

# Questions and Answers on Crop Insurance for Hawai'i Coffee

## Introduction

Farmers face many risks. For Hawai'i coffee growers, Coffee Leaf Rust, or CLR (*Hemileia vastatrix*), is a significant threat to their operations, profitability, and livelihood. There are programs and tools available to help manage risks, but the challenge is to raise awareness of the various assistance and how well each might fit a specific situation. One such program is crop insurance.

The USDA-Risk Management Agency (RMA) offers crop insurance for a handful of crops in Hawai'i, including coffee. CTAHR conducted webinars to deliver information about fruit, tree, and whole farm insurance on Oct. 5 and Dec. 2, 2021. These webinars can be viewed online at [www.HawaiiCoffeeEd.com/coffeecropinsurance](http://www.HawaiiCoffeeEd.com/coffeecropinsurance). An integral part of the webinars was the opportunity to ask questions and have them answered by presenters.

This document contains questions and answers about crop insurance for coffee, especially related to CLR. The respondents are (alphabetically) Shannon Antonini of NorCoast Crop Insurance, Bill Chase of Rural Community Insurance Services (RCIS), Bonnie Lind of Lind Insurance Services, and Scott Shulin of USDA-RMA. See the webinars at <https://bit.ly/3Hx4Wff> for introductions to Coffee Fruit Insurance, Coffee Tree Insurance, and Whole Farm Crop Insurance. This document will be updated with new questions and answers as new information is developed.

The information presented here is believed to be reliable and correct. However, no guarantee or warranty is provided for its accuracy or completeness. This information is provided solely for educational purposes, and any action or inaction or decisions made as the result of reading this material is solely the responsibility of the reader. The author(s) and the University of Hawai'i disclaim any responsibility for loss associated with the use of this information.

Mention of a trademark or proprietary name does not constitute an endorsement, guarantee, or warranty by the University of Hawai'i or its employees and does not imply recommendations to the exclusion of another suitable product, person, or company.



**Figure 1.** Coffee trees defoliated by coffee leaf rust, resulting in dead lateral (horizontal) branches and a loss of yield in the following season. This could be an insurable loss.

November 2022

Subject Category: Plant Disease, PD-127

**Andrea M. Kawabata**

Department of Tropical Plant and  
Soil Sciences

[andreak@hawaii.edu](mailto:andreak@hawaii.edu), (808) 322-4892

**Shannon Sand**

Department of Natural Resources and  
Environmental Management

**Shannon Antonini**

NorCoast Crop Insurance

**Bill Chase**

Rural Community Insurance Services

**Bonnie Lind**

Lind Insurance Services

**Scott Shulin**

USDA Risk Management Agency

**Stuart T. Nakamoto**

Department of Human Nutrition, Food  
and Animal Sciences

THIS DOCUMENT HAS BEEN  
REVIEWED BY CTAHR FACULTY

## Categories

- What is covered by crop insurance, p. 2
- Coffee Berry Borer (CBB), Coffee Leaf Rust (CLR), and Crop Insurance, p. 3
- Getting crop insurance: procedures and what are needed, p. 7
- Subsidies and Crop Insurance, p. 8
- General/Miscellaneous, p. 9

## WHAT IS COVERED BY CROP INSURANCE

### 1. How can I learn about USDA-RMA crop insurance?

See the webinars at <https://bit.ly/3Hx4WFf>.

### 2. What is the difference between Coffee Fruit (cherry) and Coffee Tree policies?

Coffee Fruit (cherry) policies cover loss when cherry harvest in a season is low due to weather or natural disasters also known as "loss of production." The grower is guaranteed for a minimum yield per acre, or "approved fruit yield," based on past crop history. Coffee Fruit crop insurance covers losses when production falls below that level, with the payment depending on the "coverage level" and "price election" selected by the grower and a price set annually by RMA. Tree policies cover tree health and the replacement cost of trees that die, at a rate per tree set by RMA. See the webinars (link above in Q1) for a more detailed discussion of each, and how losses are calculated for payment.

### 3. How much does crop insurance cost?

Similar to auto or health insurance, the total cost depends on several factors, including size of farm, approved fruit yield, coverage level, and price election. A good feature is that the USDA subsidizes the cost of a policy. Learn more and see some examples on the webinar.

Coverage levels go from 50% to 75% of the approved fruit yield. Coverage level is similar to a deductible for car or health insurance. With crop insurance, instead of the full approved yield, you only get the coverage level percentage, with the rest being the "deductible" that insurance will not pay.

The lowest coverage level has the highest deductible and therefore, the lowest cost. For an acre with 3,000 lbs of approved yield, 50% would be around \$20/acre/year for about \$3,130 of insurance at the current price for cherry, set by RMA at \$2.09/lb. The top coverage level (75%) will give you \$4,700 of insurance for a \$100 annual premium. If your yield was 4,000 lbs/acre (1,000 lbs. more), the premium would be about \$120 at the top coverage level.

If your farm is 5 acres or less, you should consider the top coverage level, as the cost is not excessive. There are about 6 coverage levels to help make a choice that better fits your budget. You can contact an agent to get a quote.

These premiums are subsidized by USDA. Depending on the policy or policies selected, subsidized premiums range from about \$20-100/acre/year. In order to qualify for the subsidy, you need to register with the USDA Farm Service Agency (FSA) and have your conservation compliance certification in place and updated. Once those are in place, the subsidies are automatic.

### 4. Are the premiums charged monthly or annually?

Premiums are paid annually. You are billed in September, and you have until December to pay the premium in order to make the policy active in the following year.

### 5. When should a grower file a claim?

Notify your agent about a potential loss as soon as possible. For example, in an extreme weather event, contact your agent within 48-72 hours after a loss or potential loss. For a production loss or low-yield season, contact your agent as soon as you realize the yields will trigger a claim, but no later than 60 days following the conclusion of harvest.

### 6. Are cherry production losses determined by crop season (i.e. October to September) or by calendar year?

Cherry losses are determined by crop year, which is established by the USDA RMA. There is an 17-month coverage period, which begins Jan. 1 and ends May 31 of the following year (i.e., Jan. 1, 2022 to May 31, 2023).

### 7. Can the grower remove floater cherry from the total harvest to determine their marketable cherry production yield?

Yes, growers processing their own cherry could weigh and deduct the weight of floater cherries from their total cherry harvest to help determine their marketable cherry yield. If the grower's cherry policy coverage guarantee is met, they may be eligible to receive compensation for their floater cherry losses. Floater cherry will be counted toward a grower's loss in production but will not be counted toward their production because floaters are not considered marketable cherry.

For example, suppose a grower has a policy guarantee of 4,000 lbs. of (marketable) cherry per acre for the season. The grower harvests 4,000 lbs. of cherry but floats out 1,500 lbs. of floater cherry. This reduces their marketable cherry yield to 2,500 lbs. The grower should notify their agent to start the claim process, as their marketable cherry weight could trigger a loss covered by their Coffee Fruit policy if a coverage level higher than 62.5% was selected.



Growers selling their coffee cherry to a processor should maintain records of % CBB damage, % floaters, and any other records provided by the processor that show losses due to unmarketable cherry. Contact your agent and submit these records as necessary to determine if a loss has occurred that could be covered by your policy. Growers processing their own coffee should maintain records of total harvested coffee yield and weight of any unmarketable cherry.

**8. If a grower takes coffee cherry to a processing mill and the mill determines there is 10% CBB (parchment) damage to their coffee, can the grower claim a 10% cherry loss with this documentation from the mill?**

It cannot be assumed there is a 10% cherry loss. The loss would need to be determined by a claims adjuster on a case-by-case basis.

**9. Many coffee farmers are vertically integrated and produce cherry to roasted coffee and sell their product as estate coffee. Do any of the policies cover anything besides coffee fruit (cherry)? Is parchment, green, and/or roasted coffee covered?**

The Coffee Fruit (cherry) policy only covers cherry yield.

**10. What about coverage under Whole-Farm Revenue Protection?**

Currently, Whole-Farm Revenue Protection (WFRP) insurance does NOT cover more than cherry production.

Under WFRP insurance, your coverage is based on the lower of either your average IRS Schedule F income or your farm operation report. If you sell roasted coffee, your Schedule F income is reporting your roasted coffee sales, and not cherry, because you've created a post-harvest value-added product. Your farm operation report is based on the lower cherry price.

USDA RMA recognizes this gap and is planning to establish a working group to examine how to accommodate vertically integrated coffee farms.

**11. What is Whole-Farm Revenue Protection insurance?**

Whole-Farm Revenue Protection (WFRP) insurance provides coverage against the loss of revenue that you expect to earn or will obtain from commodities you produce or purchase for resale during the insurance period under one insurance policy. WFRP combines the Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue-Lite (AGR-Lite) pilot programs and provides additional enhancements,

such as:

- A range of coverage levels from 50-85 percent to fit the needs of more farming and ranching operations;
- Replant coverage for annual crops, except Industrial Hemp;
- The ability to consider market readiness costs as part of the insured revenue and expenses;
- Provisions to adjust the insurance guarantee to better fit expanding operations;
- An improved timeline for farming operations that operate as fiscal year tax filers;
- Streamlined underwriting procedures based on the forms used for WFRP.

WFRP generally is not directly applicable to and/or currently is a poor fit for most coffee operations. For more information, contact your crop insurance agent and/or see the WFRP webinar (<https://bit.ly/3cvnplH>) and the following link to an RMA document: Whole-Farm Revenue Protection 2022 | RMA (<https://bit.ly/3sLhepH>)

**12. What is this new Micro Farm Crop Insurance policy?**

On Nov. 30, 2021, USDA announced a new Micro Farm Crop Insurance policy to support agricultural producers with small-scale farms that sell locally. This product simplifies recordkeeping and covers some post-production costs. The Micro Farm Crop policy is offered through Whole-Farm Revenue Protection and is geared toward local producers. The release states that (1) crops insured under another crop insurance policy or (2) a vertically integrated operation, are not eligible. Additional details can be found on the news release at <https://bit.ly/3lc5S3w>. Contact your crop insurance agent to inquire if your operation would benefit from this policy.

**COFFEE BERRY BORER (CBB), COFFEE LEAF RUST (CLR), AND CROP INSURANCE**

**1. Does crop insurance cover coffee leaf rust (CLR)?**

If all conditions are met, Tropical Fruit - Coffee Fruit (cherry) insurance will cover yield losses due to CLR. As of January 2022, Tropical Tree - Coffee insurance will cover tree replacement, but only if the tree is dead according to the RMA definition, which means there is no live wood in the tree or it is toppled or broken.

**2. How is CLR covered under crop insurance?**

**A.** There are two separate policies, Coffee Fruit (cherry) and Coffee Tree insurance. CLR would be covered under



the fruit policy in terms of how CLR affects your yield in the crop year. If CLR causes your yield to decline more than your deductible, then you would have a loss covered by insurance. Typically, what we are seeing is a drop in cherry yield. Your policy is based on a loss in yield, which is measured by weight of the cherries. If your approved yield was for 1,000 lbs. per acre/year with coverage for 800 lbs., but you are only harvesting 700 lbs., then you have a 100 lb. loss. So, you would be paid on that loss of production of 100 lbs.

The Coffee Fruit (cherry) policy allows for the removal of live trees, after the removal is approved, to control the spread of CLR. The cherries removed with the trees are covered, BUT NOT THE TREE.

**B.** Coffee Tree insurance provides coverage for trees that are killed by CLR if (1) all good farming practices have been followed, (2) the trees meet the definition of dead, and (3) tree loss exceeds the deductible. The removal of live trees to control CLR is not a covered loss. This condition is different from the Coffee Fruit (cherry) policy, which allows the approved removal of live trees to control the spread of CLR, where the cherries (removed with the trees) are covered, but not the tree itself.

Let's say you have a coffee tree policy and some trees need to be stumped or removed due to disease. Before doing anything, you need to contact your agent to get approval in order to claim a loss. Do this BEFORE you remove the tree – it is very difficult to verify the presence of disease or prove the tree was dead after it has been removed. The insurance agent will open a notice, then a claims adjuster will visit your farm and determine whether or not the loss is covered.

Each policy has a deductible. Trees have to meet the RMA definition of dead to count toward the deductible. Typically, a large number of trees would need to be dead to receive a payment. One thing to remember is that tree losses are cumulative throughout the crop year. If you remove a small number of trees early in the year, you should still contact your agent because there is the possibility you will remove more later and exceed your deductible. The loss adjustment team will track the number of trees that are lost due to CLR. It is important to contact your agent about the possibility of a claim for a loss from CLR or any other problem that is occurring on your farm, even if you think you may not exceed your deductible. And remember that if you remove a tree before you open a notice, it is much more difficult and sometimes impossible to show that the loss qualifies for insurance.

There is also the Occurrence Loss Option (OLO) that reduces your deductible down to 3%. That is, if you add the OLO (covered in the webinar presentation) to your policy, it begins paying out on a per tree basis once you lose 3% of your trees. This option can be added to enhance basic

tree coverage.

### **3. Going back to the statement that "The fruit policy allows the removal of the trees to control the disease (CLR)." What kind of documentation is needed? For example, do we have to report tree removal before or after removing the trees?**

Contact your insurance agent BEFORE removing any coffee trees. If you are going to remove a tree, you must open a notice of loss and you must have written permission from a claims adjuster in order to have a viable claim. If you remove a tree(s) before you get approval, it is considered 'removal without consent' and the tree and its fruit are no longer insurable.

With permission, the cherry that is lost due to tree removal is covered by fruit insurance. However, permission does not mean the trees will be paid for under tree insurance. Trees have to meet the definition of 'dead' and growers must have a specific policy for tree loss in order for those lost trees to be covered. Your agent can help connect you with a claims adjuster for this determination.

### **4. If I have some trees that are not doing well (i.e. sickly, not producing well) and I would like to replace them. Will crop insurance cover a portion of the replacement cost?**

At the current time, no. The trees will need to meet the definition of 'dead,' where is no live wood in the tree or it is toppled or broken. Again, contact your insurance agent BEFORE you remove trees.

### **5. How does the pre- and/or current existence of CBB or CLR affect being able to obtain crop insurance?**

The process of getting insurance starts by consulting with a crop insurance agent. Once an application is submitted, the Approved Insurance Provider (AIP), such as Rural Community Insurance Services (RCIS), will do a pre-acceptance inspection of the field. They will look for the existence of pest(s), how much damage there is, and if it is affecting the crop. They also assess what control measures are in place, and if the pest(s) are being managed to the best of the grower's ability. This information is reported back to the underwriting department. Having pest(s) will not preclude the grower from coverage as long as the necessary precautions are being taken and the grower is following responsible farm-management practices. Keep records of all pest control activities.

### **6. Does a farm need to be free of CLR (or other disease) before it can get coverage?**

Not completely. There is a threshold that will be examined – insurers want to check the existing infestation level, make sure you are taking appropriate steps to control



the disease, and have a management program in place. Eligibility is determined on a case-by-case basis. It is best to talk to an insurance agent and arrange for an inspection to establish insurability.

**7. Regarding following good agricultural practices or recommended management practices, what do you mean by "if all conditions are met?"**

It is good practice to document your crop management activities with farm recordkeeping. See your UH-CTAHR Cooperative Extension agent to learn about recommended practices. Information about coffee production in Hawai'i, as well as CBB and CLR best management practices, can also be found at [www.HawaiiCoffeeEd.com](http://www.HawaiiCoffeeEd.com).

**8. For a long-term solution of CLR, growers are being advised to replace their trees with CLR-resistant ones. What can producers or industry groups do to work with USDA RMA to help get changes in the policy?**

Loss or removal of live trees is currently not covered. USDA RMA has been looking into adding the option to remove live trees that have been infected with CLR. Also, see question 21 below.

**9. I have always looked at coffee trees as generally being very resilient, so in the past I would only go with fruit insurance. With CLR, the trees will be killed or need to be replaced so it is a game changer. Do I need to take a combination of policies?**

The trend right now is for producers to add the Coffee Tree policy. There also is an add-on to the tree policy that does cover replacement costs; see the webinars for examples and ask your agent for a quote.

**10. What is the cost of insurance that covers trees?**

For example, in the case of a farm with 1,000 trees, the basic Coffee Tree policy coverage premium is anywhere from \$27-74 annually. That premium is subsidized by USDA and is for mature trees.

As of early 2022, this basic Coffee Tree policy only covers trees that meet RMA's definition of 'dead' and does not cover the cost of replacing existing trees with CLR-resistant trees. Once you have the basic tree policy, you can add on the Comprehensive Tree Value (CTV) endorsement, which costs about \$65 per year. See the "Coffee Tree Pest and Disease Coverage & Tree Removal/Replacement" video for more details (<https://bit.ly/3btPNu3>).

**11. In the past, there were procedures for fallowing because of nematodes. What is the current situation, and is that something that might be changeable?**

The Hawai'i Tropical Tree Provisions include this statement (paraphrased for clarity):

*"(b) (RMA) will NOT insure acreage:*

*(1) Of coffee trees considered dead due to a nematode infestation (diagnosed by the University of Hawai'i or the State of Hawai'i, Department of Agriculture) ... unless the dead trees have been either chipped and mulched or removed from the intended replanting site, the soil is treated in accordance with practices recommended by an agricultural expert, (followed by the site being fallowed for one year. It is expected that fallow land is maintained free of weeds.)"*

*Observation and comments. We know of no approved chemical treatment that would work to treat Coffee Root Knot Nematode (CRKN) in a coffee orchard. As a practical matter, previous research by CTAHR and PBARC has indicated it is extremely difficult and costly to eradicate CRKN from an infested parcel, and it will be challenging to keep the parcel from being re-infested. As a viable alternative, CTAHR recommends using grafted trees with CRKN-resistant/tolerant rootstock.*

*CLR further complicates matters. The goal is to replant with trees that are resistant to CLR; and if not resistant to CRKN, those varieties should be grafted.*

*There are two possible changes to Coffee Tree crop insurance. First, tree insurance currently does not allow for grafted trees as a CRKN management strategy, so that it might be revisited. Second, given the slow decline with CRKN and perhaps CLR, it will be helpful to revisit the definition of a dead tree and what can be done with one that is dying.*

*Learn more about CRKN and its management at <https://bit.ly/3SDkZqT>.*

**12. Would that fallowing requirement be something that might be changeable if the industry spoke up that they do not want to have to fallow the land, particularly when replanting with grafted trees?**

If there have been new developments with grafting or other ways to replant with minimal risk to further mitigate nematode infestation, that is something that the industry might be able to get changed.

**13. If a tree is infected beyond 5% with CLR, would that be considered a loss?**

**A.** Probably not, under a Coffee Fruit policy, the insurers would want to look at the tree and determine how that will impact the cherries. An appraisal of cherry loss would need to be done.

**B.** Under a tree policy, the affected tree must meet RMA's definition of dead in order to qualify; which means there is no live wood in the tree or it is toppled or broken.

**14. With the currently approved measures and chemicals approved for CLR, 5% is the threshold beyond which managing CLR is extremely difficult. Do we need to report this to our insurer for a possible loss?**

Yes, you should report the infection of CLR and possible fruit (cherry) and tree losses to your insurance agent. However, for coffee trees to be covered under the current Coffee Tree policy, the CLR-infected tree(s) would need to be considered dead to be covered by insurance. At a 5% infection rate, a coffee tree with CLR would not be considered dead. And, because your policy is based on the number of trees and the age of your trees, you would still need to notify your insurance agent before removing infected tree(s), regardless if a notice of loss is opened.

**15. Given that a farmer will need approval to remove an infected tree, how do you prevent that tree from infecting the surrounding trees waiting on the administrative process?**

You need to contact an agent as soon as you identify a problem. The policy requires you to contact your agent within 72 hours upon identifying the problem. A claims adjuster will usually visit within a few days. See [www.HawaiiCoffeeEd.com/CLR](http://www.HawaiiCoffeeEd.com/CLR) for current recommendations on managing CLR.

**16. I've already stumped some of my trees to see if I can save them. Is that the right/wrong thing to do?**

There is more than one way to look at that. If you have the Coffee Tree policy, you definitely should notify your insurance agent before you stump the tree or remove it completely. If you also have the Coffee Fruit (cherry) policy and you stump that tree, there may also be coverage for the cherries that are being removed. As there are a couple of ways you could have potential indemnity, you should contact your insurance agent to schedule an inspection and open a notice.

**17. Comment:** I notified my agent about a month ago, and received a call the day before yesterday, that they are planning to come out in January (it is Dec. 2 today). So, it is not fast, and in the meantime, I have CLR on the leaves and the infection is spreading.

Sometimes it is like that (especially with Covid). It would be best to talk to your insurance agent as soon as possible. The insurance agent can advise you on how to proceed if an inspection may take longer than expected. Regardless, continue to attempt control of CLR on your trees and keep records of your activities. Not doing so, in addition to hurting your crop, will also jeopardize your claim (you did not implement recommended practices.)

**18. If a farmer does find an infected tree and lets their insurance agent know what is going on, are they allowed to spray fungicides in order to try and control the spread of CLR?**

Yes. It is expected that a farmer will take all necessary precautions in order to help prevent the spread of CLR and maintain their trees. Ignoring CLR would be considered a negligence and could jeopardize insurability.

**19. How soon should industry get a list of the rust-resistant varieties to RMA?**

Researchers are currently looking for the race of the rust, then the coffee varieties that are resistant to that race will be identified, followed by test plantings to see if the varieties have good cupping qualities. The selected varieties then need to be propagated and distributed here in Hawai'i. With that process, how soon does RMA want a list and how long does it take to add the new rust-resistant varieties to the insurance policies?

The timing needed is a tough one to answer, as the entire process requires a lot of steps and coordination. It would be helpful if industry could get a preliminary list to RMA. But RMA really needs to be informed closer to when the trials are done so they know that these varieties are effective. If it is an important issue, it will be wise for someone to follow its progress.

**20. If non-resistant varieties are covered under the current coffee cherry and coffee tree policies, why is it necessary to know which varieties are resistant to CLR?**

The policies are updated as conditions evolve. RMA could potentially amend the language in future policies or via special provisions covering varieties that are resistant.

**21. What can farmers do to encourage policy changes that include the replacement of CLR and CRKN-damaged trees with resistant and grafted trees? This policy change would recognize recommended best management practices and help to encourage growers to adopt practices that would improve their operation.**

Coffee producers can work through their association to discuss policy changes with USDA RMA. RMA will work with their colleagues in product management to consider the proposed changes and possibly change the language



of the policy or create special provisions that broadly cover the different types of coffee species, hybrids, and selections of coffee trees that growers could replant with to address disease and nematode best practices. There are no guarantees that proposed changes will be made and no set timeline for changes to be made. From a risk management standpoint, RMA should be made aware of what the industry is using, what they would like to move toward, and what is effective at combating CLR and CRKN.

There are limitations to what crop insurance can do for you, and with something as widespread and serious as CLR, growers might pursue all alternatives, such as communicating with legislators. Crop insurance might help pay for the loss of cherry or trees, and with federal programs, you might be able to recoup some of the expense of replacing trees if there is a disaster. But if you're removing an entire orchard, there's going to be a lot of expenses above and beyond what can be covered in insurance. Don't think that RMA is the end all; crop insurance is just another tool for farmers to use.

## GETTING CROP INSURANCE: PROCEDURES AND WHAT ARE NEEDED

### 1. What are the steps that a brand new coffee farmer in Hawai'i needs to take to become insurable? Did I hear that there is a 4-year farmer requirement for crop insurance?

**A.** Contact an insurance agent (see Appendix 1). The steps involved vary with the coverage. Specific policies depend on the age of the tree. One of the biggest concerns is CRKN, where the loss of a tree is not covered if it is destroyed by nematodes in the first five years of the policy. Otherwise, the Coffee Tree policy coverage begins when the tree is planted (by Dec. 31 of prior year), so planting the trees and having good farming practices are the first steps the grower needs to take. There are also programs for new farmers.

**B.** As far as the steps: Contact an insurance agent of your choosing, then go over the different coverages available for your age of farm and your experience level. There is a requirement that you have tree-growing experience if insuring coffee trees. This is a minimum of four years, not including the year of orchard establishment, so you need to substantiate that you have some tree-growing experience to get tree insurance. Cherry coverage under a Coffee Fruit policy is available as long as the trees meet the minimum age requirement. The first thing is to find an insurance agent that you want to work with, and review

insurability requirements.

### 2. What records should a grower have to apply and qualify for crop insurance?

**A.** In general, growers should keep good records on all farm activities, including fertilization, spraying, pruning, flowering events, and disease control. For diseases, RMA will need records of the pesticides being applied, the rates, the days of application, and any other measures being taken to protect your crop. If you are hiring contractors RMA will need labor records. If you are doing it yourself, receipts for fertilizers, pesticides, equipment, etc. are necessary. There are other records needed for disease.

**B.** You also need to document your coffee cherry yield. This could be your daily picking records if you process coffee yourself, or it could be documentation from the mill if you deliver cherry for milling. The grower may not need to submit the records, just the numbers – but they must have the records available to verify anything that they have reported.

If you buy an orchard from an experienced producer and there is a history of production and revenue, you can ask to use that history. An applicant can elect to use the RMA transitional yield for missing years if there is no production history from the previous grower.

**C.** For Coffee Tree insurance, there is no history allowance – i.e., you cannot count the previous owner as part of your experience, but growers can use the experience of a mentor or farm manager to qualify. The person must be hands-on at the farm. This may be approved on a case-by-case basis and is not expressed in the policies.

**D.** For Whole Farm Revenue Protection policies, you need your IRS Schedule F for three previous years along with production history records.

**E.** There may be other forms required in the event of a loss. For example, if you have a share of a farm or multiple entities are involved, RMA will need documentation to establish those shares and entities. If there are leases involved, RMA will need to document lease agreements. The documentation requirement is something you would want to discuss with your agent, when you are getting a policy.

### 3. Can I get multiple policies, like fruit and whole farm? (Can I collect double?)

You can get multiple policies, but they typically cover different things. In the case of Coffee Fruit and Whole



Farm Revenue Protection, payments received from the fruit policy will count as revenues in whole farm, i.e. reduce the amount of damages. Crop insurance indemnities (payments) made under Hawai'i Tropical Tree or Fruit, Macadamia Nut or Tree policies are considered income for the purpose of determining the income loss on Whole Farm policies, thus eliminating the possibility of collecting double.

**4. As a farmer, would you recommend that we secure fruit insurance and tree insurance combined or would you recommend covering only one risk?**

There are two different kinds of coverage, so if you think your trees are at risk then Coffee Tree coverage is appropriate. Tree coverage will not cover your cherry yield, so some recommend that growers evaluate the Coffee Fruit (cherry) policy first, and then consider whether or not they feel their trees are at risk and if there would be some benefit under the tree policy. The purpose of these webinars and these Q&As are to help growers evaluate both types of coverage for their operations, although the answer for each individual depends on their situation and tolerance for risk.

**5. Would the farmer get the benefit of lower premiums if they took both types of insurance? For example, I receive a multipolicy discount for taking house and car insurance under the same carrier. Is something like that available for crop insurance?**

No, there is no discount for bundling unless you add the Whole Farm Revenue Protection policy and then you get credit for the premium of your multi-peril crop insurance policies (your Coffee Fruit and Coffee Tree policies). It's a credit toward the whole farm premium. However, don't forget that the premiums for crop insurance are subsidized.

**6. Some insurance coverage depends on conservation measures for steep property. Could someone discuss what measures are expected?**

The grower only needs to qualify for conservation measures through USDA-Farm Service Agency (FSA) in order to get premium subsidies. A grower must comply with conservation requirements for wetlands and highly erodible lands only for premium subsidies, not to get crop insurance. A grower can get coverage without qualifying for compliance. For a perennial crop, the compliance is just confirming that it is a perennial crop and filing with the FSA. There is no further requirement. Contact your local FSA office (<https://bit.ly/3zjy2r0>) for more info. But again, conservation measures affect only the subsidy, not qualification for crop insurance.

**7. Regarding the Highly Erodible and Wetland Conservation Certification, is there a reference that we could go to see about obtaining certification for our farms?**

See: USDA Conservation Compliance (<https://bit.ly/3h-C1kYd>)

To be in compliance with the highly erodible land conservation and wetland conservation provisions, producers must agree, by certifying on Form AD-1026, that they will not:

- Produce an agricultural commodity on highly erodible land without a conservation system;
- Plant an agricultural commodity on a converted wetland; or
- Convert a wetland to make possible the production of an agricultural commodity.

This form is provided by your insurance agent and submitted with your initial policy application.

**8. Is there a size limit on how small a farm can be to still qualify for crop insurance?**

There are some insured growers that are a quarter to half-acre. It might be just a couple of hundred trees in some cases. So practically speaking, there is no minimum size.

**9. Is there a 4-year farmer requirement for crop insurance?**

The 4-year farmer requirement applies to qualify for Coffee Tree insurance. A grower lacking that experience can request using the experience of a hands-on farm advisor, farm manager, or whomever is helping them to learn farming. It has to be hands-on; weekly telephone conversations with the Cooperative Extension agent would not qualify.

**10. How would you calculate coffee acreage on a farm that is interplanted with macadamia nut trees?**

It is based on the tree count. If you have an acre of trees and you have alternating rows, there are formulas to calculate the number of macadamia nut and coffee trees. Contact an insurance agent for more details.

## **SUBSIDIES AND CROP INSURANCE**

There are subsidies for new farmers and veteran farmers for all three types of policies: 1) Whole Farm Revenue Protection, 2) Fruit, and 3) Tree. For Whole Farm, the new farmer subsidy is available for 10 years. For tree and fruit, it is available for five years.

**1. Is there a 4-year farmer requirement for subsidies?**

There is no time requirement for the subsidies. Basically, a farmer needs to just contact the USDA FSA then check a





box and sign a form. New and veteran farmers also qualify for additional subsidies.

## **2. Is there a new farmer no-cost subsidy, doesn't that conflict?**

There is no administration fee for beginning and veteran farmers, so a no-cost policy is possible at the catastrophic (CAT) level. But CAT does not apply to Whole Farm and having underlying fruit or tree policies with CAT does not qualify for Whole Farm.

To clarify, CAT coverage is at 50% of yield, and the price election is at 55%. As a result, coverage is just over 25% ( $0.5 \times 0.55$ ) of potential losses in dollar amounts i.e. the grower with CAT will receive 25 cents for a dollar of loss. Higher coverage is possible at a higher premium.

## **GENERAL/MISCELLANEOUS**

### **1. The three presenters are marketing the same products. How does a farmer choose an agent? Is there a difference?**

Yes, crop insurance agents (see Appendix A) are all offering the same products from the USDA Risk Management Agency for coffee: the Fruit (cherry), Tree, and Whole Farm Revenue Protection policies. It is like looking at different agents or companies for car insurance, except the policies are the same with anyone. Check with the crop insurance agents regarding rates and services.

## **Acknowledgements**

We thank Chris Manfredi and Suzanne Shriner of the Hawai'i coffee industry and Dr. Roshan Manandhar of UH-CTAHR for their thoughtful review of this publication.

The information provided in this publication was developed in part with support provided by the USDA National Institute of Food and Agriculture Hatch and Smith-Lever projects 20-013 and 20-086 and integrated project HAW02033-H funds managed by the University of Hawai'i at Mānoa's College of Tropical Agriculture and Human Resources, from the Hawai'i Department of Agriculture, US Department of Agriculture, Foundation for Food and Agriculture Research, Western Extension Risk Management Education Center, Hawai'i Coffee Association, Maui Coffee Association, Hawai'i Coffee Growers Association, and United Ka'u Growers Cooperative.

## **Disclaimer**

Opinions or recommendations are those of the authors and do not necessarily reflect the views of their employers or funding agencies. Mention of a trademark, proprietary product, or vendor does not constitute a guarantee or warranty of the product or vendor by the U.S. Dept. of Agriculture, University of Hawai'i, NorCoast Crop Insurance, Rural Community Insurance Services, Lind Insurance Services, USDA Risk Management Agency, authors, or reviewers of this article, and does not imply its approval or endorsement to the exclusion of other products, person, or company that also may be suitable.

*Published by the University of Hawai'i at Mānoa, College of Tropical Agriculture and Human Resources. In accordance with Federal law and U.S. Department of Agriculture civil rights regulations and policies, UH Cooperative Extension is prohibited from discriminating on the basis of race, color, national origin, sex, age, disability, and reprisal or retaliation for prior civil rights activity. For questions, contact CTAHR's Office of Communication Services at [CTAHRcom@hawaii.edu](mailto:CTAHRcom@hawaii.edu), (808) 956-7036.*

### Appendix 1: Crop Insurance Agents for Hawai'i Producers

(last downloaded June 30, 2022 from the RMA crop insurance agent locator - (<https://bit.ly/3PrfMRW>))

<b>Last Name</b>	<b>First Name</b>	<b>Agency Name</b>	<b>Email Address</b>	<b>Phone Number</b>
Antonini	Shannon	NorCoast Crop Insurance	<a href="mailto:shannon@norcoastcrop.com">shannon@norcoastcrop.com</a>	(707) 791-5615
Buck	Brady	Eastco Group LLC		(719) 659-0382
Carvajal	Emily	American AgCredit FLCA - EC		(707) 766-8498
Elliott	Casey	Phoenix Insurance Group LLC		(602) 707-7707
Ferguson	Kyle	Agri-Services Agency LLC		(866) 826-0207
Griffith	Matthew	Wraith Scarlett & Randolph Ins Serv Inc		(530) 662-9181
Johnson	Charles	Eastco Group LLC		(719) 659-0382
Lind	Bonnie	Lind Insurance Services	<a href="mailto:agsecure@sbcglobal.net">agsecure@sbcglobal.net</a>	(888) 276-7728
Livsey	Jennifer	Eastco Group LLC		(719) 659-0382
Mugaya	Andrea	Agri-Services Agency LLC		(866) 826-0207
Murray	Sarah	Agri-Services Agency LLC		(866) 826-0207
Patzke	Tanner	Wraith Scarlett & Randolph Ins Serv Inc		(530) 662-9181
Raybuck	Gretchen	Agri-Services Agency LLC		(866) 826-0207
Rehberg	Morgan	Agri-Services Agency LLC		(866) 826-0207
Scharplaz	Rachel	Agri-Services Agency LLC		(866) 826-0207
Stegall	Brandon	USI Insurance Services LLC		(916) 883-0574
Stinson	Richard	Pro Aa Management Inc.		(800) 366-2767
Stinson	Richard	RE Geil Ins Agency		(419) 598-1800
Wickham	Christine	Agri-Services Agency LLC		(866) 826-0207
Wills	Shonda	Agri-Services Agency LLC		(866) 826-0207