



January 18th, 2023

Understanding USDA's Micro Farm Insurance Program



Workshop Objective

Prepare to explore and consider different options for building resiliency into your farm business, including but not limited to the new USDA Micro Farm Insurance Program.

Note: Crop insurance is only one of the many ways to build resiliency into your farm business. Other resiliency efforts include FSA disaster programs, "self-insuring," and programs through state agricultural departments and non-profits. This workshop does not intend to convince you to pursue Micro Farm Insurance, but instead to prepare you to make an informed choice.

Why Consider Micro Farm Insurance?

- Climate change and natural disasters creating more unpredictable seasons
- Traditional crop insurance offers single commodity policies, usually yield-based
 - Encourages monocultures → less diversification → riskier!
 - Doesn't account for changes in market price when based on yields
- Micro Farm addresses some of these gaps
 - Addendum to [Whole Farm Revenue Protection](#) (which insures up to \$17 mil)
 - Micro Farm is lower lift for farmers paperwork-wise (plus, auto-enrolled after first year!)
 - Insure yourself based on your historic & expected revenue, not yield

What Type of Farm Is Covered?

- Farms with \$350,000 or less in approved revenue may be eligible
 - Approved revenue = ag products produced on-farm, resale of ag products (if less than 50% of total revenue), post-production processing & value-added production
 - Excluded revenue = forest products (ex. maple products, Christmas trees), animals raised for show, sport, or pets (ex. horses, dogs), and non-farm products (ex. tote bags, cookbooks, farm merch)
 - Over \$350,000 in average revenue over the last 3-5 years? Consider Whole Farm Revenue Protection (which does NOT cover post-production processing or value-added products)
- Eligible farms must file a Schedule F, or Substitute Schedule F (agent will fill this out)
- Must have 3 years of revenue records

What Is Covered and How Much Will I Pay?

- Losses that are outside a farmer's control (and usually weather/climate related) may be eligible for payment
 - Ex. Flooding makes field too wet to plant seedlings at intended time, resulting in production loss
 - Ex. Rainy year makes many tomatoes split before harvest
 - Ex. Drought stunts growth of orchard, so fruits are small and harvest window is short
 - Ex. Wind storm damages greenhouse and crops inside are killed by frost



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- Losses that are **NOT** covered:
 - Labor shortages
 - Inability to market product
 - Lack of sales
 - Damage caused by humans
 - Damage caused by animals like deer, birds, or insects **UNLESS** it ties in clearly to weather or climate change
 - Lost revenue due to increased expenses
- Coverage is based on historic approved revenue (average of past 3-5 years) and estimated revenue for the coming year – you will be insured at the lower amount of these two values
 - Some adjustments are possible and insurance agent will walk you through these. See examples in [slide deck](#) (p. 44)
- Coverage levels offered between 50% and 85% of revenue
- Premium (what the plan costs) = producer premium (what you pay) + USDA subsidy (beginning & veteran farmers eligible for increased subsidy)
- Producer premium = balance between level of coverage AND county (ie. coastal farms with greater risk of flooding may have higher premiums)
- USDA subsidy = conservation compliance (file & adhere to AD-1026 (conservation certifications for highly erodible land and wetlands) with FSA)

How Do I Submit a Claim?

- Notify insurance agent of loss within 72 hours of noticing the event or loss
 - Get clear with your insurance agent about their preferred practice when loss is gradual or not tied to a specific event (ie. drought)
- Prepare to prove your claim (site visit, photos, production/financial records)
- Since you only receive payment if your annual revenue is 50-85% lower than your coverage level, there will be a lag between filing a claim and receiving a payment
- There is a process for appealing denied claims

How Do Other Insurance Programs Interact with Micro Farm?

- You may still enroll in general liability and worker-related insurances
- You may NOT enroll in crop-specific insurance while in Micro-Farm
- You may still be eligible for [FSA disaster programs](#)
 - Ex. Strawberries are all lost but blueberries do amazing and make up the lost revenue → not eligible for indemnity through Micro Farm, but maybe eligible for NAP

Timeline and Next Steps

- Decide if Micro Farm is right for you based on your historic revenue trends, your anticipated revenue this year, your comfortable wiggle room with risk, projected natural disasters, etc.
- Use the USDA's [premium estimator tool](#) and crunch your numbers



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If Micro Farm is right for you...

- ASAP: Register for farm & tract number with FSA, if you don't have one already
- ASAP: File an AD-1026 (conservation certifications for highly erodible land and wetlands) with FSA
- ASAP and suggested by the end of January: Contact [approved insurance agencies](#) (shop around for service and the agent you work well with!) and provide FSA documentation
- March 15: Enrollment deadline to be covered this year
- August 15: Pay premium (once you've had a chance to make some revenue for the year!)

Takeaways and Resources

- Micro Farm Insurance may be right for you, it may not, and its suitability may change as your farm business does! Insurance enrollment is a long-term game, and one year of paying a premium without receiving an indemnity payment doesn't mean you should cancel immediately.
- The bones of this program will be around long-term, but due to how new this program is, it will evolve. There is currently a strong push to bring the approved revenue threshold to \$500,000!
- Advocate for yourself with insurance agents!
 - Ask questions, find an agent you work well with, look out-of-state if needed
 - Insurance companies are legally required to enroll you in this program if you are eligible, even if you are a risky case (but they could hike up your premium)
- On USDA interactions...
 - ALWAYS get a receipt of service when interacting with a USDA agency (like FSA, RMA, or NRCS) – it's useful for your records and may be useful for your insurance agent
 - Register with county FSA office regardless of which direction you go in, as it opens you up to many more assistance programs
 - Self-certifying your identity as a Beginning, Limited Resource, Veteran, Woman, or BIPOC farmer will make you eligible for programs/benefits, including automatic enrollment in some disaster assistance programs
- This document is intended to supplement the recording of the workshop. It's highly recommended to also [watch the recording!](#)
 - Helpful examples of real farms with real numbers are provided at approximately the 1hr22min mark
- View the [slide deck](#)
- Use The Carrot Project's Micro Farm tools: [eligibility](#) and [application](#) self-assessments
- Review guides to the Micro Farm program from [The Carrot Project](#) and [USDA](#)
- It is FREE to work directly with Amanda on Micro Farm Insurance or other disaster preparedness practices! Contact achang@thecarrotproject.org for more information.