

What do I Need for a Crop Insurance Application?

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Overview

The decision to purchase crop insurance is one which requires a great deal of consideration. Once an agricultural producer has made the decision to purchase crop insurance, there is a list of forms and questions which must be answered before completing an application for crop insurance. This fact sheet provides information on common forms and information required by private crop insurance companies to purchase crop insurance.

Establishing a Production (or Revenue) History

The most important step in the crop insurance purchase process is establishing a production history in the case of individual insurance products such as Yield Protection (YP) and Revenue Protection (RP) or establishing a revenue history for whole farm products such as Whole Farm Revenue Protection (WFRP) or Micro Farm (WFRP-MF). Producers must be able to prove the land upon which an insured crop will be grown is productive and establish the productivity of the land so insurance

guarantees and producer premiums can be established.

Establishing a production history, sometimes referred to as a yield history, for new farmers on land which has no history is primarily done through settlement sheets for grains and oilseeds and gin reports from country elevators and cotton gins for cotton. Additionally, the production must be tied to acreage which is provided by the FSA-578¹ form. A minimum of four years of farm-level production history reported by the FSA-578 is required to establish an Actual Production History (APH) yield used to determine yield and revenue guarantees as noted in previous fact sheets (Biram and Connor, 2023; Biram and Rainey, 2023a; Biram and Rainey, 2023b). If four years of yield history is not available, then a producer wanting to purchase crop insurance will receive the transitional yield, or T-yield, in the years yield data are not available. Further, if historical yield data is available through sources but it has not been reported, a producer may receive only a percentage of the T-yield.

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¹See Appendix A for an example FSA-578 form.

Those who qualify as a Beginning Farmer or Rancher or Veteran Farmer or Rancher (BFR/VFR) are not subject to the same rules. A BFR/VFR may use the APH of the previous producer when the BFR/VFR was previously involved in a farming or ranching operation (USDA-RMA, 2023). The USDA Risk Management Agency (RMA) states this condition is satisfied if the BFR/VFR had been involved in decision making necessary to produce the crop or livestock on the farm or they engaged in physical activity needed to produce the crop or livestock on the farm. If these conditions are satisfied, then the Approved Insurance Provider (AIP) may transfer production history for years in which there is actual or assigned yield to someone who qualifies as a BFR/VFR. The BFR/VFR would then receive the higher of the APH yield reported in a given year or 100% of the T-yield. It is important to note this only applies to those who qualify as a BFR/VFR.

A revenue history is established primarily through the Schedule F² tax form, or the Profit or Loss From Farming federal tax form. Five consecutive years of revenue reported by Schedule F forms are required to purchase WFRP or WFRP-MF. If farm revenue is reported on other federal tax forms such as the Schedule J, Schedule D, Form 4835, Form 1065, Form 1120-S, Form 1120-C, or Form 4797, then a Substitute Schedule F must be completed. However, producers who qualify for BFR/VFR status are only required to provide three consecutive years of farm revenue or four consecutive years if the farmer qualified in the previous year.

Establishing a farm-level production or revenue history is not required when purchasing area crop insurance products such as Stacked Income Protection (STAX) for cotton or Pasture, Rangeland, and Forage (PRF) for land intended for haying or grazing. This is primarily because area products do not offer farm-level protection and so do not require production history for insurance guarantee and premium determination.

What if I Already Have Crop Insurance?

If a producer has purchased crop insurance, then they do not need to provide any

further information. The crop insurance policy last purchased will automatically renew year-over-year unless a producer wants to update their existing coverage. Producers should always review coverages for the new insurance year with their crop insurance agent before the Sales Closing Date (SCD). The SCD varies by county and state. In Arkansas, the SCD for all principal row crops (e.g., corn, cotton, rice, soybeans, and peanuts), Calendar Year Tax Filers (i.e., for WFRP and WFRP-MF), and Early Year Tax Filers (i.e., for WFRP and WFRP-MF) is February 28.

Paying the Subsidized (Cheaper) Premium

Federal crop insurance is a cost-share program in that the federal government pays for a portion of the actuarially fair premium determined by the RMA (Biram, 2023a). However, the premium subsidy is not automatically assigned to the producer- paid premium. A completed FSA AD-1026³ form is required to receive the subsidized premium and failure to do so will result in the producer paying the full actuarially fair premium which can be significantly higher than the subsidized premium (Biram, 2023b). Most crop insurance agents will ensure their customers have this form completed, but producers are encouraged to discuss completing an AD-1026 with their crop insurance agent for more details.

Assignment of Indemnity

Crop insurance agents will often ask applicants if they would like to complete an Assignment of Indemnity (AOI) form. The AOI gives financial institutions such as Farm Credit and other commercial banks the first portion of any indemnity received by producers net of premium paid. It assigns indemnity to a financial institution for payments to go toward loan obligations. An example AOI form can be found in Appendix C.

²See Loy and Biram (2023), Biram and Rainey (2023c), or Appendix B of this fact sheet for an example Schedule F form.

³See Appendix B for an example AD-1026 Conservation Compliance form.

Additional Questions and Checklist

This fact sheet has highlighted the primary forms needed to purchase crop insurance and provided example forms so producers can be confident they have the appropriate forms. There are several other questions a producer should anticipate before making the initial decision to purchase crop insurance which are provided in the form of a checklist in Appendix D.

References

Biram, H.D. (2023a). The Structure of the U.S. Crop Insurance Industry. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA72. ([Link](#))

Biram, H.D. (2023b). Why does the federal government subsidize crop insurance?. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA74. ([Link](#))

Biram, H.D. and Connor, L. (2023). Types of Federal Crop Insurance Products: Individual and Area Plans. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA75. ([Link](#))

Biram, H.D., and Mills, B. (2023). Insurable Unit Structures in Crop Insurance. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA77. ([Link](#))

Biram, H.D. and Rainey, R. (2023a). Individual Crop Insurances: Yield Protection. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA78. ([Link](#))

Biram, H.D. and Rainey, R. (2023b). Individual Crop Insurances: Revenue Protection, and Revenue Protection – Harvest Price Exclusion. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA79. ([Link](#))

Loy, R., and Biram, H.D. (2023). Cultivating Financial Security: A Guide on Farm Finances, Taxes, and Crop Insurance. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA80. ([Link](#))

Biram, H.D. and Rainey, R. (2023c). Individual Crop Insurances: Whole Farm Revenue Protection and Micro Farm Insurance. University of Arkansas System Division of Agriculture, Cooperative Extension Service Fact Sheet No. FSA82. ([Link](#))

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Appendix B: AD-1026 FSA Conservation Compliance Form

This form is available electronically.

AD-1026

(10-30-14)

(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)

U.S. DEPARTMENT OF AGRICULTURE

FarmServiceAgency

HIGHLY ERODIBLE LAND CONSERVATION (HELC) AND WETLAND CONSERVATION (WC) CERTIFICATION

Read attached AD-1026 Appendix before completing form.

PART A – BASIC INFORMATION

1. Name of Producer	2. Tax Identification Number (Last 4 digits)	3. Crop Year
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4. Names of affiliated persons with farming interests. Enter "None," if applicable.

Affiliated persons with farming interests must also file an AD-1026. See Item 7 in the Appendix for a definition of an affiliated person.

5. Check one of these boxes if the statement applies; otherwise continue to Part B.

A. ☐ The producer in Part A does not have interest in land devoted to agriculture. Examples include bee keepers who place their hives on another person's land, producers of crops grown in greenhouses, and producers of aquaculture AND these producers do not own/lease any agricultural land themselves. **Note:** Do not check this box if the producer shares in a crop.

B. ☐ The producer in Part A meets all three of the following:

- does not participate in any USDA program that is subject to HELC and WC compliance except Federal Crop Insurance.
- only has interest in land devoted to agriculture which is exclusively used for perennial crops, except sugarcane, and
- has not converted a wetland after February 7, 2014.

Perennial crops include, but are not limited to, tree fruit, tree nuts, grapes, olives, native pasture and perennial forage. A producer that produces alfalfa should contact the Natural Resources Conservation Service at the nearest USDA Service Center to determine whether such production qualifies as production of a perennial crop.

Note: If either box is checked, and the producer in Part A does not participate in Farm Service Agency (FSA) or Natural Resources Conservation Service (NRCS) programs, the full tax identification number of the producer must be provided, but establishment of detailed farm records with FSA is not required. Go to Part D and sign and date.

PART B - HELC/WC COMPLIANCE QUESTIONS

Indicate YES or NO to each question.

If you are unsure of whether a HEL determination, wetland determination, or NRCS evaluation has been completed, contact your local USDA Service Center.

YES NO

6. During the crop year entered in Part A or the term of a requested USDA loan, did or will the producer in Part A plant or produce an agricultural commodity (including sugarcane) on land for which an HEL determination has not been made?

7. Has anyone performed (since December 23, 1985), or will anyone perform any activities to:

A. Create new drainage systems, conduct land leveling, filling, dredging, land clearing, or excavation that has **NOT** been evaluated by NRCS? If "YES", indicate the year(s): _____

B. Improve or modify an existing drainage system that has **NOT** been evaluated by NRCS? If "YES", indicate the year(s): _____

C. Maintain an existing drainage system that has **NOT** been evaluated by NRCS? If "YES", indicate the year(s): _____
Note: Maintenance is the repair, rehabilitation, or replacement of the capacity of existing drainage systems to allow for the continued use of wetlands currently in agricultural production and the continued management of other areas as they were used before December 23, 1985. This allows a person to reconstruct or maintain the capacity of the original system or install a replacement system that is more durable or will realize lower maintenance or costs.

Note: If "YES" is checked for Item 7A or 7B, then Part C must be completed to authorize NRCS to make an HELC/WC and/or certified wetland determination on the identified land. If "YES" is checked for Item 7C, NRCS does not have to conduct a certified wetland determination.

8. Check one or both boxes, if applicable; otherwise, continue to Part C or D.

A. ☐ Check this box only if the producer in Part A has FCIC reinsured crop insurance and filing this form represents the first time the producer in Part A, including any affiliated person, has been subject to HELC and WC provisions.

B. ☐ Check this box if either of the following applies to the producer and crop year entered in Part A:

- Is a tenant on a farm that is/will not be in compliance with HELC and WC provisions because the landlord refuses to allow compliance, but all other farms not associated with that landlord are in compliance. (AD-1026B, Tenant Exemption Request, must be completed).
- Is a landlord of a farm that is/will not be in compliance with HELC and WC provisions because of a violation by the tenant on that farm, but all other farms not associated with that tenant are in compliance. (AD-1026C, Landlord or Landowner Exemption Request, must be completed).

PART C – ADDITIONAL INFORMATION

9. If "YES" was checked in Item 6 or 7, provide the following information for the land to which the answer applies:

A. Farm and/or tract/field number:	_____
If unknown, contact the Farm Service Agency at the nearest USDA Service Center.	
B. Activity:	_____
C. Current land use (specify crops):	_____
D. County:	_____

PART D – CERTIFICATION OF COMPLIANCE

I have received and read the AD-1026 Appendix and understand and agree to the terms and conditions therein on all land in which I (or the producer in Part A if different) and any affiliated person have or will have an interest. I understand that eligibility for certain USDA program benefits is contingent upon this certification of compliance with HELC and WC provisions and I am responsible for any non-compliance. I understand and agree that this certification of compliance is considered continuous and will remain in effect unless revoked or a violation is determined. I further understand and agree that:

- all applicable payments must be refunded if a determination of ineligibility is made for a violation of HELC or WC provisions
- NRCS may verify whether a HELC violation or WC has occurred.
- a revised Form AD-1026 must be filed if there are any operation changes or activities that may affect compliance with the HELC and WC provisions. I understand that failure to revise Form AD-1026 for such changes may result in ineligibility for certain USDA program benefits or other consequences.
- affiliated persons are also subject to compliance with HELC and WC provisions and their failure to comply or file Form AD-1026 will result in loss of eligibility for applicable benefits to any individuals or entities with whom they are considered affiliated.

Producer's Certification:

I hereby certify that the information on this form is true and correct to the best of my knowledge.

10A. Producer's Signature (By)	10B. Title/Relationship (If Signing in Representative Capacity)	10C. Date (MM-DD-YYYY)
FOR FSA USE ONLY (for referral to NRCS) Sign and date if NRCS determination is needed.	11A. Signature of FSA Representative	11B. Date (MM-DD-YYYY)

IMPORTANT: If you are unsure about the applicability of HELC and WC provisions to your land, contact your local USDA Service Center for details concerning the location of any highly erodible land or wetland and any restrictions applying to your land according to NRCS determinations before planting an agricultural commodity or performing any drainage or manipulation. Failure to certify and properly revise your compliance certification when applicable may: (1) affect your eligibility for USDA program benefits, including whether you qualify for reinstatement of benefits through the Good Faith process; and (2) result in other consequences.

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 12, the Food Security Act of 1985 (Pub. L. 99-198), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to certify compliance with HELC and WC provisions and to determine producer eligibility to participate in and receive benefits under programs administered by USDA agencies. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of producer ineligibility to participate in and receive benefits under programs administered by USDA agencies.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title II, Subtitle G, Funding and Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM AD-1026 TO YOUR COUNTY FARM SERVICE AGENCY (FSA) OFFICE.**

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

Appendix C: Assignment of Indemnity

ASSIGNMENT OF INDEMNITY

The undersigned _____ (herein after referred to as the "Insured")
(Insured's Name)

(Insured's Authorized Representative/POA)

of _____
(Street or Mailing Address) (City, State, Zip Code)

assigns to _____ (herein after referred to as the "Creditor")
(Name of Creditor)

of _____
(Street or Mailing Address) (City, State, Zip Code)

the right and interest of any indemnity payment(s) which may be payable to the Insured under the insurance policy for the county/commodity(ies) shown below:

County	Name of Insured Crop(s)	Effective Crop Year

☐ _____ Policy No. _____ ☐ Multiple Peril Crop Insurance Policy No. _____

CONDITIONS

1. This assignment will be binding upon the person(s) who succeed the Insured's interest in the insurance policy.
2. Indemnity payments made under the insurance policy will be subject to a deduction for any indebtedness due _____ the Insured.
3. This assignment will not grant the Creditor any greater rights than originally held by the Insured.
4. The Creditor's interest will be recognized upon _____ approval of this assignment and the Creditor will have the right to submit the loss notices and other forms as required by the insurance policy.
5. _____ will determine the person(s) entitled to any indemnity payment(s) and the payment(s) will be by joint check.
6. Cancellation of this assignment prior to and during the crop year stated above will be accepted by _____ only upon notification in writing by the above identified Creditor(s).
7. If the assignment is not canceled according to item 6., the assignment will cease at the end of the effective crop year.

It is understood and agreed this assignment will be subject to the terms and conditions of the insurance policy.

(Printed Name of Insured) (Printed Name of Creditor)

(Signature of Insured) (Date) (Signature of Creditor) (Date)

(Print Name of Witness) (Print Name of Witness)

(Signature of Witness) (Date) (Signature of Witness) (Date)

To be Completed by Home Office

This assignment was filed with _____ on _____, _____ at _____ a.m./p.m.
(Month, Day) (Year) (Hour)

By: _____
(Print Name of Authorized Representative)

(Signature of Authorized Representative)

Date: _____

Appendix D: Crop Insurance Application Checklist

- ☐ Name: Farming as: Sole Proprietor, S-Corp, etc.
- ☐ Physical farm address and mailing address
- ☐ Email address
- ☐ Telephone: home and mobile
- ☐ Social Security, EIN, and Tax ID numbers for producer, spouse, and all members included on the application if the insured is an entity.
- ☐ Partnerships require valid Partnership Agreements to be submitted, so it is important to have your Partnership Agreement up to date.
- ☐ What counties do you farm in?
- ☐ What crops do you plant?
- ☐ Do you have any crop share rental agreements?
- ☐ Do you have any cash lease rental agreements?
- ☐ Be prepared to provide five years of Schedule F, Schedule of Insurance (SOI), and Production Records for the previous insurance year (applies to Whole Farm and Micro Farm).
- ☐ Do you plan on using an Assignment of Indemnity to a financial institution?
- ☐ Are you going to plant any crops you have not planted before?
- ☐ What is the irrigation practice associated with the crop you plan to insure? Irrigated? Nonirrigated?
- ☐ Are you a new producer? In other words, have you produced or insured crops in the county you plan to grow and insure in for more than two years?
- ☐ How many acres do you plan to farm this year?
- ☐ Have you signed an AD-1026? You must have FSA Conservation Compliance to receive the premium subsidy.
- ☐ Are you enrolled in Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) with FSA? This will impact your eligibility to enroll in Supplemental Coverage Option (SCO), Enhanced Coverage Option (ECO), and Stacked Income Protection (STAX).
- ☐ Do you have Noninsured Disaster Assistance Program (NAP) or Catastrophic Risk Protection (CAT) coverage on a different multi-peril crop insurance policy? While participating in these products does not exclude a producer from purchasing WFRP and WFRP-MF in 2024 and subsequent years, NAP and CAT payments may impact Revenue to Count⁴ and indemnities received.
- ☐ Have you paid your previous premiums for the previous insurance year? If you have not paid your crop insurance premium in full by the sales closing date of the following year, you will be placed on the Ineligible Tracking System (ITS) list which prevents you from purchasing crop insurance.
- ☐ Are you adding any land in the current year relative to the previous year?
- ☐ When do you file your taxes? Does your tax year follow the Calendar Year (i.e., January 1 – December 31), Early Fiscal Year (August 1, 2023 – July 31, 2024), or Late Fiscal Year (September 1, 2022 – August 31, 2023)?
 - Calendar Year is the most common. If your tax year is the Calendar Year or Early Fiscal Year, then all applicable forms must be submitted on or prior to the Sales Closing Date which falls in the year which begins your tax year. If your tax year is the Late Fiscal Year, then all forms must be submitted on or prior to November 20 in the year prior to the policy year you plan to insure in. See Biram and Rainey (2023c) for more information.
- ☐ Do you understand the differences between insurable units (e.g., Optional, Basic, and Enterprise)? Are you aware of the tradeoffs between units? See Biram and Mills (2023) for more information on insurable units in federal crop insurance.

⁴See Biram and Rainey (2023c) for more information on Revenue to Count.