

Fact Sheet #8 Crop Insurance

There are two main types of insurance for farms: liability insurance and crop insurance.

[See Fact Sheet #7 for information on liability insurance.]

Crop insurance is optional and protects the value of your crops in case of a disaster that you cannot control (hail, drought, too much rain, freezing, heat, disease, etc.). Crop insurance is now available for more than 76 different crops. Commodity crops covered by crop insurance in Massachusetts include apples, clams, cranberries, peaches, potatoes, sweet corn, tobacco and winter squash. Unfortunately crop insurance needs to be purchased for each crop separately, which is not practical for many diversified small scale farms. Crop insurance is available



through private crop insurance agents. Coverage for a crop must be arranged before its sales closing date. Crop insurance is overseen by the USDA [Risk Management Agency](#). Check the website for details or call the regional office for information: (919) 875-4880. Also consult the FarmNet Publication: Do I Need Crop Insurance? [EB 2004-03]. Call (800) 547-3276 to request a copy.

Catastrophic Risk Protection (CAT): is the minimal level of crop insurance available. CAT is activated when you have sustained at least a 50% loss in yield and provides protection equal to at least 50% of yield at a rate of 55% of the expected market price. The Federal government pays much of the cost for this insurance. Farmers may have to pay a small fee, but sometimes there is no charge depending on your income. A crop insurance agent can determine this for you.

Non-insured Assistance Program (NAP): For crops not covered by the above, the Farm Service Agency's [NAP](#) covers your crops at a similar level to CAT. You must apply for NAP before you plant, so in many ways it acts similarly to insurance. Also, you need to give the local Farm Service Agency a production and acreage report each year.

Adjusted Gross Revenue-Lite (AGR-Lite) Insurance: This “whole-farm” insurance protects all the money you would normally earn in a year on the farm. It protects you against low farm income if a natural disaster hits or if your marketing fails. Most farm-raised crops, animals, and animal products are eligible for this insurance. AGR-Lite can be used with other Federal crop insurance plans. If you buy more than one type of crop insurance, your AGR-Lite premium will be lower.

How AGR-Lite works: You must file farm income taxes to be eligible, since the program uses the revenue you report on your federal taxes over 5 years. It also covers more than one crop by protecting all your farm income. To be eligible for AGR-Lite coverage, you must:

- Be a U.S. citizen or legal resident
- File a farm tax return
- Have less than \$1 million in gross income
- Have your IRS tax forms available for the past 5 years
- Purchase by March 15th each year



For the most up-to-date information, check the USDA Risk Management Agency’s [Agent Locator](#).