



Withstanding Extreme Agricultural Threats by Harvesting Economic Resilience (WEATHER) Act **Senator Peter Welch**

Background:

In 2022, major weather disasters caused over \$21 billion in crop losses. Unpredictable weather events exacerbate risks associated with farming, necessitating responsive crop insurance policies. However, producers often opt out of crop insurance due to administrative burdens, high premiums, and low payouts. Given recent flooding in the Northeast, consistent drought in the Midwest, hurricanes in the South, and other weather-related perils facing the agriculture community, there is a need to develop an insurance policy that is geared to be more responsive to crop losses from extreme weather.

Legislation:

The *WEATHER Act* would direct the USDA to use its insurance R&D authority to research the possibility of developing an index-based insurance program that:

- Creates a multi-peril index insurance product for farmers based on weather indices correlated to agricultural income losses using data from NOAA, satellites, climate models, and other data sources.
- Pays out within 30 days in the event of indices exceeding any of the pre-determined county-level thresholds for the following events:
 - High winds, excessive moisture and flooding, extreme heat, abnormal freeze conditions, hail, wildfires, drought, and other perils the Secretary determines appropriate.

A weather index-based agricultural insurance product is a risk management tool that can enhance the resilience of small-scale farmers and pastoralists in the face of weather-related challenges, such as droughts or floods while encouraging investments in productivity. A weather index-based insurance policy uses extreme weather events as a proxy for agricultural income losses. This approach reduces paperwork, while making the policy more responsive to losses from adverse weather conditions. Insurance would also be based on a farm's income instead of the price of its crops, better aligning payouts with income losses associated with crop losses. Finally, since payouts are automatically triggered by a weather event, producers would not have to fill out paperwork or wait months to receive support following a natural disaster. In the face of rising weather-related challenges, the Single Index Insurance Policy Act of 2023

provides a more responsive, income-aligned, and efficient safety net for our farming communities.

Endorsing Organizations:

National Young Farmers Coalition, National Sustainable Agriculture Coalition, National Organic Coalition, Northeast Organic Farming Association of Vermont, Organic Farmers Association, Rural Coalition, Kiss the Ground

Co-Sponsors:

Senators Sanders, Markey, and Warren