL REVIEW.—Not later than 1 year after the date of enactment of the Agriculture Improvement Act of 2018, and annually thereafter, the manager of the Corporation shall prepare, to the maximum extent practicable, based on data shared from the noninsured crop disaster assistance program established by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), written agreements, or other data, and present to the Board not less than 1 of each of the following:

- (i) Research and development for a policy or plan of insurance for a commodity for which there is no existing policy or plan of insurance.*
- (ii) Expansion of an existing policy or plan of insurance to additional counties or States, including malting barley endorsements or contract options.*
- (iii) Research and development for a new policy or plan of insurance, or endorsement, for commodities with existing policies or plans of insurance, such as dollar plans.*

(B) REPORT.—Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, the Corporation shall report to Congress on the progress and expected timetable for expanding crop insurance coverage under this subtitle to new and specialty crops.”

This report fulfills subsection (B) above and will capture how RMA’s ongoing efforts also meet the requirements for specialty crops, as specified in the Agriculture Improvement Act of 2018 (Farm Bill).

Federal crop insurance is the foremost risk management solution for producers and ranchers, providing effective coverage that helps them recover after severe weather and bad years of production. RMA is committed to expanding crop insurance options for specialty crop producers to help promote sustainable growth for the industry and ensure that a critical safety net is available for the greatest number of producers.

RMA classifies specialty crops as fruits and vegetables, tree nuts, dried fruits, and horticulture nursery crops (including floriculture). This classification is consistent with the definition of specialty crops as

specified in the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note), as modified by the Agricultural Act of 2014.

The Federal crop insurance program helped farmers and ranchers weather a tough 2020, one marked with a pandemic and multiple natural disasters. Producers with crop insurance coverage received more than \$5.8 billion in indemnities in crop year 2020. The year was beset with several named storms, including 7 hurricane events that triggered payment under the Hurricane Insurance Protection - Wind Index (HIP-WI) product, which is available for over 70 crops, including 49 specialty crops. The total indemnities paid out in 2020 under HIP-WI was over \$187 million, including over \$11 million for specialty crops.

To help specialty crop producers amid the pandemic, RMA authorized many crop insurance flexibilities, including extended deadlines, and waived certain requirements to ensure continuity of crop insurance services. For example, RMA extended the deadline for Approved Insurance Providers (AIP) to complete required pre-acceptance inspection reports used to establish insurance of perennial crops, such as oranges and orange trees as well as pecans and Florida citrus fruit and trees. Additionally, beginning with the 2022 crop year, organic crop producers are allowed to report acreage as certified organic or as acreage in transition to organic, when the producer certifies they requested a written certification from a certifying agent on or before the applicable acreage reporting date. This is a permanent COVID-19 relief measure to aid organic producers in the issues they face.

Despite the pandemic, USDA continued to conduct outreach with specialty crop producers, producer groups, universities, and other stakeholders through innovative approaches to social distancing and adoption of virtual meetings across the nation. Such efforts afforded producers and other interested parties the opportunity to provide feedback concerning interest in new crop insurance products or needed enhancements to existing products.

Though Federal crop insurance coverage for specialty crops has grown steadily over the past years, RMA will continually monitor the needs for additional coverage options for this agricultural sector. This report highlights key accomplishments and expected timetable for expanding crop insurance coverage for specialty crop producers, including:

- 2018 Farm Bill Requirements
- Research, Contracts, Studies, Initiatives
- Industry Outreach
- Specialty Crop Program Improvements

OVER THE PAST
FEW DECADES,
SPECIALTY
CROP INSURED
LIABILITIES ROSE
FROM \$1 BILLION
IN 1990 TO OVER
\$20 BILLION IN
2020.

2018 FARM BILL REQUIREMENTS

The following highlights the progress made in expanding crop insurance coverage to specialty crops. The achievements are organized according to the requirements listed in the 2018 Farm Bill.

The Act has established two pathways for the development of new crop insurance programs. RMA may internally develop products, and private parties may also develop products under the authority of section 508(h) of the Act. The ability of private party development of new products has helped to create many new risk management safety net insurance products for producers. With intensive producer and producer group input, these products provide risk management tools that are needed by producers.

New Policy or Plan of Insurance – No Existing Policy

This category describes research and development of a policy or plan of insurance for a commodity for which no policy or plan of insurance exists.

California Citrus Tree

On August 15, 2019, the Federal Crop Insurance Corporation Board of Directors (Board) approved the California Citrus Tree program. The program was privately developed and submitted by an advocacy organization representing California citrus growers. The program is effective for the 2021 and succeeding crop years in select California counties.

The program allows producers to insure their young trees—from planting to 4 years—against the three largest threats: freeze, fire, and failure of irrigation water supply due to drought.



Growers requested a program to insure against losses specifically to their young trees, which are most vulnerable to freeze. In the past decade, the California citrus tree industry has encountered unusual weather patterns, including freezing temperatures that damage young trees. According to one producer, the loss of young trees due to freeze or drought can set them back up to three years.

California's citrus industry is valued at over \$3 billion, supporting 270,000 acres of citrus orchards. The California Citrus Tree program provides citrus producers with a much-desired risk management solution.

Features of the program include:

- Coverage for grapefruit, lemons, mandarins, oranges, tangelos, tangerines, and any other citrus trees designated in the actuarial documents
- Separate insurance policies for each commodity. For example, producers can insure all their lemon trees and none of their grapefruit trees. This also allows varying coverage levels by commodity.
- Occurrence Loss Option, which is also available in the other tree-based dollar products, is available for an additional premium. The option shifts the deductible in the policy from a unit basis to a per-tree basis and starts indemnity payments once the damage threshold is met.
- Insureds with freeze protection are eligible for a premium discount.

New Policy or Plan of Insurance – Existing Policy

This category describes research and development for a policy, plan of insurance, or endorsement for commodities with an existing policy or plan of insurance.

Enhanced Coverage Option

Enhanced Coverage Option (ECO) is a privately developed product identified to address an urgent need for improved crop insurance options amid growing discomfort with increased reliance of agriculture on ad hoc disaster aid. ECO was developed to provide producers flexibility in managing risks and allow them to secure operating credit and eliminate the need for ad hoc disaster and trade assistance programs.

ECO was approved by the Board on August 20, 2020 and is available for the 2021 crop year nationwide for 31 crops, including dry beans and dry peas.

ECO provides producers optional area-based coverage in addition to their election of Supplemental Coverage Option and individual coverage. Producers are offered three choices: ECO-Revenue, ECO-Revenue Harvest Price Option, and ECO-Yield. As federal law limits insurance for individual farm yields at 85 percent coverage levels, ECO offers coverage up to 95 percent, at a county level to enhance producers' total coverage. Each ECO option is offered in two coverage level bands—90%-86% and 95%-86%.

ECO payments are determined by county average revenue or yield and are not affected by the producer's indemnity payment received under their underlying policy. Therefore, it is possible for the producer to experience an individual loss but to not receive an ECO payment, or vice-versa. The producer may also receive a loss on both the underlying policy and ECO.

The developer of ECO has indicated their intent to request expansion of ECO to additional specialty crops. They plan to consult groups representing specialty crop producers in all major producing areas that may be served by the product. The developer intends to submit their request for expansion in subsequent years once they have completed a report documenting their consultation efforts and research.

Expansions of Policies or Insurance Plans

This category describes expansions of existing policies or plans of insurance to additional counties or states.

RMA continually communicates with producers and other interested parties to identify where there is a need to expand the availability of risk management products to producers. Expansion of products is generally made to growing areas where RMA is aware the crop exists, there is some history or experience of the crops' performance, and there is significant grower interest in the product. Program expansion requests are often initiated by producers at the local level and channeled through RMA's Regional Offices for approval.

Following lists expansions of specialty crop programs for the 2021 reinsurance year (a reinsurance year is the period July 1 of one year to June 30 of the next year).

2021 REINSURANCE YEAR COUNTY EXPANSIONS FOR SPECIALTY CROPS		
Crop	State	Counties
Blueberries	Oregon	Polk
Cucumbers	Indiana	Johnson, Shelby
Dry Beans	Iowa	Howard
	Minnesota	Clearwater, Goodhue
	Texas	Brooks, Duval, Hidalgo, Jim Wells, Kleberg
	Washington	Klickitat
	Wisconsin	Adams, Portage, Waupaca
Dry Peas	Arizona	La Paz, Maricopa, Pinal
	California	Colusa, Fresno, Kings, Monterey, San Joaquin, Solano, Stanislaus, Sutter, Yolo
	Idaho	Franklin
	Minnesota	Blue Earth, Clearwater, Faribault, Norman
Fresh Market Tomatoes	Connecticut	Hartford, New Haven
Grapes	Texas	Yoakum
Green Peas	Maryland	Wicomico

Hemp	New Jersey	Salem
	New York	Cattaraugus
	Arizona	Cochise, Graham, Greenlee, La Paz, Maricopa, Mohave, Pima, Pinal, Yuma
	Arkansas	Arkansas, Ashley, Benton, Chicot, Clark, Clay, Conway, Craighead, Crawford, Crittenden, Cross, Desha, Drew, Faulkner, Franklin, Greene, Independence, Jackson, Jefferson, Johnson, Lafayette, Lawrence, Lee, Lincoln, Little River, Logan, Lonoke, Miller, Mississippi, Monroe, Perry, Phillips, Poinsett, Pope, Prairie, Pulaski, Randolph, St Francis, Sebastian, White, Woodruff, Yell
	Colorado	Conejos, La Plata, Moffat, Routt, San Miguel
	Kentucky	Kenton, Whitley
	Michigan	Houghton
	Montana	Granite
	Nevada	Churchill, Eureka, Lander
	New Mexico	San Miguel, Valencia
	Tennessee	Scott
	Texas	Anderson, Andrews, Aransas, Armstrong, Atascosa, Austin, Bailey, Baylor, Bee, Bell, Bexar, Borden, Bosque, Bowie, Brazoria, Brazos, Briscoe, Brooks, Brown, Burleson, Caldwell, Calhoun, Callahan, Cameron, Carson, Castro, Chambers, Childress, Clay, Cochran, Coke, Coleman, Collin, Collingsworth, Colorado, Comanche, Concho, Cooke, Cottle, Crosby, Culberson, Dallam, Dallas, Dawson, Deaf Smith, Delta, Denton, De Witt, Dickens, Dimmit, Donley, Duval, Ellis, El Paso, Erath, Falls, Fannin, Fisher, Floyd, Foard, Fort Bend, Frio, Gaines, Garza, Glasscock, Goliad, Gray, Grayson, Guadalupe, Hale, Hall, Hansford, Hardeman, Harris, Hartley, Haskell, Hays, Hemphill, Hidalgo, Hill, Hockley, Houston, Howard, Hudspeth, Hunt, Hutchinson, Irion, Jackson, Jefferson, Jim Wells, Jones, Karnes, Kaufman, Kent, King, Kleberg, Knox, Lamar, Lamb, La Salle, Liberty, Limestone, Lipscomb, Live Oak, Lubbock, Lynn, Mcculloch, McLennan, McMullen, Martin, Matagorda, Medina, Midland, Milam, Mitchell, Moore, Motley,

		Navarro, Nolan, Nueces, Ochiltree, Oldham, Parmer, Pecos, Potter, Randall, Reagan, Red River, Reeves, Refugio, Roberts, Robertson, Runnels, San Patricio, Schleicher, Scurry, Shackelford, Sherman, Starr, Stonewall, Swisher, Taylor, Terry, Throckmorton, Titus, Tom Green, Travis, Upton, Uvalde, Victoria, Walker, Washington, Webb, Wharton, Wheeler, Wichita, Wilbarger, Willacy, Williamson, Wilson, Yoakum, Young, Zapata, Zavala
Potatoes	Wisconsin	Iowa, Richland
Processing Beans	Minnesota	Houston
	New York	Chautauqua
	Oregon	Multnomah
	Pennsylvania	Tioga
Sweet Corn	Iowa	Webster

Whole Farm Revenue Program Modifications

The 2018 Farm Bill required RMA to research ways to reduce paperwork and recordkeeping requirements for direct marketed commodities under the Whole Farm Revenue Protection (WFRP) plan of insurance. In addition, RMA worked with stakeholders to identify other improvements to WFRP not related to the Farm Bill. On August 20, 2020, the FCIC Board approved the following changes to WFRP for the 2021 crop year:

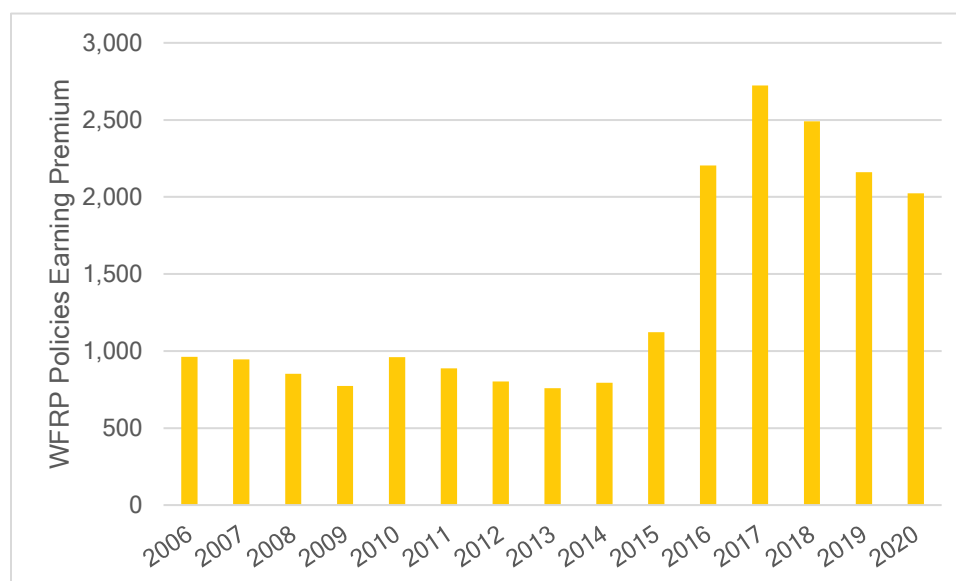
- Allow direct market producers to report two or more direct marketed commodities using a new combined direct marketing commodity code.
 - Producers no longer must provide revenue records by commodity, which can be a burden for highly diversified producers. Producers can now report a combined expected revenue for all commodities within the combined commodity code.
 - The combined direct-marketed commodities will count as two commodities in calculating the diversification premium discount.



- Revenue history will be based on reported revenue from the combined direct-marketed commodities and total acres planted to those commodities.
- Allow the current policy year's premium to be offset with only the current policy year's indemnity payment. For example, previously, an insured's indemnity for the 2020 crop year would be reduced by the premiums for the current 2021 crop year. With the policy change, the indemnity for the current 2021 crop year is reduced by premiums for the 2021 crop year.
- Revise the requirements to determine the producer's expected yield. The producer's expected yield of the commodity is now based on the average yield produced on the farm in the past four years instead of the past three years. This change helps producers offset a potential bad production year by increasing the number of years on which the expected yield is based.
- Exclude price decline that occurred during the previous insured period as a carryover insured cause of loss. Preventing price decline losses to carry over into the following year inhibits adverse selection.

WFRP is an important product for producers of any crop. Following highlights participation in the program over time. RMA will continue to work with growers to determine ways to improve the program to meet needs.

WFRP Participation						
	2015	2016	2017	2018	2019	2020
Policies	1,122	2,203	2,731	2,477	2,160	2,023
Liability	\$1.146 B	\$2.330 B	\$2.842 B	\$2,664 B	\$2,338 B	\$2,251 B
Avg Crops per Policy	3.34	3.71	4.01	4.04	3.86	3.73
Different Crops Insured	213	258	289	300	278	284



Specialty Crop Liaisons

The Specialty Crops Coordinator primarily works to address the needs of specialty crop producers. Many of the Coordinator's efforts have been directed toward facilitating the research and development of new specialty crop policies internally and through contracts. The Coordinator also participates in meetings, listening sessions, speaking engagements, and other contacts with growers, grower association representatives, the insurance industry, and USDA partners. These efforts were made to communicate new and existing specialty crops programs and gather information on needs and interests of producers.

The 2018 Farm Bill required the Specialty Crops Coordinator to designate a Specialty Crops Liaison in each RMA regional office and share the contact information of the Liaisons with specialty crop producers. The Coordinator worked with the RMA Regional Offices to designate a Specialty Crops Liaison in each office. The Liaisons serve as a main point of contact for local specialty crop producers to ensure that local issues, concerns, and differences are considered. The Coordinator formed a workgroup with the Liaisons that meets periodically to discuss specific producer needs.

Recommendations for new product development and expansions are discussed for consideration in adoption. The Coordinator and Liaisons also work with specialty crop producers and other stakeholders to complete a Production and Revenue History (PRH) questionnaire for crops for which there's interest in crop insurance; particularly, revenue coverage. PRH is a potential effective risk management tool for additional specialty crops, given its design that provides coverage based on the producer's own personal production and revenue history; thereby, providing a much more accurate insurance guarantee. The PRH questionnaire seeks specific information about the crop's market, industry, and pricing structure to help determine whether the PRH plan is appropriate for the crop. Following are crops for which the questionnaire is being completed.

Crop	Targeted Area
Blueberries	Michigan
Fresh Market Tomatoes	Michigan
Hazelnuts	Oregon
Peppers	Michigan
Pongamia Trees	Florida
Sweet Cherries	Michigan
Tart Cherries	Michigan

Specialty Crop Website

The 2018 Farm Bill required the Specialty Crops Coordinator to establish a website focused on the efforts of the Corporation to provide and expand crop insurance for specialty crop producers. A web page dedicated to specialty crops efforts was established and accessible from RMA's public website. The website includes the names and contact information for the Specialty Crop Liaisons for producers to reach for information concerning specialty crop insurance coverage. The website allows the public to submit general inquiries and comments concerning specialty crop insurance. The Specialty Crops Coordinator has fielded several inquiries from specialty crop producers regarding requests for new crop insurance coverage or other interests. The web page includes information concerning outreach efforts conducted since 2019 with specialty crop producers and other stakeholders for those interested in participating. Additionally, information concerning expansions of existing specialty crop program is included on the site. The site is located at: <https://rma.usda.gov/en/Topics/Specialty-Crops>.

RESEARCH, CONTRACTS, STUDIES, INITIATIVES

Apples

In February 2018, RMA awarded a contract to perform various tasks concerning the apple crop insurance program. The first task included a comprehensive review of the program, with a focus on the Quality Option in areas where the program has experienced consistent high loss ratios. The review provided recommended changes to the program to improve producers' coverage, addressed program vulnerabilities, and suggested that RMA further examine the feasibility of potentially insuring apples via a revenue component. RMA initiated an additional task for the contractor to complete a study to evaluate the feasibility of developing an alternative plan of insurance, potentially a revenue option, that could provide improved coverage options for apple producers. The contractor conducted 14 virtual listening sessions for producers and insurance stakeholders located in apple growing regions across the country from late April through mid-May 2020 to assess their interest in alternative plans of insurance. Though a revenue option was determined potentially feasible in some areas, overall, there was not a great deal of producer interest in such coverage. The contractor provided RMA the data gathering report on June 26, 2020.

RMA used the findings and recommendations from the contracted study to aid in drafting proposed changes to the apple program. While drafting the proposed changes, RMA conducted more than 23 listening sessions with producers, producer organizations including USApple's Risk Management Task Force, industry representatives, and insurance stakeholders, asking for input and providing proposed change updates. RMA modified the proposed changes based on the feedback received.

The proposed apple policy changes include allowing the insured to elect different coverage levels and percent of price elections by type, which will allow producers to manage individual coverage and price risk more effectively. Proposed changes will also allow producers' premium rates to be reduced in response to orchard management practices that typically occur after the acreage reporting date and decrease an orchard's productivity. Other proposed changes are intended to strengthen policy language to address program vulnerabilities that have caused increased loss ratios and rising premium costs.

RMA is planning to issue a Proposed Rule with request for comment followed by a Final Rule. The proposed changes are expected to be made available for the 2023 crop year.

Guar

In May 2020, RMA awarded a contract to gather data and perform analysis on the feasibility of developing a marketable and viable pilot crop insurance policy for guar producers. The focus of this effort is the top guar producing states in the U.S., namely, western parts of Texas and Oklahoma. Guar is a drought-tolerant annual legume that has historically been used for both food and feed. Today, the crop is primarily grown for the gum that can be retrieved from seeds, which has several industrial and food processing applications. Of particular importance is the use of guar gum in hydraulic fracking, which constitutes a large portion of the U.S. demand for guar gum. The contractor conducted listening sessions with producers, insurance providers, and producer representatives to determine potential interest in an insurance program and recommended solutions. Based on the results of the data gathering effort, RMA exercised the contract option to develop a guar crop insurance program. During development, the contractor will determine all necessary components of a viable program, including appropriate crop provisions, relevant program dates, and pricing and rating methodologies. The draft program development submission package is due from the contractor in May 2021.

Greenhouse

The 2018 Farm Bill directed RMA to carry out or contract research and development of a policy to insure production in a controlled environment, such as a greenhouse. The Farm Bill also required RMA review risk related to *Ralstonia*, which is a disease that affects the roots of certain plants. As there is no approved treatment for this disease, infected plants must be destroyed.

In November 2019, RMA implemented a contract to conduct research and analysis to assist RMA in determining the type of risk management product and/or potential new risk management tools that might be used to provide protection to meet the needs of nursery greenhouse producers.

In February 2021, the contractor delivered their draft research report. The report included results of 3 virtual listening sessions conducted in January 2021, followed by six additional follow-up discussions with individuals in the industry, which included information about the risks in their industry such as plant diseases, production, and price risks. In the listening sessions and throughout the research effort, the contractor regularly encountered support for an Animal and Plant Health Inspection Service (APHIS)-based program to indemnify losses due to destruction orders for plants, which would be similar to the compensation program under the Animal Health Protection Act. Legislative options for providing such benefits to producers will likely need to be explored. The contractor also recommended a new inventory-based crop insurance product, which establishes the guarantee based on inventory values in the operation, like RMA's Nursery Value Select (NVS) program.

RMA is working collaboratively with the contractor to develop a new single-peril inventory-based insurance product. The development effort for NVS successfully used a collaborative approach where the contractor gathered data, performed analysis, and identified issues related to potentially providing coverage, and submitted a proposed policy. RMA is targeting to make a policy available for purchase in 2023.

Local Foods

The 2018 Farm Bill directed RMA to carry out or contract a study to determine the feasibility of a policy to insure production of certain commodities, including floriculture, fruits and vegetables, and livestock that is targeted toward local consumers and markets.

In June 2020, RMA implemented a contract to assess the feasibility of insuring local food production. In January 2021, the contractor provided results of a research study that included the following objectives:

- Researching and providing an overview of the local foods industry;
- Evaluating existing policies to determine if it is possible to modify such programs or develop a similar program that will provide insurance coverage for local food producers;
- Obtaining industry perception of existing RMA programs, as they relate to local food producers and provide recommendations or modifications for existing crop insurance programs; and
- Providing recommendations to improve coverage options for local food producers.

RMA is looking into the feasibility of creating provisions or an endorsement to WFRP targeted at local food producers. Depending on the implementation, this is targeted for as early as the 2022 crop year. Due to the diversification practices of local food producers, a whole farm approach was determined the best option. This option involves the least administrative and cost risk, as RMA would implement the necessary program changes. Modifications under consideration include minimizing recordkeeping requirements and increasing the diversification discounts and coverage levels available to local food producers. RMA plans to collaborate with other USDA agencies (e.g., Agricultural Marketing Service and Farm Services Agency) in any future program development for producers of local foods due to their familiarity with the industry and risk mitigation needs of these producers.

Production & Revenue History

RMA developed the Production and Revenue History (PRH) plan of insurance to target specialty crops that lack viable public price information. A key feature of the plan is that the coverage is based on the producer's personal yield and revenue history, which makes for a much more accurate and tailored insurance guarantee for the producer. The plan was first implemented for strawberries in select Florida counties for the 2021 crop year. It will be expanded to strawberries in select California

counties for the 2022 crop year. The plan is intended to replace the existing Actual Revenue History (ARH) plan of insurance, which has not been well received, with an average of five policies earning premium each year since the program was implemented for the 2012 crop year. Experience data also indicated insured producers were interested in Catastrophic coverage, which is unavailable under the ARH plan but is available under the PRH plan.

In February 2021, RMA implemented a 5-year contract to expand PRH to additional crops and areas. The first crops targeted for expansion are fresh market peppers, fresh market sweet corn, and fresh market tomatoes in the areas where they are currently insured under the Dollar plan of insurance (Dollar Plan). An evaluation of the Dollar Plan identified problems with the program design as well as the availability of data needed to operate the program which PRH should be better suited for. RMA intends to expand PRH to additional crops and areas under the contract, as determined appropriate. RMA has identified potential candidates for expansion through initial assessments of other crops for which interest in expansion has been expressed by grower representatives.

Specialty Crop Weather Index

RMA is pursuing a contract to perform research to be used in potential development of a specialty crop Weather Index plan of insurance. The research will include an analysis of available data and tools that can be used in the development of a specialty crop weather index crop insurance program. Weather is generally the greatest peril affecting yields and production revenues for specialty crops. A Weather Index plan would insure specialty crops against weather perils. RMA has received a great deal of interest in such a product from grower representatives and other stakeholders in multiple regions. A potential product may be modeled after a broader family of financial instruments that are sometimes called “index-based risk transfer products.” These products make payments conditional on whether the realized value of a specified index exceeds or falls short of a pre-defined threshold. Index insurance products pay indemnities based not on the actual realized losses on the insured unit, but rather on some objective index that is highly correlated with realized losses. In this case, the program would include underlying indices that are specific weather variables. This is similar to the existing Rainfall Index products that utilize a rainfall index to determine precipitation for coverage purposes and does not measure production or loss of products themselves. RMA anticipates award of the contracted research in summer 2021.

Industry Outreach

RMA continually conducts outreach with producers and groups representing producers of agricultural commodities to improve producers’ awareness of available risk management products and identify unmet risk management needs. Although RMA has halted many in-person outreach efforts, it has the

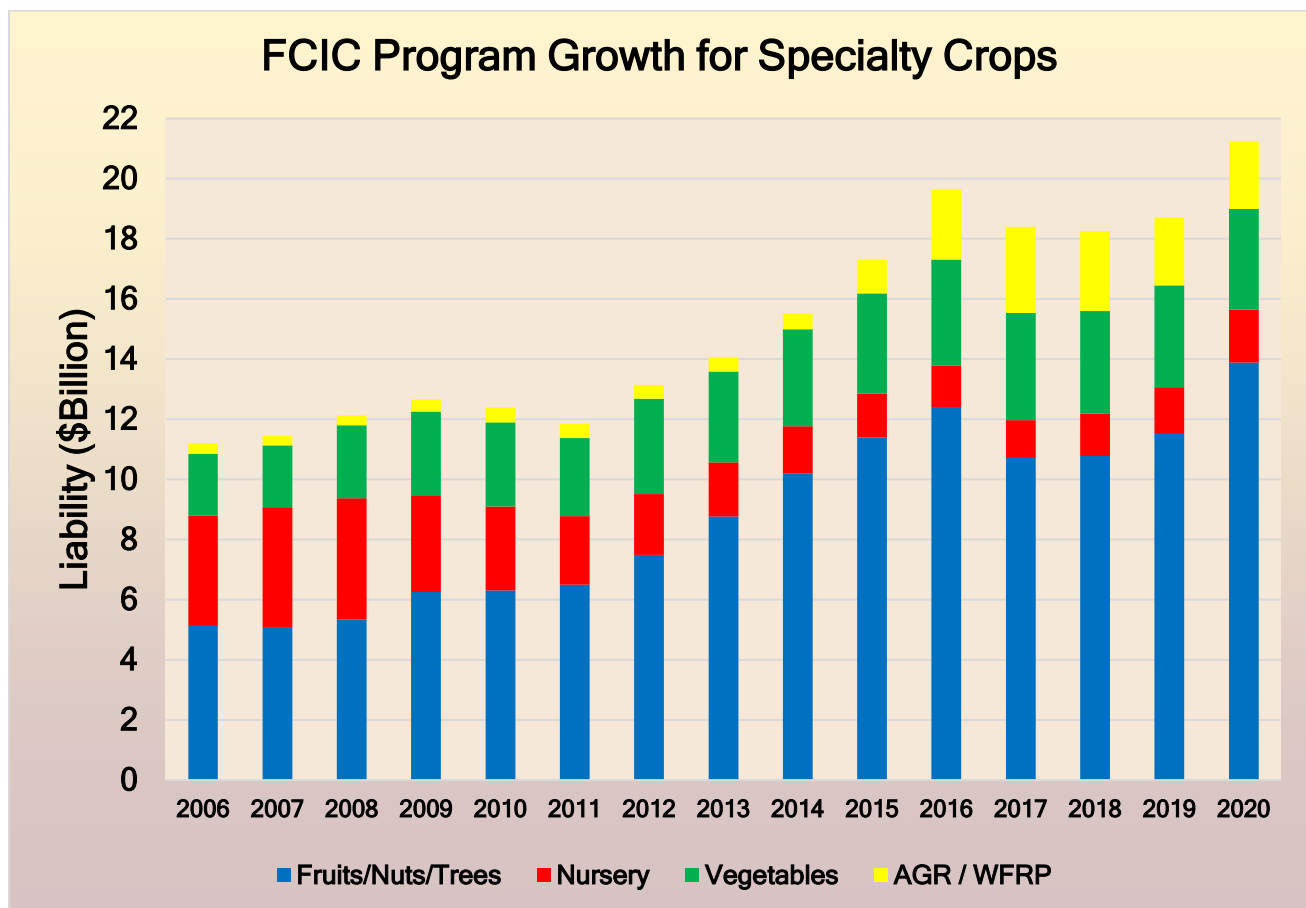
flexibility to conduct outreach virtually. Such efforts afford the opportunity to directly hear from growers of their unique risk management needs and challenges they face.

Following highlights outreach conducted since the 2020 report to Congress was submitted.

Date(s)	Location	Participating RMA Office(s)	Purpose
4/6/21	Virtual	Kansas City	Presented overview of specialty crop insurance to USDA Fruit & Vegetable Advisory Committee
2/17/21	Virtual	Kansas City, Valdosta Regional Office	Participate in town hall hosted by Florida Department of Agriculture & Consumer Services with Florida specialty crop producers
1/14/21, 1/19/21, 1/22/21	Virtual	Kansas City	Listening sessions to research feasibility of offering crop insurance program for controlled environment agriculture
1/20/21	Virtual	Spokane Regional Office	Participate in webinar on the mechanization benchmark study conducted for the Washington and Oregon wine industries
1/21/21	Virtual	Spokane Regional Office	Participate in webinar by the Northwest Cherry Institute on the control of the little cherry virus in the Pacific Northwest
1/14/21	Virtual	St. Paul Regional Office	Present on WFRP and PRH at the Minnesota Fruit & Vegetable Convention
9/30/20	Virtual	Kansas City	Listening session to solicit feedback about crop insurance coverage options for producers selling to local food markets
9/28/20 - 9/29/20	Brownfield, TX and Vernon, TX	Kansas City; Oklahoma Regional Office	In-person listening sessions to discuss potential crop insurance coverage options for Guar
8/28/20, 8/31/20	Virtual	Kansas City; Oklahoma Regional Office	Listening sessions for producers and other stakeholders to discuss potential crop insurance coverage options for Guar
8/17/20 - 9/3/20	Virtual	Kansas City	Listening sessions to producers and ranchers to solicit feedback for Local Foods contract
6/17/20 - 7/28/20	Virtual	Kansas City and various RMA regional offices	Listening sessions for apple growers to discuss proposed changes to the Apple crop insurance program
3/10/20	Kansas City	Kansas City	Meeting with members of National Sustainable Agriculture Coalition to discuss WFRP improvements

PROGRAM MODIFICATIONS/IMPROVEMENTS

RMA continually refines existing specialty crop programs to improve coverage and increase participation. Coverage for specialty crops overall has grown steadily over the past 15 years. In 2020, the amount of insurance for specialty crops totaled more than \$20 billion, as shown in the chart below. Liability for the Nursery category has decreased over the past years. This can be primarily attributed to dissatisfaction with the Nursery crop insurance program due to its complexity and onerous paperwork requirements. In response to feedback, RMA developed the Nursery Value Select program for the 2021 and succeeding crop years to address criticisms of the Nursery program, including simplifying administrative requirements and loss adjustment procedures. RMA continually refines existing specialty crop programs to improve coverage and increase participation. Following are recently implemented improvements to programs.



Hemp

A privately developed multi-peril Hemp insurance program was implemented for the 2020 and succeeding crop years and provides coverage against loss of yield due to insurable causes of loss for hemp grown for fiber, grain, or cannabidiol oil. The program was initially offered for 1,331 counties in 21 states.

Following program release, the developer received numerous requests for expansion of the program, as well as other feedback. The developer proposed to extend the benefits of the Hemp program to additional areas and proposed program enhancements to provide clarifications to the policy and procedures. The proposed expansion was intended to provide growers with a risk management tool that reduces some of the stress inherent with producing a crop in an industry that is evolving rapidly. In addition, Federal crop insurance provides lenders with a measure of comfort giving producers expanded access to additional capital and lending opportunities.

On August 20, 2020, the Board approved the following proposed modifications to the Hemp crop insurance program. The modifications are applicable for the 2021 and succeeding crop years.

- Expansion to new states in select counties: Arizona, Arkansas, Nevada, and Texas
- Expansion to 13 new counties in states with existing coverage: Conejos, CO; La Plata, CO; Moffat, CO; Routt, CO; San Miguel, CO; Kenton, KY; Whitley, KY; Houghton, MI; Granite, MT; San Miguel, NM; Valencia, NM; Scott, TN; Alleghany, VA
- Modified the definition of Processor to include a broker, for the purpose of meeting the processor contractor requirements for the grain type
- Adjusted program, reporting, and billing dates to match dates of similar crops by region

Hurricane Insurance Protection – Wind Index

RMA developed and implemented the Hurricane Insurance Protection - Wind Index (HIP-WI) insurance plan to protect against crop losses from hurricanes. The program was made available beginning with the 2020 hurricane season.

HIP-WI is structured as an endorsement that attaches to certain policies. The endorsement provides coverage against the deductible portion of the policy up to 95 percent of the expected crop value when hurricane-force winds occur in a county or adjacent county resulting from a named hurricane as determined and reported by the National Oceanic and Atmospheric Administration. The full amount of the HIP-WI policy coverage is paid if a hurricane event occurs. HIP-WI was implemented for 70 crops, including 49 specialty crops, in the vicinity of the Gulf of Mexico and the Atlantic Ocean, as well as Hawaii.

The covered specialty crops are: All other citrus trees, apples, avocado trees, avocados, banana trees, bananas, blueberries, cabbage, carambola trees, clary sage, coffee, coffee trees, cranberries, cucumbers, fresh market beans, fresh market sweet corn, fresh market tomatoes, grapefruit, grapefruit trees, grapes, green peas, hemp, lemon trees, lemons, lime trees, limes, macadamia nuts, macadamia trees, mandarins/tangerines, mango trees, nursery (FG&C), nursery value select, onions, orange trees, oranges, papaya, papaya trees, peaches, pecan trees, pecans, peppers, potatoes, processing beans, sweet corn, sweet potatoes, tangelos, tangerine trees, tangors, and tomatoes.

The covered area includes 22 states and 960 counties. The 2020 reinsurance year was one of the most active hurricane seasons on record, making the new policy well timed. The year resulted in over 17,000 policies for \$649 million in liability. Seven hurricane events have triggered payment under the endorsement resulting in \$187.2 million in total indemnity in 2020, including over \$11 million for specialty crops.

State	Indemnity
North Carolina	\$78,632,986
Louisiana	\$29,629,617
Texas	\$24,821,137
South Carolina	\$20,663,534
Alabama	\$24,378,028
Florida	\$6,571,956
Mississippi	\$2,415,571
Hawaii	\$100,132
Total	\$187,212,961

Specialty Crop	Indemnity
Blueberries	\$9,787,728
Coffee	\$23,930
Coffee Trees	\$76,202
Grapes	\$176,869
Hemp	\$13,842
Oranges	\$24,805
Orange Trees	\$1,020,578
Pecans	\$261,715
Total	\$11,385,669

Expansion to Strawberries and other Programs

Since PRH was implemented for strawberries in Florida for the 2021 crop year, RMA received requests from strawberry growers for access to HIP-WI in conjunction with the PRH policy.

RMA expects there will likely be additional products and crops added over time, and, therefore, requested the Board allow it to expand HIP-WI to any new programs or future expansions where appropriate. On February 24, 2021, the Board authorized RMA to expand HIP-WI to strawberries as well as other new crop programs and existing crop program expansions, as appropriate. The first sales closing date for PRH strawberries in Florida is August 31.

Coverage for Tropical Storms

The 2018 Farm Bill required a feasibility study be conducted for the analysis and development of an insurance plan to protect against crop losses from hurricane and tropical storms. RMA is exploring adding coverage to HIP-WI for tropical storms. RMA is currently engaged in consulting with stakeholders about how best to design the coverage. This additional coverage is targeted for the 2023 crop year.

Identifying Crop Insurance Needs

Identification of market potential is helpful in the determination of future priorities for product development, maintenance, and improvements to the Federal Crop insurance program for specialty crop producers. Determining producer needs is one of the first steps in this process. RMA utilizes several sources in determining insurance needs, as listed below:



- The RMA Regional Offices (ROs) continually provide recommendations for new program development based on their knowledge of local grower needs.
- RMA acquires Noninsured Crop Disaster Assistance Program (NAP) data to assess potential crops to expand crop insurance to.
- Individual grower group associations or broad associations often convey interest in crop insurance options for producers.
- The RMA Perennial and Specialty Crops Workgroup meets regularly to discuss issues with perennial and specialty crops which can help identify needed program improvements. The workgroup also includes external industry members who provide valuable feedback that aids in program improvements.
- RMA maintains a list of uninsured crops based on National Agricultural Statistics Service (NASS) data which can be used to help identify crops for new product development.

- Industry groups representing AIPs and agents provide recommendations for program expansions and improvements as well as new crop insurance products.

CONCLUSION

RMA is committed to continue its focus on expanding crop insurance options for specialty crop producers. A stronger and more diverse federal crop insurance program provides America's diverse agricultural producers with a reliable farm safety net that keeps the economy strong even after severe weather destroys crops. RMA has expanded options for specialty crop producers and availability over the years, focusing on improved options for small and diverse farm operations. Though Federal crop insurance coverage for specialty crops has grown steadily over time, RMA will proactively monitor the needs for additional coverage options for this agricultural sector.

See the Appendix for the information below concerning specialty crop insurance programs.

- Market penetration by categories of fruits/nuts and vegetables
- RMA/NASS specialty crop comparison tables
- Top specialty crops in liabilities

