

Agricultural Policy and Risk Management Brief

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What to Do Before and After a Hurricane? Programs and Resources Available for North Carolina Agricultural Producers

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In the aftermath of Hurricane Harvey hitting Texas and Hurricane Irma battering Florida (and other Southeastern States), it is an opportune time to inform North Carolina (NC) agricultural producers and stakeholders about disaster programs and resources that are available before and after a hurricane strikes. Although NC was not directly hit by Hurricanes Harvey and Irma this year, NC residents know that there has been a history of damaging hurricanes that have crossed the State over the years (e.g., Hurricane Mathew in 2016) and it is inevitable that another one will hit the state sooner or later (i.e., it is not a matter of whether a hurricane will hit NC, but rather when and how often it will arrive). Therefore, it is important for our farmers to be aware of the different government programs and resources that are available to them to plan and manage for this risk before the hurricane event occurs, as well the disaster assistance programs and resources that they can access when a hurricane have already occurred and adversely affected their agribusiness.

Before a Hurricane Strikes: Preparing and Managing the Risk of Crop or Livestock Loss

Even before a hurricane strikes, producers can proactively plan and prepare for these types of adverse events. There are a number of government “safety-net” programs and policies that NC crop and livestock producers can avail of to mitigate the risk of hurricane-related business losses. Details about the different policies and programs discussed in this section are available in the links provided at the end of this article.

Crop Insurance. Producers in NC can prepare for potential hurricane-related losses by purchasing crop insurance. Federal crop insurance policies

(administered through the USDA Risk Management Agency (RMA)) can be purchased by producers at subsidized rates. These insurance policies make indemnity payments based on current losses related to either below-average yields (e.g. yield insurance plans) or below average revenues (e.g., revenue insurance plans). Farmers sign up for insurance before planting, but usually pay premiums after harvest.

Yield insurance plans available in NC through the Federal crop insurance program include: the Actual Production History (APH) (or Yield Protection (YP)) plan and Catastrophic Risk Protection Endorsement (CAT). Revenue insurance plans in NC include: the Revenue Protection (RP) and Whole Farm Revenue Protection (WFRP). Indemnity payments for these aforementioned plans depend on individual farm level performance. A policy called Area Risk Protection Insurance (ARPI) provides yield and revenue protection, but indemnity triggers on county yield/revenue performance. Livestock insurance policies for cattle and swine are also available in NC.

Producers with RMA-administered crop insurance coverage should report hurricane-related damage within 72 hours of damage discovery and follow-up in writing within 15 days.

In addition, the Supplemental Coverage Option (SCO) for a number of crops and the Stacked Income Protection Plan (STAX) for upland cotton producers were introduced in the 2014 Farm Bill to provide additional risk protection (above traditional crop insurance).

Note however that these RMA-administered crop insurance products, are not available for all crops produced in NC (i.e., like sweet potatoes & other specialty crops). In this case, the USDA Farm Service Agency's (FSA's) Noninsured Crop Disaster Assistance Program (NAP) is an "insurance-like" option to protect these producers from hurricane-related losses.

Commodity Programs. The 2014 Farm Bill also provided the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) commodity programs as additional "safety-net" policies that NC crop producers can sign-up for and help in case there are widespread losses due to hurricanes. More details on this programs are in the links below.

Flood Insurance. NC farm businesses with buildings and structures that may be adversely affected by hurricane-induced flooding may also consider getting flood insurance (for businesses) through the Federal Emergency Management Agency (FEMA).

After a Hurricane Strikes: Programs and Resources for Immediate Assistance

NC farmers can also access immediate assistance from various programs to help them recover from eligible losses after a hurricane event. Again, specific details about the various programs & resources discussed in this section are available in the links provided at the end of this article.

FSA Disaster Assistance Programs. The USDA FSA have a number of programs that provide assistance in case of hurricane-related losses, including: the Emergency Conservation Program (ECP), Emergency Forest Restoration Program (EFRP), Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), Emergency Loan Programs (EM), Livestock Indemnity Program (LIP), and Tree Assistance Program (TAP). The ECP provides funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters. EFRP provides payments to eligible owners of rural non-industrial private forest lands to restore forest health damaged by natural disasters (including hurricanes). The ELAP program provides financial assistance to eligible owners of livestock, honeybees, and farm-raised fish. Producers located in counties that received a primary or contiguous

disaster designation are eligible for EM benefits to help them recover from production and physical losses. TAP provides financial assistance to qualifying orchardist and nursery tree growers to replant and/or rehabilitate eligible trees, bushes and vines affected by hurricanes.

Damage to Property and Shelter. When hurricanes and floods severely damage residential property, USDA Rural Development can assist with providing priority hardship application processing for single family housing. In addition, many USDA Rural Development programs can help provide financial relief to small businesses hit by hurricanes, including low-interest loans to various business entities.

Food Assistance. USDA Food and Nutrition Service (FNS) coordinates with state, local and voluntary organizations to provide food for shelters and other mass feeding sites. Under certain circumstances, states also may request to operate a disaster household distribution program to distribute USDA Foods directly to households in need.

Small Business Assistance. The US Small Business Administration (SBA) offers low-interest loans to agribusiness owners that can be used to repair or replace real estate, personal property, machinery and equipment, and inventory and business assets damaged by hurricanes.

Tax Assistance and Emergency Relief. The Internal Revenue Service (IRS) provides faster refunds and extensions on paying taxes for individuals in a designated disaster area.

FOR MORE INFORMATION (links):

USDA RMA Crop Insurance Policies:
<https://www.rma.usda.gov/policies/>

Factsheets for NC Crops covered by Crop Insurance: https://www.rma.usda.gov/aboutrma/fields/nc_rso/nc/#factsheets

Crop Insurance Provisions in the Farm Bill (USDA ERS): <https://www.ers.usda.gov/topics/arm-economy/farm-commodity-policy/crop-insurance-program-provisions-title-xi/>

Livestock Insurance Policies (USDA RMA):
<https://www.rma.usda.gov/livestock/>

Natural Disasters and Crop Insurance Factsheet:
https://www.rma.usda.gov/pubs/rme/natural_disasters.pdf

USDA FSA Noninsured Crop Disaster Assistance Program (NAP): <https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/noninsured-crop-disaster-assistance/index>

USDA ARC and PLC: https://www.fsa.usda.gov/programs-and-services/arcplc_program/

FEMA Flood Insurance: <https://www.fema.gov/national-flood-insurance-program>

USDA FSA Disaster Programs:
<https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/index>

USDA FSA Disaster Program Factsheet:
https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2017/fsa_disaster_assistance_programs_at_a_glance_march2017.pdf

USDA Rural Development Disaster Assistance:
<https://www.rd.usda.gov/programs-services/services/rural-development-disaster-assistance>

Food Assistance from USDA FNS:
<https://www.fns.usda.gov/disaster/disaster-assistance>

Small Business Assistance Loans:
<https://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans>

IRS Disaster Assistance and Emergency Tax Relief: <https://www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses-1>

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