



CROP INSURANCE IN MARYLAND

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MARYLAND DEPARTMENT OF AGRICULTURE



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Letter From
Secretary Hance

Getting Acreage
Reporting Right

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

MANAGING RISKS IN ORDER TO TAKE RISKS

Photo by Todd Dudek



Zeke Collins and son Zeke Jr.

Twenty-three years ago Zeke Collins was raising two small children on his own, working for a chemical company at night, and had one chicken house.

Today, Collins (49) farms more than 1,000 acres with his son, Zeke Jr. Together, they have 10 chicken houses, and use their own web site to market some of what Collins Farms produces. They grow corn, soybeans, wheat, and hay in the flat fields of Wicomico County, near Hebron.

“We sell the hay through our web site,” says Collins, adding, “It used to be mainly alfalfa hay, but some of our customers wanted grass hay so now we grow that too.” The hay, sold mostly to horse owners, is stored in a customized barn built in 2006.

The web site is www.CollinsFarms.net.

RISK MANAGEMENT STRATEGIES

Along with the obvious amount of work that it took to get from 1986 to today there has also been a shrewd appreciation of risk management strategies. Using a web site to market hay is just the most recent in a line of tactics used to lower risk and increase profit.

Collins shares the risk of his poultry operation through his contract with Mountaire Farms. The 10 poultry houses have a capacity of 250,000 chickens, which means well over a million birds a year.

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Maryland Department of Agriculture

Office of the Secretary

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Dear fellow farmers:

On May 14, Governor Martin O'Malley swore me in as Maryland's 9th Secretary of Agriculture. I am very humbled and honored that Governor O'Malley has the confidence in my abilities to ask me to serve you, and I am grateful to Secretary Roger Richardson for his leadership these past two years and especially for allowing me to serve as his deputy.



Like Roger, who always put agriculture first in his decisions and policy, I also support the federal crop insurance program, and with good reason. From 2001 thru 2007, the average return to Maryland producers for each dollar of farmer paid premium was \$2.31. And the combined indemnities paid out to Maryland producers in 2007 and 2008 was \$69.1 million. That money played an important economic role to our rural communities.

Another program that is important to all of Maryland is the Conservation Reserve Enhancement Program (CREP). Recently, Agriculture Secretary Tom Vilsack and Governor O'Malley signed a revised CREP agreement for Maryland. With enhanced financial incentives, the new agreement is designed to encourage new enrollment and re-enrollment of expiring CREP contracts to protect soil and water quality in the Chesapeake Bay and its tributaries. Under the new agreement, the federal government may provide Maryland agricultural producers up to \$198 million in rental payments, incentive payments, and cost-share payments to install, maintain, or improve conservation practices over the next 15 years.

When fully implemented at 100,000 acres, CREP will help Maryland to achieve the bay goals that were announced at the May 12 meeting of the Chesapeake Bay Executive Council.

Also, please remember that farmers' markets are opening all over Maryland, so let's all buy locally and support Maryland agriculture when we buy our food.

With warm regards,

Earl F. Hance
Secretary

CROP INSURANCE AND GOOD FARMING PRACTICES

The federal crop insurance program covers losses that are unavoidable and due to naturally occurring events. The program does not cover losses due to negligence, or any failure to follow what is called “good farming practices.”

If good farming practices are not followed, lost production attributed to this failure must be assessed and any indemnity will be reduced.

The definition of good farming practices will vary from crop to crop and from region to region. A good rule of thumb is that you should follow all the practices considered prudent and responsible by local extension agents and certified crop consultants to produce your crop’s historic yield.

Crop insurance policies define negligence as, “The failure to use such care as a reasonably prudent and careful person would use under similar circumstances.”

YOUR RECORDS ARE YOUR BEST PROTECTION

Your best protection is to keep detailed records of how and what you do to produce and protect your crop, and document the date and time of each entry. Those records should be kept separate for each insurable unit, just like your production records.

While disease is an insured peril under the federal crop insurance program, damage due to the insufficient or improper application of available disease control measures is not.

Failure to purchase and apply recommended control measures because of the costs of such practices is not an insurable cause of loss.

Whether you are treating for a disease (like soybean rust) or pests, you should save your receipts for the purchase of the recommended application and then document when and how you made the application.



FIVE THINGS TO REMEMBER

You are responsible for:

1. Using good farming practices
2. Keeping informed about disease or pest outbreaks in your area.
3. Keeping informed about what constitutes good farming practices in the event of an outbreak that reaches your farm or ranch.
4. Frequently scouting your fields and documenting your findings.
5. Keeping records of your good farming practices, broken out by each insurable unit, just like your production records.

For more information contact your crop insurance agent. ■

GETTING ACREAGE REPORTING RIGHT

In Maryland, July 15 is the crop insurance acreage reporting deadline for most spring planted crops other than small grains.

You have a lot at stake in making sure your crop insurance acreage reporting is accurate and on time. Especially this year, as the acreage report will also serve as your baseline documentation to prove your eligibility for the federal crop disaster program (SURE). You must have crop insurance on your insurable crops to be eligible. Non-insurable crops must be enrolled in NAP at your FSA county office.

If you fail to report on time, you may not be protected. If you report too much acreage, you may pay too much premium. If you report too little acreage, you may recover less when you file a claim. Your signature on the bottom of the acreage reporting form makes it legally your

responsibility... double check. Also make sure that your crop insurance report and your USDA Farm Service Agency reports are identical (provide written explanation of any differences). The law requires that they be compared.

Make sure that you get and keep a signed copy of the reports you file, as this is critical to correct any errors that may show up later.

WHAT IS AN ACREAGE REPORT?

An annual acreage report for each insured crop in the county in which you have an ownership share must be submitted to your insurance company (through your agent) on or before the acreage reporting deadline. The report shows the crops you have planted, acreage prevented from planting, what share you have in those crops, where the crops are located, how many acres you

planted, the dates you planted them, what insurance unit they are located on, and the cultural practice followed (irrigated or double cropped, for instance).

About eight to 10 weeks after you submit your acreage report you will get a Summary of Protection or Schedule of Insurance. This summarizes your acreage report as it appears in the official record. Check it.

Acreage reporting deadlines vary by crop so it is a good idea to have a checklist with each of your crop insurance deadline dates filled in.

REMEMBER

- Acreage reporting is your responsibility.
- Doing it right will save you money.
- Get a copy of your signed report and keep it with your records. ■

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He irrigates about 300 acres of his corn and soybeans to help reduce some of the weather risks.

He relies on a professional to scout his fields for pests and to develop his nutrient management plans. "This is one of the best investments I've made. We soil sample every year, and he is on top of any pest or disease problem that might come up."

Collins forward prices about 50 percent of his Actual Production History yield. And he relies on crop insurance.

"We insure all the insurable crops with CRC (Crop Revenue Coverage) at the 70 percent level, including our irrigated acres. I figure that disease, or even a failure in the water system, can still cause losses on irrigated acres, and with crop insurance, we're covered."

Zeke Collins has taken risks to expand and diversify his operation, but at every



step he has applied risk management strategies.

Two years ago, Governor Martin O'Malley visited his farm to celebrate Earth Day and the importance of agriculture to the

health of our environment as shown by the Collins' well-run operation. It all seems a long way from the night job and the one chicken house to the diversified enterprise that is Collins Farms today. ■

NEW FARM AND RANCH ON-LINE PLANNING TOOL

USDA's Risk Management Agency (RMA) has launched an online resource to aid farmers and ranchers in focusing on how to protect against down-side risks, as well as how best to take advantage of up-side opportunities in the market.

The new resource, a sub-site of the RMA's web site called www.Farm-Risk-Plans.USDA.gov, allows producers to; complete a risk management checklist, identify their enterprise's strengths, weaknesses, opportunities and threats, and explore a wealth of risk management information.

The new resource features four modules: Risk Management Planning, Better Marketing Planning, New Enterprise Planning, and Farm Planning Library. Each contains the best available information, consolidating resources from leading Land Grant

Universities and government agencies.

Producers are able to complete two exercises that give them a novel look at their risk management situation. First is the Risk Management Checklist, a three-page list of questions to stimulate conversation among the family or leadership team of any farm or ranch operation.

The second is a Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis, a commonly used planning exercise in the business world, recognizing that small- to medium-sized farms are serious businesses that must use the same tools as any other modern business.

The web site may be accessed at the address <http://Farm-Risk-Plans.USDA.gov> or from the main RMA site at <http://www.rma.usda.gov> ■



Design your own safety net.

Log on and fill out a risk management checklist. Identify your own strengths, weaknesses, opportunities, and threats. Explore new enterprise options. Do it all with a wealth of risk management information at your fingertips— at a Web site created just for you.



Farm-Risk-Plans.USDA.gov
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