

Risky farming? No, thank you.



MAKE FARMING SAFE

Aquaculture is a potentially high risk – high reward endeavor. The Maine Aquaculture Association, together with the U.S. Department of Agriculture’s Risk Management Agency (USDA - RMA), works to offer programs to minimize and manage risks, including improved crop insurance policies, to provide relief when either a downturn or tragedy strike your farm.

WHAT TYPES OF RISKS EXIST AND HOW DO I IDENTIFY THOSE THREATENING MY FARM?

- Risk factors
- Risk management



- Turning living products into money
- Market contracts
- Diverse markets and customers
- Novel, high quality products
- Direct consumer sales
- Branding
- Market research
- Impacts of wild fishery landings on market price
- Social media presence



- Loss through natural disaster, disease, pests, pollution
- Follow best management practices
- Crop insurance
- Appropriate technology for farm conditions
- Diversification in crop, products and production processes
- Information exchange with established farmers
- Appropriate site selection
- Multiple production sites



- Risk linked to limited capital, cash flow, maintenance and growth of equity and the resilience to absorb financial shock
- Detailed financial records (e.g. cash flow)
- Contingency plan
- 5-year business and production plan
- 1-year cash reserve
- Whole Farm Revenue Policy



- Disagreement, divorce, death, or disability
- Human resources best management practices
- Farm health & safety plan
- Written standard operating procedures
- Health and disability insurance
- Workers' compensation insurance
- Worker training



- Non-compliance with health, safety, environmental, and administrative regulations
- Accurate records
- Regulatory compliance plan
- Appropriate business structure (LLC, partnership, etc.)
- Liability insurance
- Adequate legal counsel

Introduction to Crop Insurance

NAP – Non-insured Crop Disaster Assistance Program

<https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/noninsured-crop-disaster-assistance/index>

This USDA Farm Service Agency (FSA) program provides financial assistance to producers of non-insurable crops (including aquaculture products grown for human consumption) to protect against low yields, loss of inventory, or prevented planting caused by a natural disaster.

The cost is \$325.00 for catastrophic coverage and is FREE to veterans, beginning farmers (farming less than 10 years), historically underserved, and limited resource farmers.

The loss is calculated as a comparison of the value of the crop before to the value immediately after the disaster and depends on the level of coverage and the Maximum Dollar Value selected.

***Producer eligibility includes an average adjusted gross income that does not exceed \$900,000 and compliance with Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC).

Figure 1 – Total loss scenario with catastrophic coverage (50% coverage at 55% market price)

	w/o NAP	with NAP
Crop Value	\$50,000	\$50,000
Crop Value lost	\$50,000	\$50,000
NAP payment received	\$0	\$13,750
End of season revenue	\$0	\$13,750

WFRP- Whole-Farm Revenue Protection

<https://www.rma.usda.gov/en/Policy-and-Procedure/Insurance-Plans/Whole-Farm-Revenue-Protection>

Protects the farmer from production losses or drops in market prices based on their adjusted gross revenue. It is tailored to cover up to \$2 million in insured revenue.

Protects against the loss of farm revenue earned or expected to be earned from commodities produced during the insurance period, whether or not they are sold, and commodities bought for resale during the insurance period. Premium subsidy and coverage level options are based on the number of commodities produced.

***The farmer must be eligible to receive federal benefits, be a U.S. citizen or resident, and file either a Schedule F tax form or other farm tax forms that can be converted to a Substitute Schedule F that covers 100% of the farm operation. Other Federal crop insurance policies at catastrophic coverage levels disqualify the farmer for WFRP

Figure 2 – Total loss scenario with 75% coverage

	w/o WFRP	with WFRP
Projected revenue	\$100,000	\$100,000
Actual revenue	\$25,000	\$25,000
WFRP payment received	\$0	\$50,000
End of season revenue	\$25,000	\$75,000

Record keeping on farms

Accurate and clear records facilitate ...



realistic forecasting and planning



tracking of income and expenditures



farm management from A to Z

Simple Complex



Checklist



Excel sheet



Detailed report

Records aid in improving production and maximizing income while minimizing risk.

For more information contact the Maine Aquaculture Association via email at christian@maineaqua.org or visit www.maineaqua.org.

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