



CROP INSURANCE IN MARYLAND

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MARYLAND DEPARTMENT OF AGRICULTURE



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Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

RISK MANAGEMENT BECAME A WAY OF THINKING



Photo by Edwin Remsberg

Jonathan Quinn

In 1988 Jonathan Quinn learned what many young and beginning farmers have learned over the years, he had to have crop insurance to be able to borrow the money to farm. Now, for that, and many other reasons, he still relies on crop insurance.

“Crop insurance was nothing like it is now. It didn’t have nearly the coverage that it does now, but it was security for the bank and made me feel better,” he said.

He was only 23 in 1988 when he took over the business and he needed an

operating line of credit in order to put in his crops. Over the years Quinn (47) has learned to use crop insurance as a risk management tool.

“I look at my cost of production and then at the value of the crop I am protecting. I’ve bumped it up over the years, especially on corn, from sixty up to eighty percent coverage now.”

1997 was the worst year of his career... “and crop insurance kept me in business... glad I had it.”

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Maryland Department of Agriculture

Office of the Secretary

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Greetings,

Crop insurance is the cornerstone of risk management for most farmers. The pending Farm Bill recognizes cuts that crop insurance has already contributed toward deficit reduction over the past five years and the increased importance of crop insurance given the large reductions in the commodity title. The Farm Bill makes improvements to crop insurance to better serve all producers of all crops in all regions. I encourage Maryland farmers to be on top of their risk management decisions going into this season.



A little time with your crop insurance agent now will pay off later. Crop Insurance will be U.S. Department of Agriculture's (USDA) primary safety net for farmers in Maryland. The Non-insured crop Assistance Program (NAP) is also available from your Farm Service office (USDA-FSA) and provides protection similar to a catastrophic crop insurance policy.

In 2012, farmers invested more than \$14.7 million in premiums for more than 6,600 crop insurance policies covering \$400 million in liabilities. Close to 80 percent of corn acres, 70 percent of soybean acres, and 50 percent of wheat acres are protected by Crop Insurance. Over 919,000 acres of cropland has crop insurance coverage in Maryland.

Producers insuring multiple or large farms may also be able to insure using "enterprise units" to receive up to a 50 percent premium discount. Enterprise unit participation in 2012 increased to 270,000 acres, or 30 percent of net acres in Maryland.

I would like to remind farmers that fall planted crops must sign up for federally insured crop insurance, or make any changes to existing policies by September 30, 2013. Fall planted crops include: winter wheat, barley, and alfalfa-based forage production.

A list of agents can be found at: www3.rma.usda.gov/apps/agents

Earl F. Hance
Secretary

FALL CROP INSURANCE DEADLINE NEARS

September 30 is the deadline for signing up for federally subsidized crop insurance policies on fall planted crops. It is also the deadline for making any changes to existing policies. In Maryland the crops that share the September deadline are alfalfa, barley, forage production, and winter wheat.

Producers are encouraged to consult with their crop insurance agent well before the deadline. And don't forget, APH Yield Trend Adjustment option is available in qualifying counties.

There are dozens of possible changes to a crop insurance policy when you begin to multiply in the choice of policy (revenue protection, yield protection, revenue protection with harvest price exclusion, etc.) with the choice of units (basic unit, enterprise unit, etc.). ■



Maryland Farmers to Receive up to an Additional \$1.4 Million in Federal Crop Insurance Assistance

Maryland farmers who signed up for an eligible crop insurance policy in 2013 will receive an additional automatic premium assistance (federal) credit of up to \$225 per policy.

The U.S. Department of Agriculture's Risk Management Agency will reduce premiums by up to \$225 per buy-up (crop policy for eligible Maryland producers) thanks to an estimated \$5.5 million that was made available to 16 targeted states (including Maryland) through a crop insurance assistance package.

All Catastrophic Risk Protection policies, and any policies or endorsements insured under the Livestock Risk Protection and Livestock Gross Margin (dairy) plans of insurance are not eligible for this financial assistance.

"Crop insurance is an essential risk-management tool that can help producers balance the financial risk of rising input costs and volatile crop prices," said Maryland Agriculture Secretary Buddy Hance.

The total federal crop insurance assistance and other cost shares is expected to total nearly \$29 million for the 2013 crop year. The premium reduction will be applied automatically to all eligible 2013 policies with reporting deadlines before September 30. If the total producer-paid premium is less than \$225, the amount of premium reduction will be capped at 100 percent of the producer premium due. Producers will receive assistance for each eligible policy, not to exceed \$50,000. Administrative policy fees will not be covered. ■

2013 CROP YEAR HARVEST PRICES ANNOUNCED FOR CROP INSURANCE

The Risk Management Agency (RMA) has announced harvest prices for crop insurance revenue policies for 2013 crop year. Fall seeded wheat is \$6.63 per bushel; \$5.91 for fall seeded barley in the states of DE, MD, NJ; and \$4.71 fall and spring seeded barley in NY, PA and WV. These prices are based on the futures prices of the Chicago Mercantile Exchange (CME).

The projected prices, also based on CME futures prices that were set near seeding time, are \$8.57 per bushel for fall seeded wheat and \$6.99 for fall seeded barley in the states of DE, MD

and NJ. Fall seeded barley in the states of NY, PA, WV was \$6.10. Spring seeded barley in NY and PA was \$5.24 per bushel.

Producers with either a Revenue Protection or a Revenue Protection with Harvest Price Exclusion policy should take these prices into consideration when determining if they experienced a crop revenue loss. If you determine that a revenue loss occurred, file a written notice of loss immediately with your crop insurance agent. ■

SPREADING OUT THE RISKS

Perhaps it was that early, and long, experience with crop insurance, but Quinn now thinks about risk management in a much broader sense.

He farms 2,500 acres in Cecil County and spreads his risks over corn, soybeans, wheat and barley. He also custom farms another 500 acres and does some custom hauling... generating additional income from his equipment.

Then there is the marketing end of things. He has 150,000 bushels of on-farm storage capacity, which helps him market his crops year round. He is constantly marketing three years of crops, last year, this year, and next year.

GRASPING TECHNOLOGICAL ADVANTAGE

What separates Quinn from many farmers is his outright enthusiasm over new technologies.

“I really try to keep up with technology. All my tractors have auto-steering.



Photo by Edwain Kemsberg

All of Quinn's tractors have auto-steering

I'm using variable rate boom controls on my sprayer. I mean I started in 1996 with a yield monitor and now I'm all the way up to pretty much everything there is out there... I've tried it, or I'm using it. The greatest change and greatest advantage to me has been the technology changes," he said adding, "There are times I can't get a cell phone signal, but I can always get a satellite."

In the rich soils of the Southeastern corner of Cecil County, Jonathan Quinn is a fourth generation farmer who is very modern in his farming methods because he took to heart some very old-fashioned advice from his father.

“I was always taught by my father, don't put all your eggs in one basket.” ■

How to File a Crop Insurance Claim

Any time you have crop damage that will adversely affect your yield or the value of your crop, you may be eligible to file a claim. The loss adjuster will determine whether your yield falls below the guarantee stated in your crop insurance policy. This applies to revenue protection policies and yield protection policies.

In some cases, you may discover a loss while you are harvesting. Stop harvesting and contact your agent right away. In the event of losses, you must file notice immediately after each unit is harvested (within 15 days) and before the end of the insurance period.

For corn cut for silage you must file notice at least 15 days before harvest begins. This also applies if you cut damaged crops for silage or other uses. It is important that the grain

content be determined before harvesting regardless of whether you insure on a tonnage or grain yield basis.

Remember...

Report crop damage promptly:

- Before replanting (many policies have replanting payments);
- Within 72 hours of discovery of damage;
- 15 days before harvest begins (if loss is possible); and
- Within 15 days after harvesting is completed (by insurance unit) but not later than the end of the insurance period (December 10 for grain corn and soybeans).

Caution: Do not destroy evidence that is needed to support your claim without clear direction from the insurance company, preferably in writing. ■