

PSA: BIDEN ADMINISTRATION INCREASES CROP INSURANCE OPPORTUNITIES



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The U.S. Department of Agriculture (USDA) just announced an expansion of the [Enhanced Coverage Option](#) (ECO) beginning with the 2025 crop year to help address the impact of environmental and ecological challenges resulting from climate change.

The importance of crop insurance to a safe and secure agricultural sector cannot be overstated. Last year, America's farmers held over 2.3 million crop insurance policies. Now, USDA's **Risk Management Agency** (RMA) is expanding coverage options to additional crops, as well as increasing premium support to make the policy more affordable for specialty crop fruit and nut producers.

ECO is currently approved for 36 crops and RMA is expanding coverage options to **almonds, apples, blueberries, grapes, and walnuts** for the 2025 crop year and to **citrus crops** where the [Supplemental Coverage Option](#) currently is available in California and Arizona for the 2026 crop year. Additionally, RMA is increasing premium support for all crops covered by ECO to **65%** to make the coverage more affordable.

HOW CROP INSURANCE WORKS

Crop insurance is a contract between farmers and insurance providers that protects against losses that may occur during a crop year. The contract can cover losses due to natural disasters, price declines, and other adverse events.

Under the contract, the insured farmer agrees to insure all the eligible acreage of a crop planted in a particular county. This choice is made county by county and crop by crop. All eligible acreage must be insured to reduce the potential for adverse selection against the insurance provider. Adverse selection generally exists whenever the insured person has better knowledge of the relative riskiness of a particular situation than the insurance provider does.

The insurance provider agrees to protect the insured farmer against losses that occur during the crop year. In most cases, the insurance covers loss of yield exceeding a deductible amount. Losses must be due to unavoidable perils beyond the farmer's control.

Over the last few years, products that combine yield and price coverage have been introduced. These products cover loss in value due to a change in market price during the insurance period, in addition to the perils covered by the standard loss of yield coverage.

Crop insurance policies also typically indemnify the insured person for other adverse events, such as the inability to plant or excessive loss of quality due to adverse weather. The nature and scope of this "helper" coverage vary depending on the crop. This is because of the differences in crop's individual natures.

Crop insurance is sold and delivered solely through private crop insurance agents. A list of crop insurance agents is available at all USDA Service Centers and online at the [RMA Agent Locator](https://www.rma.usda.gov/Information-Tools/Agent-Locator) (accessible online at: <https://www.rma.usda.gov/Information-Tools/Agent-Locator>). RMA provides policies for more than 130 crops and is constantly working to adjust and create new policies based on producer needs and feedback.

WHY ECO IS IMPORTANT

ECO provides additional area-based coverage for a portion of a qualifying producer's underlying crop insurance policy deductible. ECO can be purchased as an endorsement to:

- Yield Protection,
- Revenue Protection,
- Revenue Protection with the Harvest Price Exclusion, or
- Actual Production History.

ECO offers producers a choice of 90% or 95% trigger levels. "Trigger" is the percentage of expected yield or revenue at which a loss becomes payable.

Equally important, ECO is unaffected by participation in USDA's Farm Service Agency's (FSA) [Agriculture Risk Coverage](#) (ARC) program for the same crop on the same acres. Producers may select ECO regardless of the FSA farm program election.

BOTTOM LINE: As America's agriculture communities face unprecedented environmental and ecological challenges, the need for adequate crop insurance has never been greater. Farmers and fruit and nut

specialty product growers should take note of the additional tools now available to balance the risk for a more stable and sustainable operation.

Producers can learn more about crop insurance and the modern farm safety net at [RMA.USDA.gov](https://www.rma.usda.gov) or by contacting their RMA Regional Office.

To learn more about crop insurance, contact the GrayRobinson national [Food Law Team](#) at 866.382.5132 or foodlaw@gray-robinson.com.

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