

REPORT ON OUTREACH EFFORTS

Howard Leathers and Paul Goeringer
AREC

University of Maryland Extension
September 2016

Maryland Crop Insurance Education Program:

DEPARTMENT OF AGRICULTURAL AND RESOURCE ECONOMICS

COLLEGE OF AGRICULTURE & NATURAL RESOURCES
UNIVERSITY OF MARYLAND



UNIVERSITY OF
MARYLAND
EXTENSION
Solutions in your community



This institution is an equal opportunity provider

The basic case for crop insurance

- Provides a source of income when you need it the most.
- The substantial impact of government subsidies.
 - Auto insurance in a recent year:
 - Maryland drivers pay \$4 billion in premiums to insurance companies.
 - Insurance companies pay about \$2.7 billion in payments to Maryland drivers to cover insured losses.
 - 64 cents of indemnities for every dollar of premiums.
 - Crop insurance cumulative since 2000:
 - Maryland farmers pay \$147 million in premiums to insurance companies.
 - Insurance companies pay *\$250 MILLION* to Maryland farmers to cover insured losses.
 - \$1.70 of indemnities for every dollar of premiums.

Expanding Supplemental Coverage Option (SCO) and Yield Exclusion

- County by county and crop by crop

Whole Farm Insurance:

- Designed for diversified specialty crop, mixed grain, organic, or livestock producers



What is NAP?

- “Insurance type product” for crops that do not have crop insurance policies approved for sale.
- Available from government (contact your local FSA office) not from crop insurance companies.
- Covered losses: weather, earthquake, flood, disease, insect damage.

Poultry Insurance Reports

- 2014 Farm Bill required RMA to conduct studies to see about possibility of crop insurance programs for poultry industry:
 - Business interruption insurance
 - Catastrophic disease insurance
- Studies concluded not feasible to provide at this time
 - Limited data (poultry data and values proprietary info of companies)
 - Growers don't own an "insurable interest" requires legislation to be rewritten
 - Utilize other risk management tools

Dairy Farmers

- Very low prices in March-June.
- Disappointment in new safety net program MPP.
- Financial stress resulting from new manure management requirements.
- LGM-Dairy might look more attractive now than in the past.

The year to come....

- **Suggestions welcome.**
- howardl@umd.edu; lgoering@umd.edu;
mark.powell@Maryland.gov