

WHOLE FARM REVENUE PROTECTION:

MICRO FARM

The Micro Farm crop insurance program, a subprogram of Whole Farm Revenue Protection (WFRP), was created to better serve small agricultural operations. Its coverage is unique from other federal crop insurance programs because it insures the revenue of an entire operation based on tax documents, rather than on yields or production history.

As of 2023, any farm with less than \$350,000 in approved revenue is eligible. The program is available in every county of the U.S.



To better fit smaller operations, Micro Farm was designed to be more flexible in its reporting requirements. With Micro Farm, all agricultural commodities in the operation are reported together, and there is no reporting requirement for expenses or expected yields or values for individual commodities.

Additionally, Micro Farm is unique because those with post-production operations can include their value-added products—such as items that have been processed, canned, frozen, etc.—in their allowed revenue when calculating their coverage. For example, revenue for products such as applesauce and jam can be covered.

COVERAGE

Micro Farm protects against loss of revenue, or loss of expected revenue, from commodities grown or purchased for resale during the insurance period. The amount is determined from operation-wide histories and farm operations reports. Micro Farm coverage can be purchased on 50% to 85% of this expected revenue, in 5% increments. For example, \$100,000 of approved revenue insured at a rate of 65% would mean \$65,000 of coverage. A crop insurance agent can assist in this process and can help determine how much coverage is needed.

Like other federal crop insurance products, Micro Farm is subsidized to make insurance premiums more affordable and accessible. Operations with two or more commodities will receive a higher level of subsidy than those insuring only a single commodity.

ELIGIBILITY

To be eligible for Micro Farm, an operation must make less than \$350,000 in approved annual revenue, with no more than 50% of total revenue coming from commodities purchased for resale. Generally speaking, approved revenue is the gross revenue of the commodities being produced—with exclusions such as income from agricultural program payments and custom hire.

Producers will need to provide three consecutive years of Schedule F tax forms, or a form that can be converted to a Substitute Schedule F form. Tribal entities may also use acceptable third-party records to complete the substitute form.

Operations that are vertically integrated or already purchase other federal crop insurance policies do not qualify for this program.



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FLEXIBILITY FOR GROWING OPERATIONS

If an operation is growing, its expected increase in revenue can be insured with Micro Farm. This can be done with an indexing procedure as long as the producer is able to provide five consecutive years of revenue history showing year-to-year growth. Micro Farm also allows for additional growth beyond the initial \$350,000 cap, increasing to \$400,000 in following years.



INSURANCE TIMELINE

Micro Farm coverage follows a yearly timeline, corresponding with events of the growing season. If a producer files taxes by the calendar year, the Micro Farm insurance period is the calendar year. If they file by the fiscal year, the insurance period is the fiscal year.

Between January and March, producers are typically working with their crop insurance agents to gather paperwork and establish their draft policy and coverage level. If interested in Micro Farm, especially for the first year, it may be necessary to connect with a crop insurance agent earlier to go over what documentation is needed and deadlines.

Important dates to remember

- ➔ **Jan. 31, Feb. 28, or March 15** – depending on county/sales closing date*
 - Deadline to officially declare with a crop insurance agent an intention to purchase Micro Farm and to provide certain required information, such as the Whole Farm History Report and Intended Farm Operation Report.
 - *For late fiscal year filers, the sales closing date is Nov. 30.
- ➔ **July 15** – revised farm operation report date
 - Deadline to submit a Revised Farm Operation Report, which is used to determine the policy premium.
- ➔ **Aug. 31** – contract change date
 - Deadline for producers to review any changes to the policy and decide whether to continue, change, or cancel the policy for the upcoming year.
- ➔ **After taxes are filed** – claims process, if needed
 - All claims must be made no later than 60 days after farm taxes are submitted. Any claims can be expected to be paid within 30 days after being confirmed. An important note is that all payments are made only after annual taxes are filed, not when loss occurs. This timeline is later than most other federal crop insurance claims, which are processed soon after harvest.
 - In the event of an immediately observable loss, such as storm damage, producers must submit notice to their crop insurance agents within 72 hours of discovery. This may result in inspection of the damage, but the claims process will still follow tax season.



“The producer will be working with the agent to gather all the information needed to finalize the claim. This usually occurs sometime between March and May. [...] There’s a lot of information gathering going on at that point.”
- Josh Hoeme, Kansas crop insurance agent

HOW TO PURCHASE

Micro Farm coverage can be purchased from any agent who sells federal crop insurance. However, Micro Farm is a new tool, and agents are still learning about it. Producers are encouraged to connect with an agent as early as possible.

To find a crop insurance agent, ask other producers if they have any recommendations, or visit the U.S. Department of Agriculture’s Risk Management Agency’s Agent Locator Tool at public-rma.fpac.usda.gov/apps/AgentLocator/#/.

To start developing a Micro Farm policy, a producer and agent will gather information to complete a Whole Farm History Report and a Farm Operation Report. In addition to three consecutive years of Schedule F forms or substitutes, agents may also request supporting information, such as:

- Application/Policy Change Reporting Form
- Allowable Revenue Worksheet (all five previous years)
- Accounts Receivable Report
- Farm Operation Report
- Whole Farm History Report
- Inventory Report



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