Crop Insurance for New Jersey Vineyards

Grape growing is a risky business—what’s your risk management plan? Does it include crop insurance? Perhaps it should. Any farm operation that is interested in receiving federal crop disaster payments must be aware that the new disaster program requires crop insurance on every insurable crop on the farm (some exceptions apply). If crop insurance is not available, a Farm Service Agency program called NAP is required. Crop insurance is an important and powerful risk management tool that producers need to consider.

Insuring grapes in New Jersey is not as simple as other fruit crops. There is no grape insurance policy for New Jersey. But if you’re interested in protecting your investment, there are options. If you have 3 years of prior yield records, you can request a “Written Agreement” from your crop insurance agent. This means that they write you a policy based on a nearby grape policy (such as Pennsylvania’s or New York’s) and adapt it to your conditions, provided you meet certain requirements. The policy is then sent to USDA’s Risk Management Agency for approval. If it is approved, then you have a crop insurance policy!

The requirements of your grape policy would be similar to other states’ requirements, which are:

- Vines must have reached fifth growing season (fourth for Concord, Elvira, and Niagara varieties)
- Vines must have produced an average of 2 tons per acre in at least one of the 3 most recent crop years

Vinifera grapes are only insurable by written agreements even in states which have grape policies! They require at least 5 years of production records and an average yield of at least 2 tons per acre (after reaching the minimum 2 tons/acre). All new policyholders must undergo a vineyard inspection to evaluate risk and determine insurability.

The policy works by averaging together your past years’ yields (4 or more for non-Vinifera) to establish an APH, or Actual Production History. You can insure separately by varietal group, so you must keep precise yield records. Your APH is then multiplied by a coverage level that you choose, between 50 and 75%, to calculate your production guarantee in tons/acre. If your APH is 6 tons/acre and your coverage level is 65%, your guarantee would be 3.9 tons/acre. If your actual production is below 3.9 tons/acre, you could be eligible for an indemnity payment. The indemnity payment is not designed to replace what you lost, but rather to provide some money to help pay the bills until next growing season.

The grape policy protects you from adverse weather conditions such as hail, frost, freeze, drought, excess moisture; fire; insects and plant disease (provided proper control measures are in place); and wildlife. The sales closing deadline for grape insurance is November 20, so be sure to contact an insurance agent well before the deadline.

Another option for grape growers is an insurance plan called Adjusted Gross Revenue (AGR) and Adjusted Gross Revenue-Lite (AGR-Lite). These plans are different because they insure the whole farm’s revenue, not just one crop at a time. They are based on your Schedule F tax documents and cover almost all agricultural production. These plans are a good option for diversified farms. Their closing deadlines are January 31 for AGR and March 15 for AGR-Lite (designed for smaller farms).

A last option is the Farm Service Agency program called NAP (Non-Insured Crop Disaster Assistance Program). This program functions much like crop insurance, and offers coverage on crops that are not
insurable in your county. It is fixed at 50% coverage level and 55% market price. This means that you must lose at least half of your crop to trigger a payment, and the payment is based on 55% of the market price of the commodity. It only covers losses due to natural disasters.

If you are looking to transfer some of the risks of production out of your vineyard, crop insurance may be the answer. Contact a crop insurance agent to see if the program is right for you. For questions or a list of crop insurance agents in New Jersey, contact the Garden State Crop Insurance Education team toll-free at 1-800-308-2449.