



Crop Insurance Information for Massachusetts Farms 2005-06

The Massachusetts Department of Agricultural Resources (MDAR) and the New England Small Farm Institute (NESFI) are in our fourth year of cooperating with the USDA Risk Management Agency (RMA) to increase awareness of federally subsidized Crop Insurance (CI) as a key tool in farm risk management planning. We have met farmers and service providers who have never considered purchasing insurance on their crops, or on their average income – and others who wouldn't go a year without CI protection. We urge you to learn enough about the USDA products to make an informed choice.

RMA has modified and created some new insurance products in response to the feedback provided by Northeast farmers. We see new/significantly revised policies in Clams, Sweet Corn, Apples and Adjusted Gross Income that are more relevant to the unique conditions and markets in New England. Application deadlines are being extended in several policy areas to reflect the realities of when farmers have the time to compile necessary records and make spending decisions.

USDA, MDAR and NESFI are not in the business of selling Crop Insurance. We also do not process claims, determine eligibility, estimate premiums or process losses. Those services are left to local/regional agents and adjusters qualified and licensed by RMA. The agents are your best source of individualized information for your farm enterprise, and they commonly make no-obligation visits to assess the usefulness of CI in your overall risk management plans.

The RMA website: www.rma.usda.gov is an excellent source of updated information for self directed research, complete with premium calculators and product descriptions. Information is also available by calling the RMA Raleigh Regional Office at: 919-875-4880.

We suggest you check the web site or request written information from Raleigh, and if you have questions or are trying to decide, talk to an agent. Three companies are licensed to sell Crop Insurance in Massachusetts. You can get a referral to their local agents by calling the following toll free numbers:

Rain and Hail (Ace Property and Casualty Insurance) - 1-800-776-4045

The Hartford – 1-800-295-1815

Rural Community Insurance Services (RCIS) – 1-800-451-3836

Several Frequently Asked Questions are answered on the next page.

What Crops Are Insurable in Massachusetts, and when can I apply?

Sales Closing Date/Crop (Sales closing dates are in place as the deadline to purchase an insurance plan for a particular crop. An application must be submitted to a crop insurance company representative by this date or else the insurance policy will not attach and your crop losses will not be covered.)

November 20 - Apples, Cranberries, Peaches

November 30 - Clams

January 31 - Adjusted Gross Revenue, Adj. Gross Revenue-Lite (Renewal Policy)

March 15 - Adj. Gross Revenue-Lite (New Policy), Corn, Fresh Market Sweet Corn, Potatoes, Tobacco

May 31 - Nursery

What If I Have A Crop That Is Not Listed As Insurable in MA?

You may be eligible to request crop insurance through a “**written agreement**” or through alternative coverage such as Adjusted Gross Revenue (see below). The written agreement is a document designed to provide crop insurance in counties without an established program for the crop or an organic crop.

Are Other Crops Being Considered?

Yes! RMA is consistently developing new programs. Our agency is working with contractors, universities and researchers to identify local farmer needs and develop new crop programs. Massachusetts currently has pilot crop programs on: Adjusted Gross Revenue, Adjusted Gross Revenue-Lite and Clams. Crops usually stay in a pilot program until the insurance plan is deemed fundamentally sound.

How Much Does It Cost?

A \$100 administrative fee per crop will apply for a catastrophic (CAT) insurance plan. The premium on CAT coverage is paid by the Federal government. Catastrophic coverage pays 55 percent of the established price of a commodity on crop losses over 50 percent. Qualified “limited resource farmers” may have this fee waived. CAT is not available on written agreements or crop revenue coverage.

Are Higher Coverage Levels Available?

Yes. The cost for buy-up levels of insurance coverage is a \$30 administrative fee, per crop per county, plus the premium for the coverage you select. Simply select the amount of your Actual Production History (APH) yield you wish to insure; from 50 to 75 percent (in some cases up to 85 percent).

Can I Get Another Type of Insurance Plan?

Yes! The agency offers different insurance plans:

- **Adjusted Gross Revenue (AGR):** This is a whole-farm insurance program providing insurance coverage for multiple agricultural commodities under one insurance product using income tax information from your operation. A farm report is created to determine coverage eligibility. Covered farm revenue includes income from most crops and agricultural commodities. A limited amount of income (not to exceed 35%) from livestock, animal products, and aquaculture products raised in a controlled environment may also be covered. Under this plan, you can also cover revenue generated from commodities that are currently uninsurable.
- **Adjusted Gross Revenue (AGR)- Lite :** This program is a streamlined whole-farm revenue protection package that can be used as a stand-alone coverage or in addition to other individual crop insurance policies (except AGR). It allows you to insure a portion of the revenue generated from crops, animals (such as chickens, dairy cows, hogs and sheep) and animal products (such as eggs, milk, meat, and wool). Under this plan, you can also cover revenue generated from commodities that are currently uninsurable (such as forage, fruit and vegetable crops).
- **Crop Revenue Coverage:** This plan provides revenue protection based on price and yield expectations by paying for losses below the guarantee at the higher of an early-season price or harvest price. Corn farmers can receive coverage under CRC.