

Farmers, Others in Rural Maryland Having Tougher Time Getting Insurance

By *SUBODH MISHRA*
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POOLESVILLE - Ben Allnutt's first and only insurance claim came roughly 10 years ago when a visitor to his pick-your-own farm drove over a steel post and damaged his car.

Since then, he said, he has never had an accident, has not changed his business practices or given his carrier any other reason to increase his yearly liability premium.

But that did not stop the firm from raising his fee, overnight, by 263 percent two years ago.

And so Allnutt, like a growing number of rural Marylanders, is struggling to obtain affordable insurance from a shrinking number of carriers who are writing fewer, more selective policies -- a trend that is hitting rural businesses and homeowners harder than the rest of the state.

"I pay through the nose," said Allnutt, 52, a father of two who bought the 230-acre Homestead Farm from his parents in 1991. "I paid roughly \$4,000 (for liability insurance) in 2001, but in 2002, they raised it to over \$14,000."

Maryland Insurance Administration Commissioner Al Redmer acknowledged the problem saying there was "a lack of competition in the marketplace for farm coverage," particularly for farmers like Allnutt who are engaged in agro-tourism.

Redmer said the administration was working to bring in more carriers and to get existing carriers to write more policies. But industry experts said doing that may not be easy.

"Maryland is a tough regulatory market," said Eric M. Goldberg, assistant general counsel of the Washington-based American Insurance Association. "It's not the most favorable environment for companies writing policies."

Goldberg said that insurers in Maryland were now in a contraction cycle that reflects a national trend. He would not predict when an expansion might take place.

State officials are not waiting on the market to change. They have begun recruiting insurers, said Randi Johnson, the state's associate commissioner for property and casualty, but she would not provide details on those negotiations.

Johnson also said the administration has been holding a series of meetings in rural areas over recent months to gauge the depth and breadth of the problem. The final meeting is planned for Monday in Waldorf.

So far, Johnson said, residents at the meetings have voiced concerns about getting affordable farmers' liability insurance as well as maintaining their homeowners' policies.

Legislators have also been active in recent months in consulting with state officials on how to deal with the problem.

Delegate Jeannie Haddaway, R-Talbot, said a number of her constituents in Neavitt were dropped by their insurance carrier late this summer because of the rural location of their homes.

"The insurance company decided not to cover anyone in Class 9 or above, meaning they were too far from fire protection services," Haddaway said, referring to an Insurance Services Organization risk-classification system that insurers use when writing policies.

Delegate LeRoy E. Myers, R-Allegany, and state Sen. Larry E. Haines, R-Carroll, said they had heard similar complaints from constituents.

Legislators say they have been assured by state officials that their constituents' concerns will be addressed, but they are also working on their own to ensure that those at risk can find alternatives to maintain their homeowners insurance.

Meantime, farmers like Allnut who are struggling with the financial burden of rising costs have little choice but to continue with their current carriers, regardless of the expense.

"My farm liability is now through a Pennsylvania company," Allnut said. "Local firms either don't respond to my request (for a policy) or they just say no."

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