Federal Risk Management Programs Expanded to Include Maine Grown Hemp

The U.S. Department of Agriculture announced the availability of two programs that protect hemp producers' crops from yield loss resulting from adverse weather such as drought, excess moisture, hail, frost, freeze, etc. Maine was one of twenty-one states included in a pilot hemp Multi-Peril Crop Insurance (MPCI) program. The MPCI program provides coverage against loss of yield for hemp grown for fiber, grain or Cannabidiol (CBD) oil. Those producing hemp in a non-insurable Maine county can apply for similar coverage through the Noninsured Crop Disaster Assistance Program (NAP) available through the Farm Service Agency (FSA). Producers may apply now, and the deadline to sign up for both programs is March 16, 2020.

Multi-Peril Crop Insurance (MPCI) Hemp Pilot Insurance Program

Among other requirements, to be eligible for the pilot program, a hemp producer must have at least one year of history producing the crop and have a contract for the sale of the insured hemp. In addition, the minimum acreage requirement is 5 acres for CBD and 20 acres for grain and fiber. Hemp will not qualify for replant payments or prevented plant payments under MPCI. Insurance will not attach to any acreage on which Cannabis, canola, dry beans, dry peas, mustard, rapeseed, soybeans, or sunflowers were grown the preceding crop year. The Pilot Insurance Program is available in all Maine counties except Sagadahoc, Hancock, Washington, Knox and Lincoln. Producers can choose to insure their hemp crop at a catastrophic level (CAT) which protects 50% of their approved crop yield and pays at 55% of the price election at a loss; or, at higher coverage levels called "buy-up" which protects 50 to 75% of their approved crop yield and 100% of the price election. The 2020 price elections are listed in Table 1.

Table 1. 2020 Hemp Price Elections, Maine

	Price per pound	CAT*
Grain	$0.58	$0.319
Fiber	$0.08	$0.044
Cannabidiol (CBD)		
Transplant		
Whole Plant	$3.56	$1.958
Floral	$8.64	$4.752
Direct Seeded		
Whole Plant	$0.91	$0.500
Floral	$3.03	$1.666

*CAT price election is 55% of the full price

Table 2. Coverage and Loss example using CBD Floral Transplants

a) Approved yield per acre	1,750
b) Number of acres insured	5
c) Coverage level selected	75%
d) Yield trigger (a x b)	1,313
e) Actual yield	1,000
f) Price election per pound	$8.64
g) Indemnity (d – e) * (b) * (f)	$13,522

A price election is the price per unit an insured is paid for a qualifying loss. A coverage and loss example are shown in Table 2. Catastrophic level coverage costs $655 per crop per county. The premium cost for buy-up levels of coverage will vary but a portion of the premium cost is subsidized. To enroll in the MPCI Hemp Pilot, receive a premium quote, and to ask questions contact a licensed crop insurance agent. A list of agents can be found using the agent locator tool: www.prodwebnlb.rma.usda.gov/apps/AgentLocator/ - /.

Noninsured Crop Disaster Assistance Program

Those producing hemp in counties that are not eligible for the pilot hemp MPCI program may apply for coverage through the Non-insured Crop Disaster Assistance Program (NAP). NAP provides coverage against weather-related losses for hemp grown for fiber, grain, seed or CBD for the 2020 crop year.

Producers can choose to protect their hemp crop at a catastrophic level which protects 50% of their approved crop yield and pays at 55% of the average market price; or, at higher coverage levels called "buy-up" which protects 50 to 65% of their approved crop yield and 100% of the average market price. For all coverage levels, the NAP service fee is $325 per crop or $825 per producer per county, not to exceed $1,950 for a producer with farming interests in multiple counties. For more information contact your local FSA office.

Eligibility Requirements

Under a regulation authorized by the 2018 Farm Bill and issued in October 2019, all growers must have a license to grow hemp and must comply with applicable state, tribal or federal regulations or operate under a state or university research pilot, as authorized by the 2014 Farm Bill.

Producers must report hemp acreage to FSA after planting to comply with federal and state law enforcement. The Farm Bill defines hemp as containing 0.3 percent or less tetrahydrocannabinol (THC) on a dry-weight basis. Hemp having THC above the federal statutory compliance level of 0.3 percent is an uninsurable or ineligible cause of loss and will result in the hemp production being ineligible for production history purposes. For more information on USDA risk management programs for hemp producers, visit farmers.gov/hemp to read farmers.gov frequently asked questions. For more information on the U.S. Domestic Hemp Production Program, visit USDA's Agricultural Marketing Services' website to read AMS frequently asked questions.

More Information

For more information about policies visit the UMaine Crop Insurance website at www.extension.umaine.edu/agriculture/crop-insurance/. Contact Crop Insurance Education Program Manager Erin Roche (erin.roche@maine.edu or 207.949.2490).

USDA
U.S. Department of Agriculture
Risk Management Agency