

Pacific Business News (Honolulu) - October 29, 2007  
<http://pacific.bizjournals.com/pacific/stories/2007/10/29/focus1.html>

## PACIFIC BUSINESS NEWS

Friday, October 26, 2007

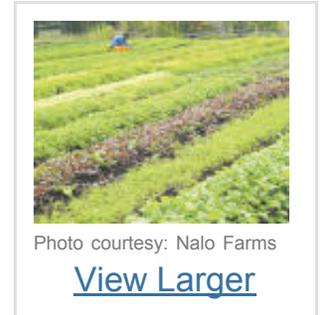
# Crop insurance expands for more Hawaii growers

Pacific Business News (Honolulu) - by [Charlotte Woolard](#) Pacific Business News

Dean Okimoto does something that would make a Mainland farmer cringe.

He runs **Nalo Farms** in Waimanalo, an operation that pulls in revenues of about \$50,000 a month, without crop insurance.

The president of the **Hawaii Farm Bureau Federation** has had no choice. He and the other diversified agriculture producers operating in Hawaii do not fall into the parameters of current crop insurance policies offered in the state -- something that is about to change.



Growers like Okimoto might be producing 16 different crops at the same time. The commodity insurance traditionally offered in Hawaii covers a specific crop such as macadamia nuts or nursery plants -- not 60 feet of arugula next to a row of baby greens.

"Each row has a different value," Okimoto said. "Crop insurance based on revenues would work a lot better for me and a lot of the diversified crop growers."

The **U.S. Department of Agriculture** announced a pilot program this month that will provide just that kind of revenue-based insurance. Farmers will be able to obtain coverage based on their revenue history, buying policies for 2008 from private insurers through March 15. The federal government will subsidize the policies, which can be held in addition to more traditional commodity coverage.

That program is just one of several crop insurance options coming into the Hawaii market. This year, the U.S. Department of Agriculture extended its crop production insurance to three new crops: coffee, papaya and bananas.

Hawaii farmers took out 55 policies covering the newly insurable crops -- but that number represents only a small fraction of the market, said Kent Fleming, an economist with the **University of Hawaii's** College of Tropical Agriculture and Human Resources, who worked to obtain the coverage.

New programs tend to take off slowly, he said, with large farms such as Kauai Coffee signing on quickly and smaller farms lagging behind.

"The big growers, they understand and they buy it," Fleming said. "The small farmers, they don't buy it. And they have risks."

The macadamia nut industry long has been eligible for commodity coverage and about 74 percent of nut acreage has been insured, according to the U.S. Department of Agriculture's Risk Management Agency, which establishes the insurance policies and procedures.

The policies are part of taking care of business, said Wayne Roumagoux, chief financial officer of publicly held **ML Macadamia Orchards**, the largest macadamia nut grower in the state.

"We would be neglectful not to pay [for insurance] in a county that has hurricanes, earthquakes and volcanic eruptions," he said. "I wouldn't understand why any [nut] grower didn't have it unless he didn't understand it."

ML Macadamia has insurance policies for both its trees and nuts, he said. The company has benefited from the policy covering production, with insurance kicking in \$169,000 in 2006, \$147,000 in 2005 and \$32,000 in 2004, according to the company's 2006 annual report.

But even with evidence of returns, Fleming said he expects it to take time for Hawaii farmers to sign on to new policies en masse.

"Farmers are a little bit leery," he said. "If we had a hurricane, there would be a lot of people interested in crop insurance."

#### **For more information**

- Visit [www.ctahr.hawaii.edu/agrisk](http://www.ctahr.hawaii.edu/agrisk) or [www.rma.usda.gov](http://www.rma.usda.gov).
- The University of Hawaii will host workshops through its extension offices at the end of November.

*cwoolard@bizjournals.com | 955-8039*

*All contents of this site © American City Business Journals Inc. All rights reserved.*