

# GUIDE TO USDA Micro Farm Insurance

**Small-scale, diversified farmers: have you heard the news?** There's a new insurance program available from USDA called **Micro Farm Insurance!** If you've thought federal crop insurance didn't apply to you before, things are starting to change. This insurance specifically covers farmers making up to \$350,000 annually in approved revenue.

**Micro Farm insurance can protect your total farm revenue from losses in income.** Unlike other crop insurance that is based on production or yield of individual commodities, **this insurance covers everything under one policy.** This includes income from post-production processing and value-added products like freezing, drying, jams, jellies, cider, canned or pickled goods, etc. **Insurance can reduce risk and keep your farm in business year after year.**

## MICRO FARM BENEFITS AND COSTS

**How much can I be insured for?** The amount you can be insured for is based on your average gross revenue over the past three years, expected revenue for the coverage year, and chosen coverage level (50% to 85% coverage).

**What's the payout?** You can claim for the difference between your insured revenue and the actual revenue produced during the coverage year. For example, if you are insured for \$100,000 and you only make \$30,000, you can claim for and receive \$70,000.

**What's the cost?** Pay a premium before the growing season to purchase this insurance plan. The premium depends on the insured revenue, the coverage level you choose, and the county you are located in.

### Let's see an example!

Coverage Level	85%	50%
<b>Approved Revenue</b> Average Historic Revenue vs. Estimated Revenue for coverage year; whichever is lower	\$118,000	\$118,000
<b>Insured Revenue</b> = Approved Revenue x %Coverage	\$100,000	\$59,000
<b>Insurance Premium</b>	\$3,000	\$300
<b>Farm Revenue Produced</b>	\$30,000	\$30,000
<b>Claim Amount</b> = Insured – Produced Revenue	\$70,000	\$29,000
<b>Actual Amount Recovered</b> = Claim – Premium	\$67,000	\$28,700
<b>Total Revenue for Year</b>	\$97,000	\$58,700

**In both cases, having insurance significantly recovered the farm's revenue losses.**

## APPLICATION PROCESS

- Find an insurance provider approved by USDA through the [RMA Agent Locator tool](#).
- Contact insurance provider.
- Work with insurance provider to fill out application. If you are not ready yet for this step, The Carrot Project is available to support you.
- Sales close March 15 in MA, CT, and RI for calendar year tax filers. Other dates apply if you file taxes on a different schedule or in a different state.

## RECORDS YOU WILL NEED

- At least three years of your most recent federal tax income forms (such as a Schedule F). For 2023, you will need tax returns from 2020 – 2022.
- If you are tax exempt, financial records to fill out at least three years of Substitute Schedule F forms.
- Your farm production plans for the coverage year.
- Farm and tract number, and Form AD-1026 (Conservation Certificate). Register for these at your [local, county USDA Farm Service Agency \(FSA\) office](#).

## THE CARROT PROJECT'S TECHNICAL SUPPORT

Interested in learning more? Wondering if this could be right for your farm? We have resources for you:

- Individual support to determine costs and benefits to your farm business
- In-person and virtual workshops
- Self-guided assessment tools

**Contact Amanda Chang, Outreach Coordinator:** [achang@thecarrotproject.org](mailto:achang@thecarrotproject.org) or 617-674-2371 x 10.

Curious about The Carrot Project's general business advising and training? Visit us at [thecarrotproject.org](http://thecarrotproject.org) or on [Facebook](#), [Instagram](#), and [Twitter](#)!