

A close-up photograph of several small green seedlings with two leaves each, growing out of dark, rich soil. The seedlings are in various stages of growth, with some showing more developed leaves than others. The background is slightly blurred, showing more soil and some dry organic matter.

# A Stewardship Endorsement for Crop Insurance

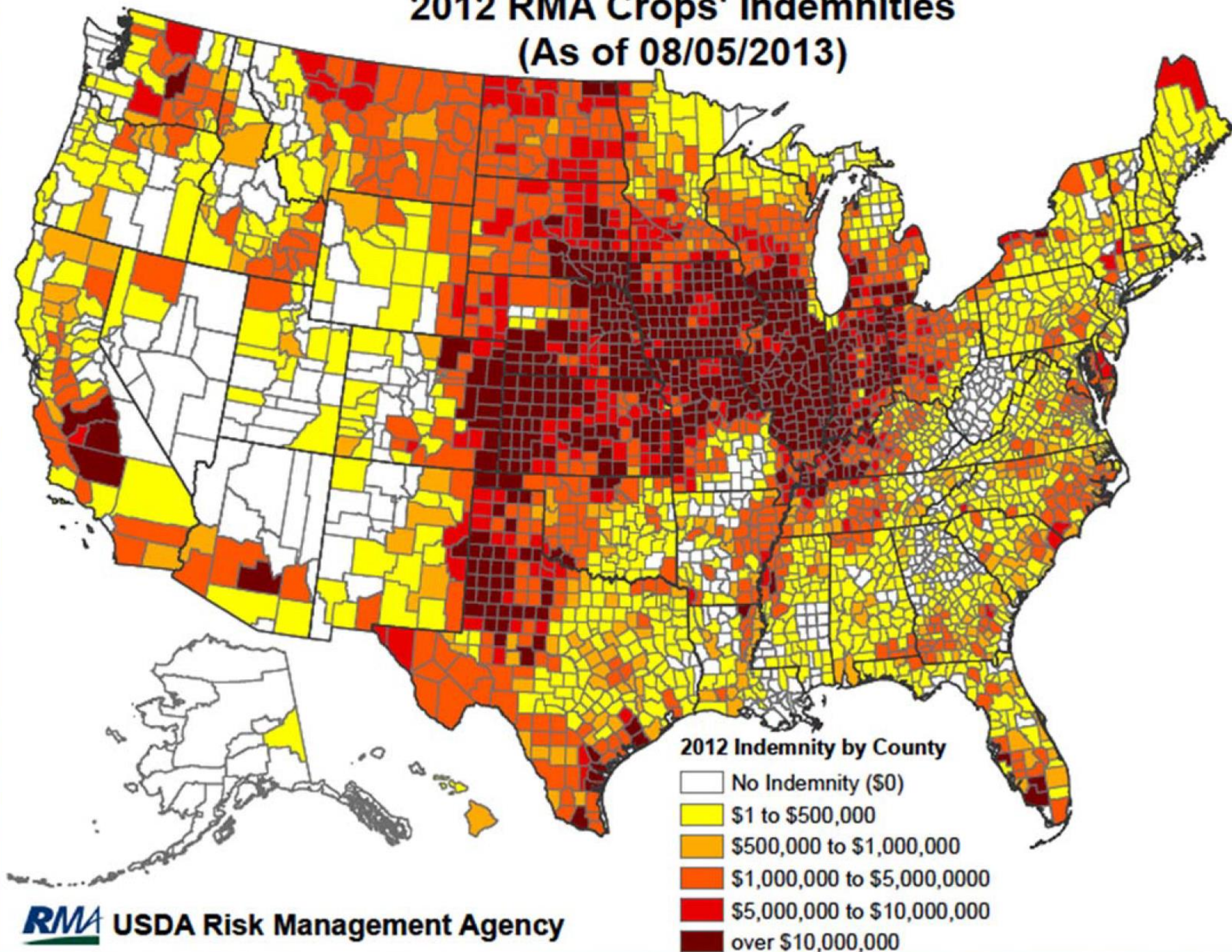
Claire O'Connor  
Natural Resources Defense Council  
October 2013

# Agenda

- Overview of Proposal
- Legal Basis
  - “Best Interest of Producers”
  - “Actuarially Sound”
- Potential Benefits
- Next Steps/Additional Research

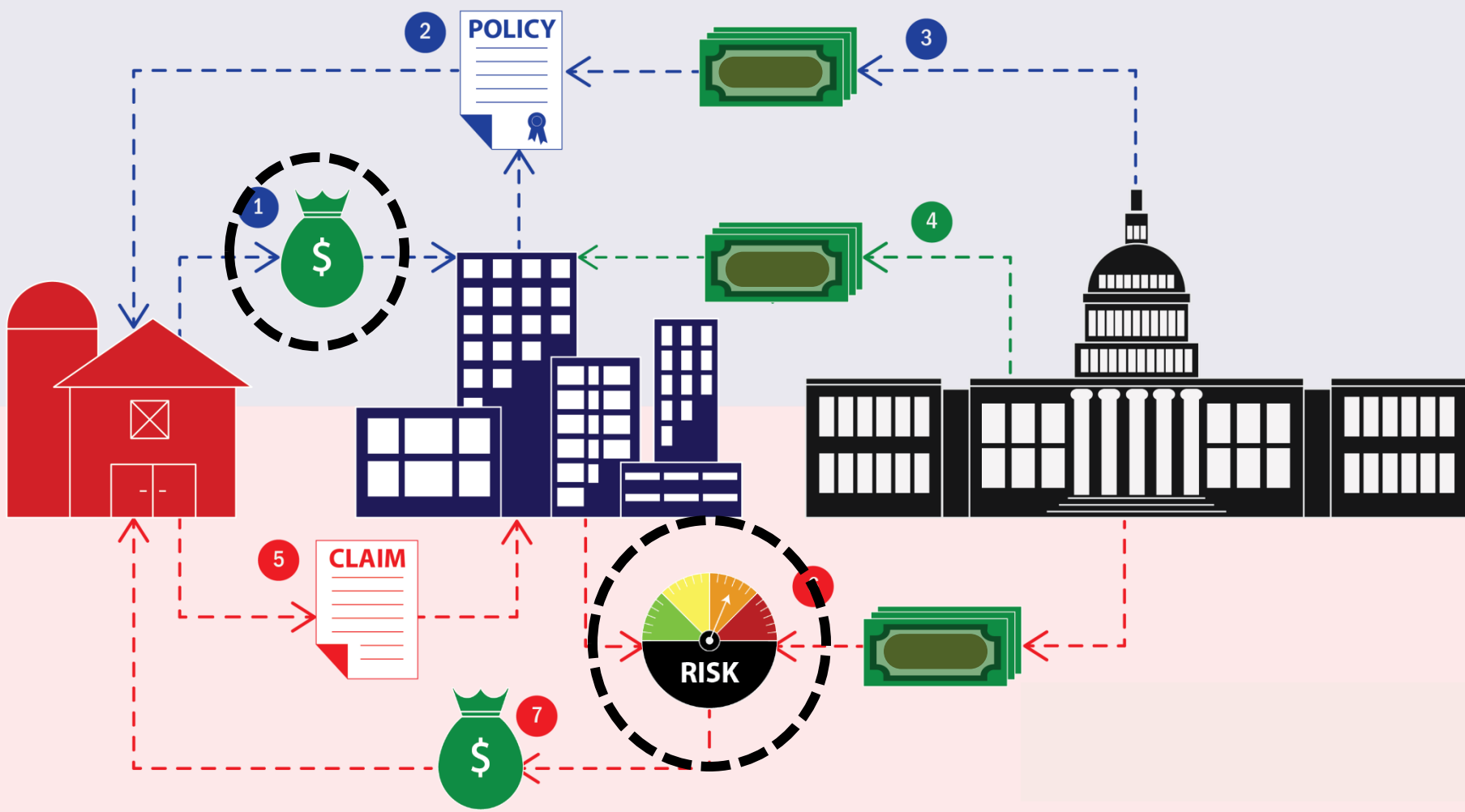


# 2012 RMA Crops' Indemnities (As of 08/05/2013)



POLICY PURCHASE

DAMAGED CROPS





# Legal Basis

- Section 1523(d) of the Federal Crop Insurance Act:

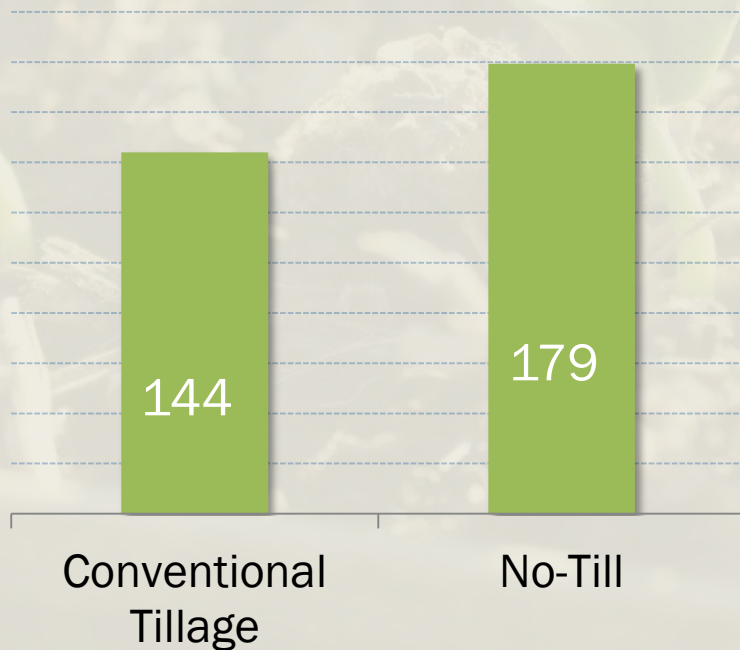
*The Board shall approve a policy or plan of insurance proposed under this subsection that involves a premium reduction if the Board determines that—*

*(i) the interests of producers are adequately protected within the pilot area;*

*(ii) rates of premium are actuarially appropriate, as determined by the Board*

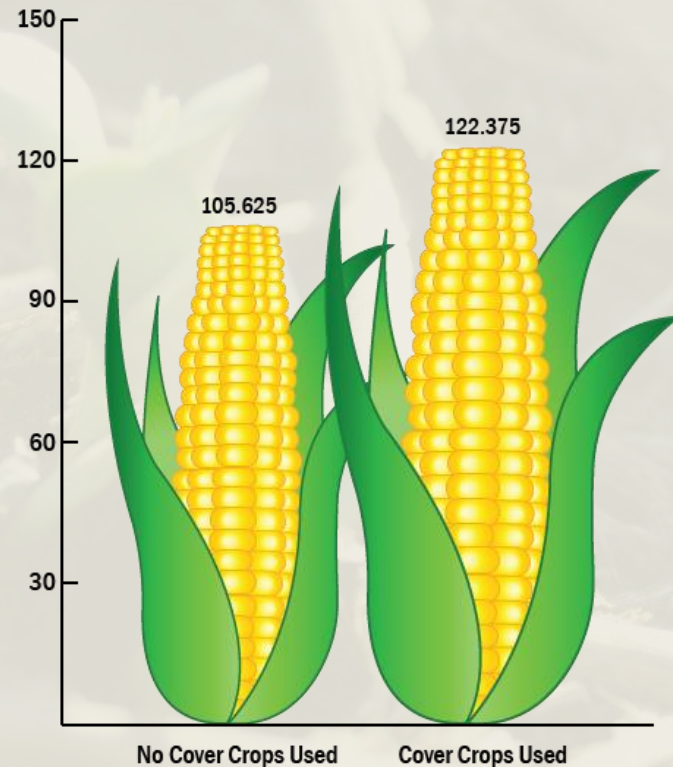
# Best Interest of Producers

Corn Yield (bu/a) per Irrigated Acre (2010)



Source: USDA ERS ARMS

Average 2012 Corn Yields in Bushels per Acre for the Top Four Drought-Affected States (KS, NE, IA, IL)

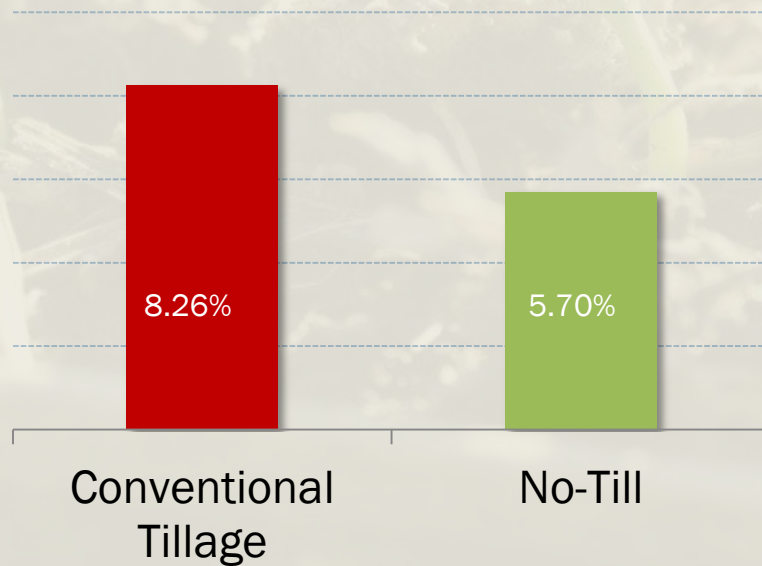


Source: USDA SARE & CTIC 2012 Cover Crops Survey



# Actuarially Sound

Percent of 2010 Corn Acres  
Receiving Indemnity  
Payments



Source: USDA ERS ARMS

*What if everyone used no-till?*

1.7 million fewer acres  
receiving indemnity payments

X

\$126.67 average per acre  
indemnity payment

---

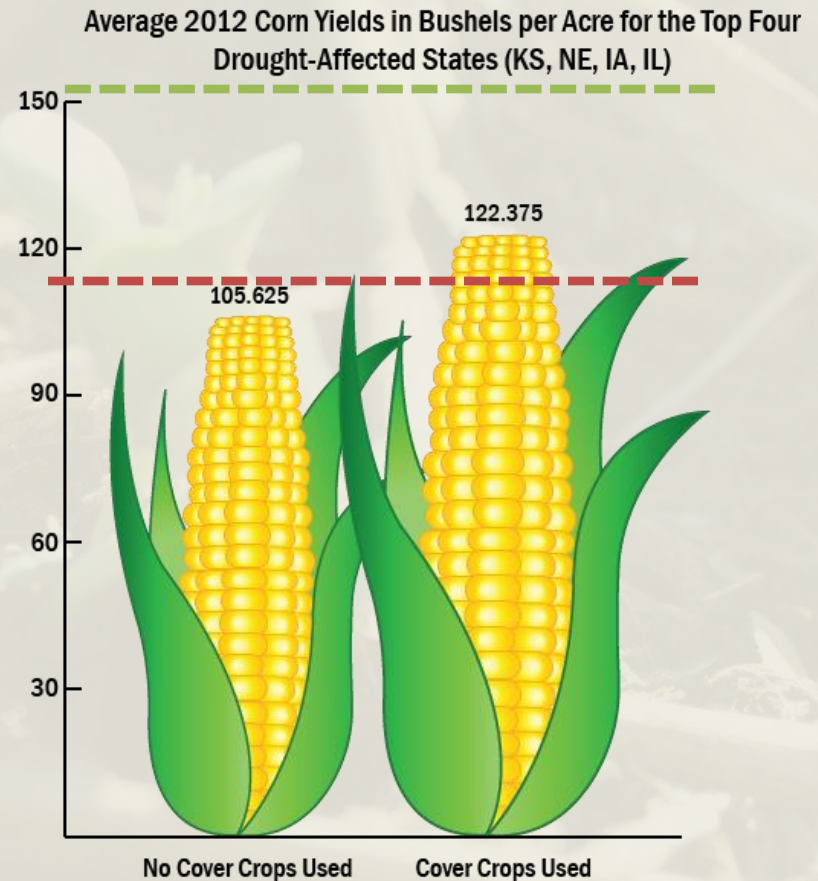
**\$224.3 million savings from  
avoided indemnities**

Sources: USDA ERS ARMS & FCIC

# Actuarially Sound

10 year average yield (proxy for APH):  
150.5 bu/a

Proxy 75% coverage level:  
112.85 bu/a



Source: USDA NASS

Source: USDA SARE & CTIC 2012 Cover Crops Survey

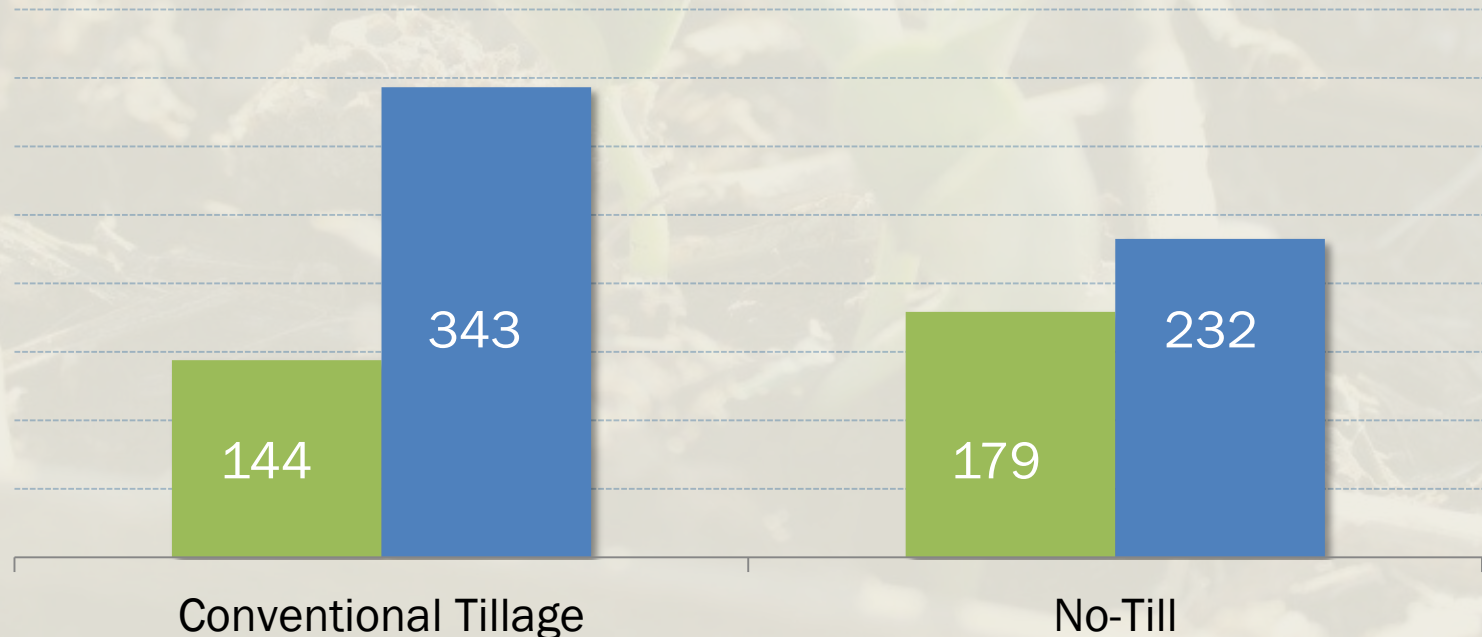


# Potential Benefits



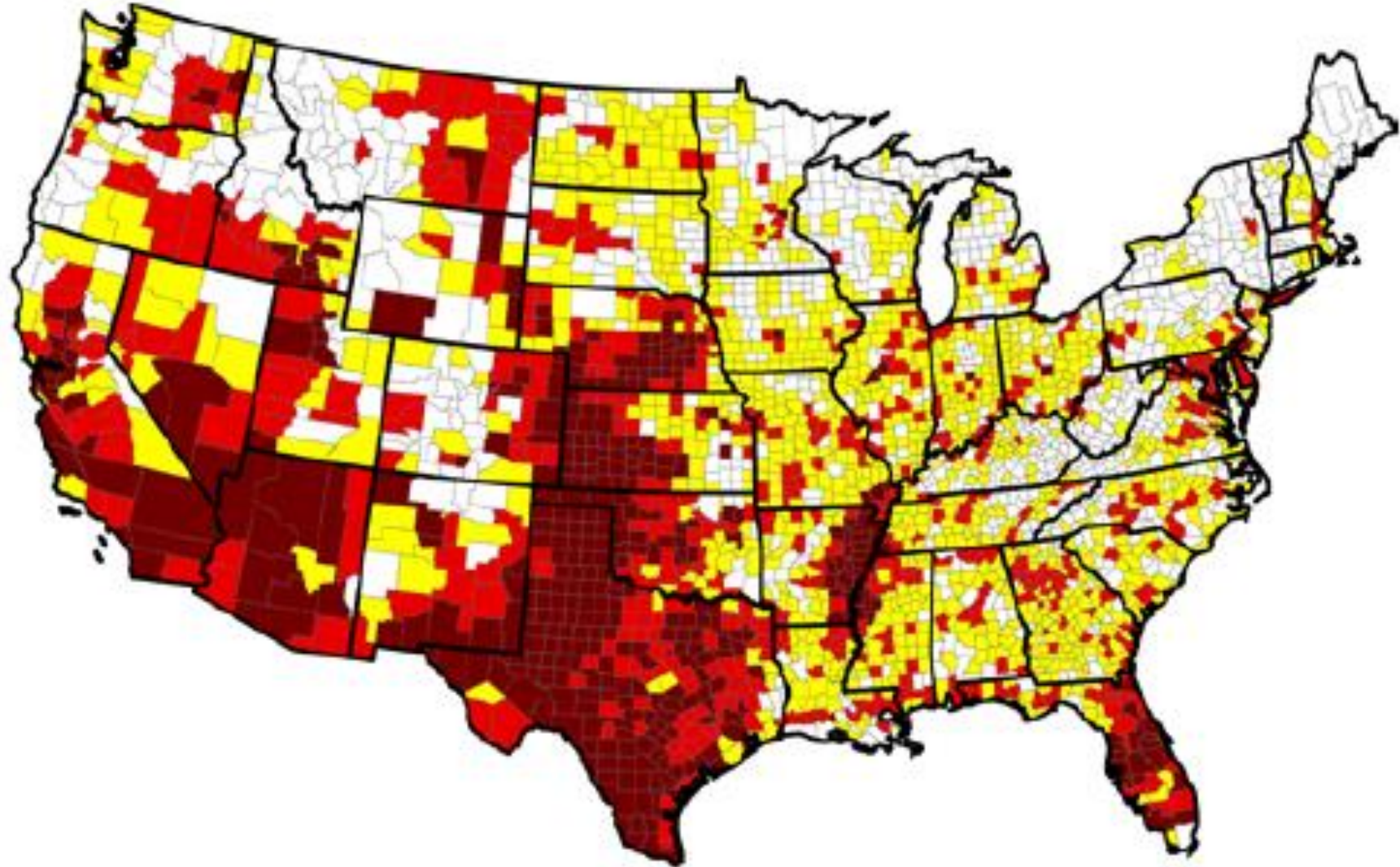
# Potential Benefits

**Yield** (bu/a) and **Water Application** (1,000 gallons/year) on 2010 Corn Acres



Source: USDA ERS ARMS



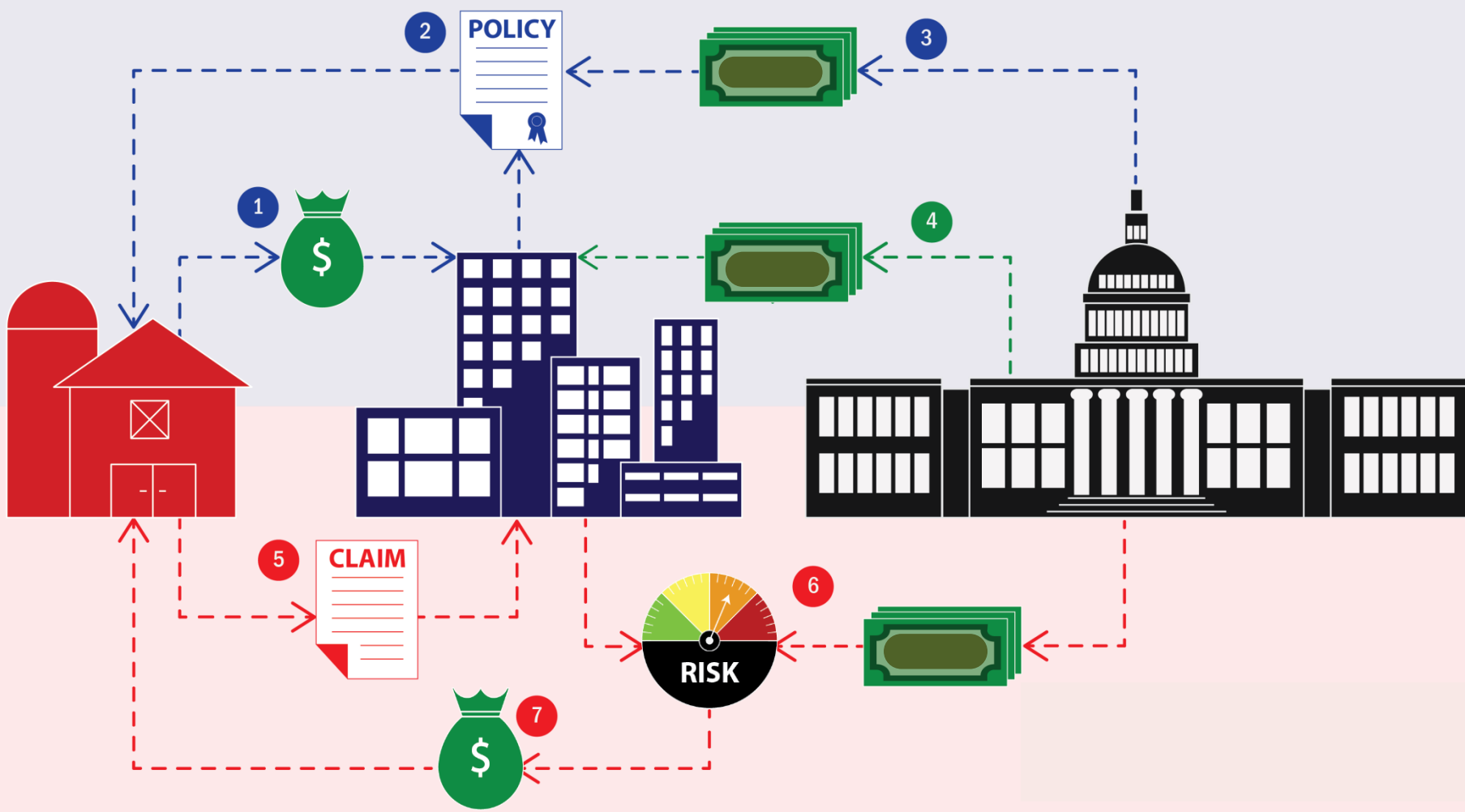


### Water Supply Sustainability Index (2050)



POLICY PURCHASE

DAMAGED CROPS





# Next Steps/Additional Research

- Program Design
  - What are the specific components that would make this pilot successful? How large of a reduction? Practice or outcome based?
- Partnerships
  - How can we ensure diverse perspectives are represented in this proposal?
- Additional Research
  - How can we model the difference that healthy soil makes for farmers' bottom lines, especially considering climate change?



# Thank you!

Claire O'Connor  
Policy Analyst & Project Attorney  
Natural Resources Defense Council  
[coconnor@nrdc.org](mailto:coconnor@nrdc.org)  
[www.nrdc.org/water/soil-matters](http://www.nrdc.org/water/soil-matters)



# Potential Benefits



[http://www.youtube.com/watch?v=VENw9IRHNjM&list=PL\\_YyKpwUwVcVAMMQsFUaFoWTUain-TzX](http://www.youtube.com/watch?v=VENw9IRHNjM&list=PL_YyKpwUwVcVAMMQsFUaFoWTUain-TzX)