

What is Multi-Peril Crop Insurance?

Multi-Peril Crop Insurance (MPCI) is a common form of crop insurance that can work for both conventional and organic farms and ranches. Generally, MPCI is used to cover losses from natural disasters, crop loss, and market price changes. The coverage can work as revenue protection or yield protection and covers a variety of crops.

CROPS COVERED

MPCI is one of the best choices for commodity crops like yellow corn or soybeans, but not a great fit for food grade corn, blue corn, or other such products.

HOW DOES REVENUE AND YIELD PROTECTION WORK?

- MPCI insures a percentage of historical crop production to protect farmers from yield loss
- APH refers to a farmer's history of acres planted and crops produced over a 5-10 year period
- Both revenue protection and yield protection require the farmer to choose a coverage level that ranges from 50-85%
- Premium paid by the farmer is lower for lower levels of coverage, allowing for risk adjustment based on your needs.
- The coverage level tells you how much revenue will be insured based on the expected fall or spring contract prices and Actual Production History (APH)
- Insurance companies multiply the APH by the coverage level to calculate the guarantee ($\text{Guarantee} = \text{APH} \times \text{coverage level}$)
- If the production level is below this guarantee, and you have an approved loss, you may be eligible for an indemnity payment.

REVENUE PROTECTION VS. REVENUE PROTECTION WITH HARVEST PRICE EXCLUSION

- There are two types of revenue protection: regular revenue protection and revenue protection with harvest price exclusion
- Harvest price exclusion only uses the contract prices during the spring, while regular revenue protection is based on the highest projected price offered from spring or fall
- Yield protection works similarly to harvest price exclusion by only ensuring yield based on spring projected prices

MPCI AND ORGANIC CROPS

Using crop insurance has historically been difficult for farmers who sell specialty crops or are organic. These are some things to keep in mind when utilizing MPCI:

- It can be hard for organic producers to access the full benefits of a system based on APH because of diverse crop rotations
- Providing information for APH is difficult for beginning, transitioning to organic, and organic producers because the APH starts over each time a farmer engages in a new practice
- Specialty crops and non-commodity crops may not be eligible to be insured in every region
- If coverage for a specific crop is not available in a given county, you can work with your crop insurance agent to apply for a written agreement (This is a special request for a case-by-case agreement with RMA for coverage)
- Depending on the type of policy, you can choose an additional option or endorsement to strengthen coverage