

U.S. Senate Committee on Agriculture, Nutrition and Forestry



Chairman Pat Roberts

K-State Crop Insurance Workshop: Disasters, Farm Bill, Trade & Hemp... Oh My!

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2018 Farm Bill: Hemp Provisions



- Title VII – Research, Extension, and Related Matters
 - Subtitle A – National Agricultural Research, Extension, and Teaching Policy Act of 1977, Sec. 7125. Supplemental and alternative crops; hemp
 - Subtitle D – Other Laws, Sec. 7415. Legitimacy of industrial hemp research
- Title X – Horticulture
 - Sec. 10111. Hemp Production
- Title XI – Crop Insurance
- Title XII – Miscellaneous
 - Subtitle F – General Provisions, Sec. 12608. Conforming Changes to Controlled Substances Act

USDA's Agricultural Marketing Service (AMS) Regulation

- ▶ Expected publication in the Federal Register in late October
- ▶ Testing



Whole-Farm Revenue Protection (WFRP)



- ▶ Hemp Producers' Eligibility
 - ▶ Producers can obtain coverage if they are part of a Section 7606 state or university research pilot as authorized by the 2014 Farm Bill
 - ▶ Other producers will be able to receive coverage once a USDA-approved plan is in place
 - ▶ Producer must comply with applicable state, tribal, or federal regulations for hemp production
 - ▶ Producers must have a contract for the purchase of the insured hemp
 - ▶ Hemp must not contain THC above the compliance level

Whole-Farm Revenue Protection (WFRP)

- ▶ WFRP Coverage
 - ▶ Provides coverage for revenue for commodities produced on a farm up to a total insured revenue of \$8.5 million
 - ▶ Covers unavoidable natural cause of loss which occurs during the insurance period
 - ▶ Coverage is provided for the duration of the producer's tax year
 - ▶ Approved revenue is the lower of the expected revenue or the producer's whole-farm historic average revenue
 - ▶ Insured revenue amount is the producer's coverage level multiplied by the approved revenue
 - ▶ Coverage levels range from 50 – 85%
 - ▶ 50 – 75 % for 1 commodity
 - ▶ 80 – 85% for 3 commodities
 - ▶ Hemp will not qualify for replant payments under WFRP

General Issues

- ▶ Ownership
- ▶ Insurable Loss
- ▶ Contract Requirement



Issues Stemming From a Contract Requirement

- Determination of processor solvency
- Analyzing financial documents, including projections and the assumptions built into those projections
- Due diligence



Lack of Data

- Good Farming Practices
- Data for FCIC approvals
- Data is currently held by the processors



Issues Surrounding Hemp Crop Insurance

- ▶ *Furnwood Farm, LLC. et. al. v. GenCanna Global USA, Inc. et. al.*
- ▶ Delayed payments
- ▶ Bad contracts

