INFORMATIONAL MEMORANDUM: R&D-98-044

TO: All Reinsured Companies
    All Risk Management Agency Field Offices
    Other Interested Parties

FROM: Tim B. Witt /s/ Denise Hoffmann (for)
      Deputy Administrator

SUBJECT: Aquaculture Pilot Program Participation

BACKGROUND:

The Risk Management Agency (RMA) is researching the feasibility of a pilot insurance program for aquaculture (finfish and shellfish). The following is a summary of the crops.

In 1995 the National Marine Fisheries Service estimated the market value of aquaculture in the U.S. to be in excess of $3.5 billion. Aquaculture is the fastest growing segment of agriculture in the U.S. Over the last decade, average per capita fish and seafood consumption has remained at around 15 pounds per year. However, over this time period the source of seafood products has been shifting away from wild harvest and toward farm-raised aquacultural products. With about 20 percent of U.S. fish and seafood consumption now being farm-raised, aquaculture is becoming a recognized segment of the livestock complex--larger than veal, mutton, and lamb combined.

Today the channel catfish, (Ictalurus punctatus), is the most important aquacultural species in the U.S. Catfish farming is the fastest growing segment of the aquaculture industry in the U.S. Expansion of this industry over the past 2 decades has been phenomenal, and catfish is now the most widely cultivated food fish in this country. Between 1975 and 1991, catfish production increased more than 2,400 percent, transforming the catfish industry into a major force in the domestic seafood market.

Aquacultural products are grown throughout the U.S. and production and price statistics are available from a variety of sources. The National Agricultural Statistics Service collects data on catfish and trout. The Economic Research Service (ERS) provides Aquaculture Outlook, an overview of the economic status of selected varieties of finfish and shellfish. The National Marine Fisheries Service collects data on a wide variety of domestic and offshore finfish and shellfish.

RMA is currently developing an aquaculture pilot crop insurance program. The proposed implementation of this pilot will be the 2000 crop year. Because of the differences in production, harvesting, and marketing between the various aquaculture species, RMA plans an aquaculture pilot crop insurance program for a variety of finfish and shellfish species.
The Research and Evaluation Division (RED) has received 157 requests for aquaculture insurance from the States of Connecticut, Florida, Maine, Massachusetts, North Carolina, and Virginia.

A feasibility study conducted by ERS is not currently available. When it is finalized a copy can be requested by contacting the RED at (816) 926-6343 or by visiting our web site at http://www.act/research/index3.html. Insurance providers or others interested in participating in the development of an aquaculture pilot insurance program are invited to designate a representative or representatives from their organization to work with RMA on this product.

**ACTION:**

Charles Naglich, of RED, is the Project Manager for the aquaculture pilot crop insurance program. Individuals and others wanting to participate in the development of the aquaculture pilot crop insurance program, should provide their name, address, phone number, and E-mail address to Charles, by October 9, 1998. Charles can be reached at the following address:

Charles Naglich  
USDA/RMA  
Research and Evaluation Division  
P. O. Box 419293  
Kansas City, Missouri 64141  
Phone: (816) 926-1832  
Fax: (816) 926-7343  
E-mail: Charles_Naglich@rm.fcic.usda.gov

**DISPOSAL:**

This Informational Memorandum will remain in effect until December 31, 1998.