

## **Safety Watch: Farming safely, profitably -- are you a good risk?**

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When we think of risk management in farming, crop and livestock insurance are usually the first things that come to mind.

The goal of those policies is to mediate any losses that could occur as a result of weather, natural disaster or disease. This is, from the industry's standpoint, the best way to protect farm assets.

The operator is ensured of at least some financial compensation and so the risk is "managed."

When a farmer applies for a loan to start or expand an operation, he or she also needs to prove the farm business is a good risk for the lender.

Of course, that means that requires a solid business plan that shows an understanding of the enterprises and how profitable they're likely to be.

You also have to show the lender that you are responsible and that you pay your debts on time.

But what other factors on your farm might indicate that you're a good risk for a lender?

Recently at the Practical Farmers of Iowa conference, I posed that question to Steve Ferguson of the Iowa Agricultural Development Division, which offers a number of loan programs for beginning farmers. I was especially interested to learn how Steve factored in farm safety when it comes to farmers and risk.

A MEMBER of a farming family and a former banker, Steve said safety is very important when assessing a loan candidate, even if it's not a formal part of the loan application.

Steve reports that during his days doing farm visits on behalf of lending institutions, he would often recommend that farmers do some basic housekeeping to make sure they don't damage their equipment or themselves.

"When I saw the little stuff — equipment left out or tools laying around — I worried about the big stuff," he said. "Maybe the person is not a good risk."

Steve knew that even the "little stuff" could result in an injury or damage to equipment that would be costly for the farmer and for the lender.

Agricultural injury and fatality rates are well above national averages in other industries. Annually, about 22 out of every 100,000 workers in the agriculture, forestry and fishing industry are fatally injured on the job. This is seven times the rates for occupational fatalities overall.

IN ADDITION, 167 workers suffer lost work time injuries daily, and 5 percent of those result in a

permanent disability. In Iowa, about 30 percent of occupational fatalities are related to agriculture, a higher percentage than any other industry in our state.

The costs of these injuries and fatalities are enormous.

According to data compiled by the National Institute for Occupational Safety and Health (NIOSH), agricultural injuries total more than \$7 billion in medical and lost productivity costs.

The Agricultural Safety and Health Council of America (ASCHA) reports the costs of injury to individual farms can be nearly catastrophic, with an average reduced income of 30 percent per injury. This includes the loss of productive workers and machinery, the reduced outputs that result from disrupted productivity and the costs of training new workers.

How do you ensure that you're a good risk for a lender? Steve notes lenders are looking for loan recipients who are "proactive" in communicating with the lender and with their own safety on the farm. Given the costs of an injury, an unsafe farm is a poor risk for a lender.

To reduce your risks, take some basic safety precautions on your farm.

Tractors remain the leading cause of farm deaths; about 125 people die each year because of a tractor incident, including rollovers and run-overs.

A Roll-Over Protective Structure (ROPS), used with a seatbelt, is the best way to protect yourself in the event of a tractor rollover.

ASCHA estimates that a tractor overturn costs an average of \$1 million, so an investment in a ROPS is smart both economically and for your safety.

STEVE REFERENCED good housekeeping, and he's on the right track. Slips, trips and falls are the leading cause of injury in most workplaces, including on farms.

To prevent falls, keep workplaces tidy and finish floors with non-slip surfaces. Take your time in wet or icy conditions. Falls from height are less frequent, but more severe.

Use appropriate ladders for your task and always exit equipment with three-points of contact: two hands on secure hand-holds and one foot solidly on the step.

Having to recover from an ankle, knee or hip injury can result in significant lost productivity.

Farming is a risky business, but a safe farm is a better bet for a lender and helps protect agriculture's most valuable assets.

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