



WHAT IS CROP INSURANCE?

Crop insurance is a tool that helps farmers manage risk. Every growing season comes with dangers you can't control, like drought, hail, flooding, or a sudden drop in crop prices. Crop insurance protects your income when these events cause a loss.

How Does It Work?

Crop insurance is sold through a public-private partnership.

The federal government, through the USDA Risk Management Agency (RMA), sets the rules and helps pay part of the cost. Private insurance companies and licensed agents sell the policies and handle claims.

You work directly with a local agent, not the government, to buy your policy.

How Do You Pay for It?

You pay a premium each year, similar to paying for car or health insurance. The government pays part of your premium cost—this is called a subsidy. How much help you get depends on the type of policy and the coverage level you choose.

What Does It Protect?

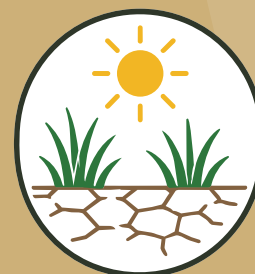
Depending on the policy you choose, crop insurance can protect you against:



Low yields caused by weather, disease, or pests



Drops in crop prices between planting and harvest



Damage to pasture, rangeland, or hay ground from lack of rain



Losses in total farm revenue across many crops

What Happens If You Have a Loss?



File a Claim

File a claim with your insurance agent



Adjuster Inspection

An adjuster will inspect the damage



Loss Qualifies

If your loss qualifies...



Indemnity Payment

You receive a payment called an indemnity.



Why Does It Matter?

Farm income can swing wildly from one year to the next. A single bad season, like a drought or hailstorm, can wipe out a year's profit. Crop insurance gives you a safety net so one bad year doesn't put your operation at risk. It also helps when talking to lenders, as they will know your income has some protection.

Key Takeaways

1



Crop insurance protects farm income from weather, pests, and price swings.

2



RMA sets the rules and subsidizes cost; private agents sell and service policies.

3



You pay a premium; the government covers part of it.

4



A claim triggers an inspection and, if approved, an indemnity payment.



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