



# Resources for Michigan Fruit Growers

## Chairwoman Debbie Stabenow

As Chairwoman of the U.S. Senate Agriculture Committee, Senator Debbie Stabenow has been working hard to help Michigan fruit growers who experienced significant weather-related losses in 2012. In addition to existing policies championed by Senator Stabenow in past Farm Bills, the *Agriculture Reform, Food and Jobs Act* that she authored and passed through the U.S. Senate includes additional assistance for farmers affected by frosts and freezes this spring.

### **Insurance and Disaster Assistance in Current Federal Law**

Many Michigan fruit growers have access to disaster assistance through federal crop insurance and the existing Noninsured Crop Disaster Assistance Program (NAP) programs. While crop insurance coverage is not available to all growers, where growers do have coverage, these programs will help compensate growers for losses due to freeze, frost and other disasters. According to the USDA, crop insurance will cover more than \$96 million of liability for Michigan fruit producers this year.

### **Disaster Declaration**

On July 2, the Secretary of Agriculture declared 72 Michigan counties a disaster area. This means that any farmers who own or operate land in a county that is part of that disaster area (or in a contiguous county) will be eligible for emergency loans from the USDA Farm Service Agency (FSA). Producers can borrow up to 100 percent of actual production or physical losses, to a maximum amount of \$500,000. Loan terms vary from 1 year to a maximum of 20 years depending on the loan purpose, repayment ability and collateral available. Interest rates for emergency loans are fixed at 2.25 percent. For more information, contact your local FSA office.

This also means that loans will be available from the Small Business Administration to help small businesses and agricultural co-ops that suffered severe economic injury as a result of the late freeze. Up to \$2 million is available to cover costs that a business would have otherwise been able to cover, and this assistance is only available if a business cannot get other credit. You can apply online at <https://disasterloan.sba.gov/ela/>. For more information, call (800) 659-2955.

### **Expanded Assistance in the Agriculture Reform, Food and Jobs Act**

The 2012 Farm Bill will allow producers without access to crop insurance to retroactively purchase 65 percent “buy-up” coverage for losses in 2012 under the Noninsured Crop Disaster Assistance Program (NAP). Producers who elect higher coverage levels would pay a nominal premium based on the value of their production and acres planted and could receive up to \$100,000 to cover their losses. Beginning farmers would receive a discount on fees paid for the new NAP buy-up coverage.

In addition, the bill retroactively extends the Tree Assistance Program (TAP), which will be available to all producers who purchased either crop insurance or NAP, and will pay producers the cost of replacing or rehabilitating fruit trees, grape vines, or fruit bushes that are lost to natural disasters.

## **Expanded Access to Crop Insurance**

In the long term, Michigan growers need better access to crop insurance so they can manage their risk from weather disasters. Senator Stabenow's Farm Bill includes a number of provisions to help ensure specialty crop producers have appropriate crop insurance options available to them.

- **Expands public-private partnerships to develop new insurance products.** This bill provides additional funding for private entities to develop new crop insurance products for underserved crops and regions such as fruits and vegetables by increasing the advance payment for research and development of new policies by 50%. It also requires the Federal Crop Insurance Board to prioritize products that address underserved commodities, inadequate coverage, and low participation.
- **New authority for research and development.** The bill allows the Risk Management Agency (RMA) to conduct research and development activities to maintain or improve existing policies or develop new policies. In addition, the Federal Crop Insurance Corporation will be required to prioritize research for specialty crops and other underserved crops and regions.
- **Simplifies and expands whole farm insurance.** The bill requires RMA to develop an action plan for providing whole-farm insurance plans that allow producers with diversified crop and livestock operations qualify for an indemnity if actual gross revenue is below 85 percent of average gross farm revenue or reasonable expected gross farm revenue.
- **Creates innovative pilot program for index-based weather insurance.** The bill creates a new partnership to expand access to index-based weather insurance products for fruit and vegetable growers who do not have sufficient price or yield data for traditional insurance. The Federal Crop Insurance Corporation is authorized to conduct a pilot program to provide financial assistance for producers of underserved crops to purchase index-based weather insurance products.
- **Improves Crop Insurance for Organic Producers.** This bill will help level the playing field for organic farmers by improving the prices used for crop insurance policies by directing USDA's Risk Management Agency to allow organic crop insurance policies to use actual organic prices that better reflect an organic producers' actual risk. The bill also improves data collection efforts and coordination between the Agriculture Marketing Service and RMA.
- **Improves crop insurance for beginning farmers and ranchers.** This bill provides significant new funding for expanded access for crop insurance for beginning farmers. These improvements will lower the cost of crop insurance for beginning farmers by providing a 10 percent discount for all crop insurance premiums. It will also allow RMA to consider a beginning farmer's previous experience in calculating their production history, and it will provide additional assistance when beginning farmers face natural disasters.