



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-01-004

TO: All Reinsured Companies
All Risk Management Field Offices
All Interested Parties

FROM: Kenneth D. Ackerman /s/ Ken Ackerman 1-17-01
Administrator

SUBJECT: Organic Farming Practices-Implementation of the Section 123 of Agricultural
Risk Protection Act of 2000 (ARPA)

BACKGROUND:

In the past, crop insurance policies may not have covered production losses when organic insect, disease, and weed control measures were used and such measures were not effective. Such determinations were made because the insured had not complied with the definition of good farming practices contained in the Basic Provisions. Section 123 of the Agricultural Risk Protection Act of 2000 (ARPA) now requires that organic farming practices be recognized as good farming practices.

The regulatory changes that are needed to revise the Basic Provisions which cover almost all crop provisions, cannot be made for the 2001 crop year. As a result, the Risk Management Agency (RMA) will recognize organic farming practices as good farming practices by providing coverage for organic producers by written agreement (not available for catastrophic risk, income protection, and revenue assurance plans of coverage and for pilot program crops unless permitted by the crop provisions). Coverage will be available beginning with the 2001 crop year for all crops with a March 15, 2001 sales closing date.

Coverage for organic acreage will be available for both transitional and certified organic acreage in accordance with approved underwriting guidelines and procedures. Insurable damage caused by insects or disease will be covered if recognized organic farming practices fail to provide an effective control. Damage caused by the failure of organic farming practices to control weeds due to a insured cause of loss is also covered.



1400 Independence Ave., SW • Stop 0801 • Washington, DC 20250-0805

The Risk Management Agency Administers and Oversees
All Programs Authorized Under the Federal Crop Insurance Corporation

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The price elections or dollar amounts of insurance for organic farming practices will be the same price elections or dollar amounts of insurance currently published by RMA for the 2001 crop year for insured crops. For all applicable crops, separate transitional yields (T-Yields) will be established for transitional and certified organic acreage. Premiums will be adjusted to recognize any additional risk associated with covering organic crop acreage.

If a written agreement is not requested for organic farming practices, current loss adjustment procedures will apply, i.e., appraisals for uninsured causes of loss will be applied when conventional farming practices would have prevented damage due to insects, disease, or weeds.

ACTION:

RMA will issue coverage and rate rules, underwriting guidelines, and procedures to establish coverage for organic producers through written agreements. These materials will be issued in the near future. All other current procedures, including those for issuing written agreements and establishing APH yields will continue to apply.

DISPOSAL:

This bulletin will remain active until incorporated into the FCIC 18010 Crop Insurance Handbook and FCIC 24020 Written Agreement Handbook. The estimated disposal date is December 31, 2002.