



ALASKA RIGHT RISK NEWS

Crop Insurance Programs for Alaska Producers

Alaska is home to 1,173 farms on 869,852 acres, resulting in an average farm size of 742 acres (2022 USDA Census of Ag). However, only 72,708 acres are considered cropland and, according to the 2022 Ag Census, only 36,211 acres are harvested cropland with 2,398 acres of it irrigated.

Crop insurance is not widely used in Alaska as the 2022 crop year saw only 4,464 crop acres insured across ten policies on which premiums were paid (Table 1). However, nine of those ten policies were indemnified with a loss ratio of 1.76 (Loss Ratio = Indemnity/Total Premium). When subsidies are considered, the producer loss ratio was 5.87 in 2022. This means that for every dollar Alaska producers paid into crop insurance premiums in 2022, there was \$5.87 paid out in indemnities for losses. For the six-year period from 2018-2023, the producer loss ratio on crop insurance was 3.89.

Table 1. Crop Insurance Summary of Business for Alaska 2018-2024.

Year	Policies		Total Acres Covered	Total		Producer		Loss Ratio	Producer Loss Ratio
	Earning Premium	Policies Indemnified		Premium	Subsidy	Premium	Indemnity		
2018	16	4	6,759	\$ 79,666	\$ 64,136	\$ 15,530	\$ 96,707	1.21	6.23
2019	12	2	5,782	\$ 97,232	\$ 75,798	\$ 21,434	\$ 14,310	0.15	0.67
2020	13	1	5,495	\$ 84,693	\$ 66,076	\$ 18,617	\$ 21,770	0.26	1.17
2021	13	9	5,118	\$ 93,555	\$ 74,497	\$ 19,058	\$ 68,815	0.74	3.61
2022	10	9	4,464	\$ 142,033	\$ 99,505	\$ 42,528	\$ 249,607	1.76	5.87
2023	11	6	5,162	\$ 94,026	\$ 68,929	\$ 25,097	\$ 102,300	1.09	4.08
2024	13	0	5,345	\$ 50,382	\$ 38,494	\$ 11,888	\$ -	0.00	0.00
Average*	12.5	5.2	5,463	\$ 98,534	\$ 74,824	\$ 23,711	\$ 92,252	0.94	3.89

* 2024 crop year still in progress and not included in the average.
Source: USDA-RMA, Summary of Business, November 1, 2024

Table 2. Crop Insurance Summary of Business for Barley in Alaska 2018-2024.

Year	Policies		Total Acres Covered	Total		Producer		Loss Ratio	Producer Loss Ratio
	Earning Premium	Policies Indemnified		Premium	Subsidy	Premium	Indemnity		
2018	7	3	4,416	\$ 55,436	\$ 45,369	\$ 10,067	\$ 42,941	0.77	4.27
2019	5	1	3,582	\$ 73,317	\$ 57,397	\$ 15,920	\$ 2,265	0.03	0.14
2020	6	1	3,593	\$ 70,114	\$ 53,403	\$ 16,711	\$ 21,770	0.31	1.30
2021	6	3	3,773	\$ 80,111	\$ 63,237	\$ 16,874	\$ 50,016	0.62	2.96
2022	5	5	3,569	\$ 119,535	\$ 85,040	\$ 34,495	\$ 204,137	1.71	5.92
2023	6	3	3,548	\$ 68,925	\$ 52,155	\$ 16,770	\$ 54,896	0.80	3.27
2024	8	0	3,909	\$ 44,227	\$ 33,235	\$ 10,992	\$ -	0.00	0.00
Average*	5.8	2.7	3,747	\$ 77,906	\$ 59,434	\$ 18,473	\$ 62,671	0.80	3.39

* 2024 crop year still in progress and not included in the average.
Source: USDA-RMA, Summary of Business, November 1, 2024

Barley Insurance

Insurance is available for barley in four Alaska counties: Fairbanks North Star, Matanuska-Susitna, Southeast Fairbanks, and Valdez-Cordova. Since 2018, five to eight barley crop insurance policies have been purchased annually in Alaska covering around 3,800 acres of annual production (Table 2). The policies are heavily subsidized, with subsidies covering more than 75 percent of the total premium over that period. Consequently, even though the indemnity payout each year seldom exceeds the total premium, the producer loss ratio is usually greater than one. For the six-year period from 2018-2023, the producer loss ratio for barley insurance in Alaska was 3.39.

Barley insurance policies purchased in Alaska are split by type of policy -- about 60 percent are Revenue Protection (RP) policies, while the other 40 percent are Yield Protection (YP) policies (Table 3).

Forage Production

Most of the crop acres in Alaska are in forage production. Forage is grown on approximately 29,055 acres across 254 farms, mostly in the southeast quarter of the state. Barley is the most popular grain crop grown in Alaska with 4,563 acres grown on 22 farms, primarily in the Tanana Valley agricultural district, southeast of Fairbanks. Wheat, oats, potatoes, orchards, and other vegetables make up the balance of acres dedicated to crop production in Alaska.



How Much Risk is Right for You?

However, the acres covered are almost evenly split as producers tend to cover more acres per policy for the less expensive YP policies. YP policies are less expensive because they only cover one hazard (yield). Over the six-year period from 2018-2023, the more expensive RP coverage has resulted in a higher producer loss ratio and payout per acre with a similar percentage of policies indemnified.

Table 3. Six-Year Average Barley Insurance Coverage Summary for Revenue Protection (RP) and Yield Protection (YP) 2018-2023 in Alaska.

Policy	Average Policies Earning			Average Producer Premium		Average Producer Indemnity		Producer Loss Ratio
	Premium	Average Acres/Year	Average Acres/Policy	per Acre	Percent Policies Indemnified	per Acre	Per Acre	
RP	3.7	1,767	482	\$ 6.65	45%	\$ 25.49	3.83	
YP	2.2	1,980	914	\$ 3.39	46%	\$ 8.90	2.62	

Source: USDA-RMA, Summary of Business, November 2, 2024

Forage is the most significant crop in Alaska in terms of acreage with about 29,000 acres across the state. Non-irrigated Forage Production insurance is currently available on an Actual Production History (APH) basis in four counties: Fairbanks North Star, Kenai Peninsula, Matanuska-Susitna, and Southeast Fairbanks. However, very little forage production is insured (Figure 4). There were significant indemnities paid out in 2018 and 2019, but nothing since. Participation has dwindled to one or two policies per year with less than 1,000 acres covered. This has occurred despite the product being heavily subsidized.

Table 4. Insurance Summary of Business for Alaska Forage Production 2018-2024.

Year	Policies		Total Acres Covered	Total Premium		Subsidy	Average Producer Premium		Average Producer Indemnity		Producer Loss Ratio
	Earning Premium	Policies Indemnified		Premium	Subsidy		per Acre	Percent Policies Indemnified	per Acre	Per Acre	
2018	4	1	1,534	\$15,591	\$11,433	\$ 4,158	2.71	\$ 53,766	\$ 35.05	12.93	
2019	4	1	1,435	\$13,276	\$ 9,755	\$ 3,521	2.45	\$ 12,045	\$ 8.39	3.42	
2020	3	0	1,301	\$ 6,294	\$ 5,891	\$ 403	0.31	\$ -	\$ -	0.00	
2021	1	0	785	\$ 3,860	\$ 3,860	\$ -	-	\$ -	\$ -	0.00	
2022	0	0	0	\$ -	\$ -	\$ -	-	\$ -	\$ -	0.00	
2023	1	0	685	\$ 3,006	\$ 3,006	\$ -	-	\$ -	\$ -	0.00	
2024	2	0	887	\$ 3,229	\$ 2,841	\$ 388	0.44	\$ -	\$ -	0.00	
Average*	2.2	0.3	957	\$ 7,005	\$ 5,658	\$ 1,347	\$ 1.41	\$ 10,969	\$ 11.47	8.14	

* 2024 crop year still in progress and not included in the average.
Source: USDA-RMA, Summary of Business, November 3, 2024

Other Crops

Other crops insurable in various counties in Alaska include: cabbage, potatoes, and wheat in Matanuska-Susitna; dry peas, oats, potatoes, and wheat in Southeast Fairbanks; and dry peas and potatoes in Fairbanks North Star. Wheat is commonly insured when grown in Alaska. However, the long growing season limits its production to just a few hundred acres. Oats is planted on more acres than wheat, but it is often planted as a forage crop so only a few hundred acres are insured. Table 5 shows a summary of insurance coverage for dry peas, oats, and wheat over the six-year period from 2018-2023.

Table 5. Summary of Business for Crop Insurance 2018-2023 Averages for Dry Peas, Oats, and Wheat in Alaska.

Policy	Average Acres/Year	Average Producer Premium		Average Producer Indemnity		Producer Loss Ratio
		per Acre	Percent Policies Indemnified	per Acre	Per Acre	
Dry Peas	25	\$ 5.71	67%	\$ 25.52	4.47	
Oats	388	\$ 1.79	47%	\$ 9.45	5.29	
Wheat	347	\$ 8.81	44%	\$ 41.26	4.68	

Source: USDA-RMA, Summary of Business, November 3, 2024



Alaska is also home to over 700,000 of agricultural acres classified as pasture and rangeland. However, Pasture, Rangeland, Forage (PRF) insurance is not available in Alaska. There are a couple of other USDA insurance products for livestock producers that are available in Alaska: Livestock Gross Margin (LGM) and Livestock Risk Protection (LRP). However, Alaska livestock producers have not actively participated in either one of these insurance programs. Finally, Alaska producers can insure with Whole Farm Revenue Protection (WFRP), but there is not currently any participation in the program.

RightRisk team members will be in Alaska several times over the next year. Please reach out to them with questions about crop insurance and other risk management challenges you may be facing. Also, Alaska producers interested in learning more about crop insurance should visit the Risk Management Agency website (www.rma.usda.gov).



- Education
- Coaching
- Research

RightRisk helps decision-makers discover innovative and effective risk management solutions

RightRisk News is brought to you by the RightRisk Team
Contributing authors:

- Elliott Dennis, Livestock Marketing specialist Specialist - University of Nebraska-Lincoln, elliott.dennis@unl.edu
- John Hewlett, Ranch/Farm Management Specialist - University of Wyoming, hewlett@uwyo.edu
- Jay Parsons, Risk Management Specialist - University of Nebraska-Lincoln, jparsons4@unl.edu
- Jeff Tranel, Ag and Business Management Specialist - Colorado State University, Jeffrey.Tranel@ColoState.edu

Editing and Layout: John Hewlett, hewlett@uwyo.edu

Past issues of RightRisk News are available at: RightRisk.org/News
To subscribe/unsubscribe, email information@RightRisk.org
subject line "Subscribe/Unsubscribe RR News"

E-mail: information@RightRisk.org
Web: www.RightRisk.org

How much risk is right for you and your operation?

