

Risk Coverage for Industrial Hemp



In the 2018 Farm Bill, hemp was added as an approved crop. This fact sheet provides current federal risk management programs available for producers growing hemp in 2022.

Crop Insurance

The USDA Risk Management Agency (RMA) administers federal crop insurance programs. There are currently two options for hemp insurance: Multi-Peril Crop Insurance (MPCI) and Whole Farm Revenue Protection (WFRP). Producers must apply for crop insurance with a licensed crop insurance agent. Your agent will also discuss requirements for THC testing and required contracts with buyers.

Multi-Peril Crop Insurance (MPCI) covers loss of crop yields due to all types of natural causes including drought, excessive moisture, freeze, and disease. For the 2022 crop year, this insurance is available through a pilot program only in certain counties in the following states: Alabama, California, Colorado, Illinois, Indiana, Kansas, Kentucky, Maine, Michigan, Minnesota, Montana, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Tennessee, Virginia, and Wisconsin.

Whole Farm Revenue Protection (WFRP) is a revenue protection insurance program, providing a risk management safety net for all commodities produced on the farm. WFRP is available in all counties nationwide. This program is tailored for any farm with up to \$8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets. WFRP insurance protects the adjusted gross revenue you earn or expect to earn from crops and livestock when you suffer production losses or decline in market prices due to unavoidable natural events. Commodities covered include those you produce during the insurance period, whether they are sold or not, and commodities you buy for resale during the insurance period. All of the commodities on the farm can be covered with this policy except timber, forest and forest products, and animals for sport, show or pets. New for 2022, a Micro Farm Policy option has been added. This is designed specifically for smaller farm operations with up to \$100,000 in approved revenue.

Disaster Assistance

The USDA Farm Service Agency (FSA) administers disaster assistance programs. Producers can enroll in their local FSA offices.

The Noninsured Crop Disaster Assistance Program (NAP) is designed to protect against losses on expected crop yields for non-insurable crops. Eligible crops must be commercially produced agricultural commodities for which crop insurance is not available. NAP provides financial assistance when eligible crops are affected by natural weather events resulting in lower yield or complete crop loss. NAP also includes prevented planting provisions.

For information on hemp production, go to the UVM Extension Northwest Crops & Soils website: <https://www.uvm.edu/extension/nwcrops/industrial-hemp>

For more information on agricultural risk management, go to the UVM Ag Risk website: <http://go.uvm.edu/ag-risk>

*This material is based upon work supported by USDA/NIFA under Award Number 2018-70027-28584.
USDA and the University of Vermont are equal opportunity providers and employers.*