Blueberry Insurance: An Underused Tool

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Out of all crop insurance, Blueberry crops are the most under-insured in the industry. This seems to be a surprising fact considering in recent years the Blueberry industry has been declining. Blueberry farms have been subject to issues like Spotted Wing Drosophila (SWD), cold temperatures and changing market pressures. So, what types of insurance are available and what are the benefits to farmers? There are essentially three policies: Approved Production History (APH), Whole Farm Revenue Protection (WFRP) and the Micro-Farm policy (Phillip Preston, 2022).

The most popular and recognizable insurance program is APH. This policy uses up to ten years of your historical crop yields to determine your amount of coverage. "These policies insure producers against yield losses due to natural causes such as drought, excessive moisture, hail, wind, frost, insects and disease" (Farm Bureau Insurance, p. 2). All the producers must do is report their acreage accurately, pay their premiums, meet any policy deadlines, and report it immediately if loss or suspect loss occurs. According to the Farm Bureau Insurance Website, "The farmer selects the amount of average yield he or she wishes to insure; from 50-75 percent (in some areas up to 85 percent). The farmer also selects the percent of the predicted price he or she wants to insure, between 55 and 100 percent of the crop price established annually by the Risk Management Agency (RMA). If the harvested plus appraised production is less than the yield insured, the farmer is paid an indemnity based on the difference. Indemnities are calculated by multiplying this difference by the insured percentage of the price selected when crop insurance was purchased and by the insured share" (Farm Bureau Insurance, p. 2).

Moving forward, WFRP uses a farms historical revenue, via tax records and historical farm income, along with its projected revenue and producers' elections, to guarantee a revenue from all produced crops. This policy is currently underutilized partly because of challenges to its application in blueberry farms. However, this policy will hopefully be improved upon to expand its usefulness, and it currently works well for specific blueberry farm operations (Preston, 2022). This plan disregards how much you produced or where the commodity price is but looks at whether your farm hit its average revenue based on the last five-year average. According to the USDA, "The WFRP was specifically developed for farms that tend to sell to direct, local or regional, and farm-identity preserved markets and grow specialty crops and animals and animal products" (USDA, 2018).

The third and last policy is the Micro-Farm policy.

This policy is a simplified version of WFRP for operations under $100k approved revenue. To qualify, you need at least three years of revenue / tax record history. This plan is extremely effective for farms of this caliber.

Now that we understand what all these three policies mean, how are they a benefit to blueberry farmers? For the last five years, blueberry producers have netted positive income, all due to these insurance programs. This net positive was achieved even when the programs were not being fully utilized; if we could fully utilize and enhance these blueberry insurance policies, the income produced would be dramatically increased. Imagine if Michigan Blueberry farms had been protected in 2018, when the total blueberry production was 66 million pounds, 32 million pounds short of the 10-year Michigan average (Longstroth, 2018). We could have protected many farms from hard financial loss. It is hopeful that with time these benefits will only get stronger.

Looking at previous farm bills passed, both the 2014 and 2018 bills highlighted specialty crops and continued to make efforts to improve the efficiency, productivity, and profitability of specialty crop production (Preston, 2022). Part of achieving this goal includes improving upon specialized farm insurance policy. With this being said, make sure you get out to vote on your 2023 Farm Bill and make your voice heard, it is hoped that there will be strengthened protection in insurance policies surrounding specialty/blueberry crops.

You may be asking, if these programs are so valuable in helping blueberry farmers, then why are they being underutilized? Part of this problem stems from under-education of recent changes in policy that allow for better use of specialized insurance programs for specialty crops, as well as under-education of how coverage works. In addition, it is often thought that the cost of the plan/policy isn't worth the protection it provides when that is not the case. As mentioned earlier, every farm enrolled in a program netted positive for the past five years. There are even farms who are unaware you could insure blueberries at all. If you feel like your farm could benefit from crop insurance, please sit down with a qualified representative who specializes in specialty crops to see what plan works best for you and your farms needs.

APH Plan of Insurance. Farm Bureau Insurance. https://www.farmbureauinsurance-mi.com/uploadedFiles/FBI_Prototype/Website/Content/Buy_Insurance/APH.pdf.

Mark Longstroth. Fruit Growers News. *MSU: 2018 Michigan blueberry crop lowest since 2005*. November 20, 2018, from https://fruitgrowersnews.com/news/msu-2018-michigan-blueberry-crop-lowest-since-2005/#:~:text=Michigan%20had%20a%20terrible%20blueberry,were%20normal%20but%20not%20great.

Philip Preston. GreenStone Farm Credit Services. *How to be prepared for Crop Insurance* [Power Point]. April 14, 2022, from Blueberry Kickoff Meeting MSU.