



NEW FARMER DEVELOPMENT PROJECT

Insurance for Farmers

The purpose of insurance is to protect your assets, including your land, farm buildings, equipment, animals, crops, personal property and yourself. There are many types of insurance to cover you and your property against likely risks and threats—you will probably need several different types of insurance policies for your farm operation. Use the list below as your guide—you will not need all of these policies, especially when you are just starting out, but it is good to know what kind of insurance you may have to add as you grow your farm business.

- **Farm Owner's Insurance**

Who needs this policy? Farm land owners

What does it protect? Barns, equipment, rental housing, animals and other farm assets. People who were injured on your property. Other people's property that was damaged because of you. Your assets against lawsuits. May also protect people who get sick from eating your products.

What could possibly go wrong? There is a fire in your barn. A tree falls on your tractor in a storm. Someone cuts himself on your fence on the farm. Someone trips and falls and hits her head on one of your crates at the market. You accidentally drop your biggest pumpkin on your customer's laptop. A neighbor farmer wants to sue you because your cows broke through your fence and trampled his lettuce field.

How do you get it? Through a private insurance broker.

- **Market Liability Insurance**

Who needs this policy? Farmers selling their products at farmers' markets

What does it protect? People who get sick or injured from your products. People who get injured as a result of your property or actions in the market.

What could possibly go wrong? Your tent blows over in the market and hits someone in the head. Someone gets e. coli poisoning from eating your lettuce.

How do you get it? The Farmers' Market Federation of NY offers up to \$1 million product liability and \$2 million general market liability for very low cost to farmers. If you apply to be a Greenmarket vendor, you will receive an insurance application in your application packet. You can also contact the Farmers' Market Federation of NY directly at:

117 Highbridge St, Suite U-3

Fayetteville, NY 13066

<http://nyfarmersmarket.com/insmarket.htm>

Phone: (315) 637-4690

Fax: (315) 637-4691

*If you are a New Farmer Development Project farmer, we purchase insurance coverage for you through the Farmers' Market Federation as long as you are renting land. Land owners must purchase their own individual policies.

- **Product Liability Insurance**

Who needs this policy? Anyone selling products for human consumption. May be included in you farm owner's policy or other general liability policy—if not you may need to purchase this as supplemental insurance. Product liability insurance is included in your market liability policy, but if you are processing value-added products like pickles or salsa, you may need to purchase additional coverage.

What does it protect? People who get sick or injured from your products.

What could possibly go wrong? Someone gets salmonella poisoning from eating your eggs. Someone chips a tooth on a small stone that was mixed in with your black beans.

How do you get it? Through the Farmers' Market Federation of NY (see Market Liability Insurance above), or through a private insurance broker.

- **Supplemental Liability Insurance**

Who needs this policy? Farms with a lot of visitors (agrotourism, school trips, Pick-your-own operations, etc.)

How do you get it? Through a private insurance broker.

- **Worker's Compensation and Disability Insurance**

Who needs this policy? Any business with employees whose wages exceed \$1,200 per year. Farmers are also required to purchase this insurance for unpaid interns or apprentices. Farms operating as sole proprietorships are not required to purchase worker's compensation for immediate family members working on the farm (spouses, children, parents). However, farms that are incorporated (LLCs, C corps., etc.), are required to purchase this insurance for ALL employees. Workers compensation is always required for other family members including cousins, uncles, etc.

What does it protect? Worker's compensation covers employees injured while working. Disability covers employees injured while off the job. The farmer can also opt to protect him or herself under this policy.

What could possibly go wrong? Your tractor tips over and you break your leg. An employee loses a finger in the tractor's power take off unit. An employee gets rear-ended on his way to work and gets whiplash.

How do you get it? Through the New York State Insurance Fund (<http://www3.nysif.com>), private insurance brokers, or an employer can form/join a self-insurance group if they meet various requirements and post bond.

- **Health Insurance**

Who needs this policy? Not required by law, but it is a very good idea to protect you and your family from sickness and injury and reduce the cost of preventative care. Farming is a high-risk job and families put themselves at risk when they do not carry or cannot afford health insurance coverage.

How do you get it? Health insurance for farm families who do not have off-farm jobs can be very costly. One option is to join a group plan like the Dairywomen's Health Insurance Alliance Group (you *do not* need to be a dairy farmer):

Phone: (800) 479-8153

The Healthy-NY Program offers affordable health insurance to small businesses, sole proprietors and working individuals:

Phone: (866) HEALTHY or (866)432-5849

<http://www.HealthyNY.com>

Always shop around to find a policy that fits your needs.

- **Crop Insurance**

Who needs this policy? Any farmer who wants to reduce his or her risk, and insure that the farm has at least some income at the end of the season to cover expenses. If you are applying for a loan, crop insurance can also increase your chance of approval. Additionally, if the federal government gives disaster relief to farmers in your area, you need to have your crops insured in order to receive disaster payments.

What does it protect? Crop insurance varies from county to county. In the New York counties where farmers marketing directly in New York City are most likely to work, the main products covered by crop insurance are corn, apples, peaches, honey, dairy, nursery plants and pasture or hay land. See attached spreadsheet to see which products are covered in your area. As you can see, if you are a vegetable farmer, your options for insurance are limited. Read “How does it work?” section below for some alternative options that may work for you. Additionally, if you would like to purchase insurance for a crop that is not normally covered in your area, coverage may still be available via written agreement.

What could possibly go wrong? There is a frost in early June, and you lose most of your young tomato plants that you just transplanted. There is a drought throughout the season, and even though you have an irrigation system installed, you lose many of your plants because of heat damage.

How does it work? Crop insurance is administered by the USDA Risk Management Agency (RMA), and to make coverage affordable and to encourage participation, the federal government subsidizes most premiums. Most crop insurance is yield protection coverage, and payments are calculated based on your actual production history (APH) of individual crops. Another form of crop insurance is available to protect your whole farm income—Adjusted Gross Revenue (AGR) and AGR-Lite. AGR and AGR-Lite payments are calculated based on your total farm income reported on your Schedule F farm tax forms for the past five consecutive years.

The Farm Service Agency (FSA) has an additional program called the Noninsured Disaster Assistance Program (NAP) that functions like insurance for crops that are not covered by RMA. There is a low premium cost, but payments will be less than with traditional crop insurance.

How do I get more information?

- The New York State Department of Agriculture and Markets has a Crop Insurance Education Program. You can find up-to-date information about insured crops, premiums, crop insurance agents, important deadlines and short videos on their website:
<http://www.agmkt.state.ny.us/AP/CropInsurance.html>
- Contact Sarah Johnston at the Ag and Markets Crop Insurance and Risk Management Information Center: (518) 457-4531
- The “Field Crops for New York State” bulletin is an excellent general reference. It was developed for New York, but since crop insurance is a federal program, the information is applicable for all farmers in our area. Download a copy at:
http://www.agmkt.state.ny.us/AP/cropins/Field_Crop_Insurance_for_2011.pdf or ask us for a printed copy.

Sample Farm Work Agreement

(NOTE: This is a sample only. The Department of Labor does not furnish these forms.)

The Minimum Wage Order for Farm Workers, Part 190 of Title 12 of Official Compilation of Codes, Rules and Regulations, effective January 1, 1985, Promulgated by the Commissioner of Labor pursuant to Article 19-A of the New York State Labor Law, Section 190-6.1 (2), and Section 673A of New York State Labor Law effective 7/27/04 require that every employer shall notify each employee, in writing, of the conditions of employment (Work Agreement) at the time of commitment to hire.

In addition, the New York State Labor Law, Article 6, Section 195.5, requires every employer to notify employees in writing or by publicly posting the employer's policy on sick leave, vacation, personal leave, holidays and hours.

A sample Work Agreement of the type, when completed in full and provided to each employee, satisfies these New York State Labor Law requirements.

A. (1) employer's full legal name _____ telephone number _____

_____ (2) address street City county zip

B. (1) specific location where the workers will work _____

_____ (2) type of work to be performed _____

(3) hours for standard work day _____ hours per week _____
Other scheduled hours (e.g. part-time) explain: _____

C. describe housing arrangements, if any, including number of rooms, cooking facilities, etc. _____

D. indicate allowances, if any, to be credited towards minimum wage

☐ Meals \$ _____ ☐ lodging \$ _____ ☐ payments in kind \$ _____
(specify) _____

E. list benefits to be provided by the employer (sick leave, vacation, personal leave, holidays, other) _____

F. (1) wage rates to be paid

☐ hourly \$ _____ ☐ piece-rate \$ _____ ☐ bonus \$ _____
☐ Other \$ _____ (Especifique) _____

(2) how often are wages paid?

☐ weekly, paid on which day of the week? _____ ☐ Other, explain: _____

G. approximate period of employment
from: _____ to: _____

H. list all other planned payroll deductions (e.g. Social Security, taxes, transportation to and from permanent home) _____

I. list non-economic terms and conditions of employment (e.g., transportation availability, medical service, child care, schooling, etc.)

J. will overtime be paid? ☐ No ☐ Yes
(if yes, specify any agreement made with the worker for additional wages.)

Name of owner, partner or corporate officer (and title)

Name of employee

Employer signature and date

employee signature and date

Sample Payroll Record--Farm Labor

Note: This is a sample only. The Department of Labor does not furnish these forms)

Payroll record for week ending: _____

1. Name and Address of each worker*	2. social security number	3. show hours worked for all employees. In addition--show units produced for piece rate employees							4. rate of pay		5. cash wages earned	6. allowances (if claimed as part of the minimum wage)	7. total wages	8. Social Security	9. deductions	10. deductions	11. net wages paid	
		S	M	T	W	T	F	S	Total	hourly rate								piece rate
		hours																
		units																
		hours																
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Column 4 - Rate of Pay - enter hourly rate, if employee is paid on hourly basis. If paid on other than hourly or piece rate basis, indicate such basis.

For piece worker, enter the amount paid per unit and units used - example 50 cents per bushel.

Column 5 - The total wages earned at rates shown in column #4.

Column 6 - The amount claimed as credit for meals and other allowance in the wage orders.

Column 7 - Total of cash wages and allowances. This figure, when divided by hours worked, must equal or exceed the current hourly minimum wage.

Column 8 - Social Security Deduction

Column 9-10 - Deductions permitted by law.

Column 11 - Actual cash paid to employee.

* Additional information required for employees:

1) Date of birth for individual employed at youth rate.

2) A record of date of birth of the minor and the name of the parent or guardian for every minor under 17 years of age, employed as a hand-harvest worker on the same farm as his parent or guardian and who is paid on a piece-rate basis at the same piece rate as employees 17 years of age or over.

3) For minors under 16 years of age, the farm work permit number issued to such employee.

4) Copy of applicable employee work agreement.

Week Ending: _____

Sample Wage Statement

Employee: _____

Name and address of employer: _____

Hours Worked: _____ Rate: _____

Units Produced: _____ Rate: _____
(State size or weight of piece rate unit)

Cash wages: _____ gross cash: _____

Meal allowance: _____ Federal income tax: _____

Lodging allowance: _____ Social Security: _____

Payments in kind: _____ Medicare: _____
(specify)

_____ state income tax: _____

Net Wages: _____

Union Dues: _____

Total Wages*: _____

*Total wages divided by hours worked must equal or exceed current minimum wage.



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How to Be a Good Farm Employer

The purpose of hiring employees is to help you do the work on the farm. Remember that every hour that an employee works, does not decrease your work time by an equal amount. You need to allow extra time to organize your workday, convey directions, give guidance to inexperienced workers, hold meetings and file paperwork. Employee management takes time, skill and some extra effort. Labor is easily the largest part of your budget. Even so, you should view your employees as an asset, not a liability—they are fundamental to your farm's overall success and you should treat them well.

The Agricultural Justice Project (AJP) is a non-profit social justice labeling initiative to create fairness and equity in our food system. With over four years of stakeholder input involving farmers, farm workers, and indigenous, retail and consumer groups, they developed a set of social justice standards for farms and food businesses in organic and sustainable agriculture. AJP-certified products bear a label that consumers can trust to represent high standards for social justice and a community-based approach to certification. To certify your farm business contact:

Elizabeth Henderson

Peacework Organic Farm and the Northeast Organic Farming Association (NOFA)

(315) 331-9029

agjusticeproject@gmail.com

www.agriculturaljusticeproject.org

As a farm employer, you also have certain legal obligations. Complying with these laws is not only required, but they also help you define relationships with your employees, keep track of your finances, and file your taxes more easily. So here is what you need to do in 9 easy steps:

- 1. Have a work contract with each employee.**

This is where the employee's job description is spelled out. Pay rates, hours to be worked, and type of work to be done are all clearly stated. This can help in the future if there is ever a conflict with a worker—you will have a clear record of what your expectations are. (See sample document below.)

- 2. Keep payroll records.**

These records are required by the state department of labor, but they are also excellent to help you keep track of your finances. As stated above, labor is your largest expense. You want to know where your money is going, and this will help you. (See sample document below.) This form

works best if you take a little time each day to record each worker's hours. Then at the end of the pay period, you can total it up and you won't have to rely on your memory or the employee's.

3. Provide a Wage Statement to each employee.

For each pay period, whether you pay by the week, every other week or twice a month, you need to give each worker a pay stub with a record of their hours, pay rate, and all allowances and deductions. This is designed to protect the worker from employers who try to cheat them out of wages, but it can also help to protect you, the farmer. You will have documentation that you paid your workers a certain amount for a certain period or job, which can avoid or help resolve disputes. (See sample document below.) If you use a payroll company, they will do this for you.

4. Obtain an Employer Identification Number (EIN) from the IRS.

You need this number if you have employees. This is what identifies you to the IRS when you and your employees file various tax forms. You also need an EIN to open a business bank account.

5. File forms W-4 and I-9 for each employee.

These forms are filled out by the employee and then filed by you with the IRS. The W-4 allows the employee to select how much is deducted from each pay check for withholding allowances. The I-9 certifies that the employee is eligible to work in the U.S. If you are concerned that a social security number given by an employee is not valid, you can use the IRS's Social Security Verification Service (SSNVS) to check it.

6. Deduct employee taxes from paychecks on behalf of the employee.

These include federal income tax, state income tax, Medicare and Social Security tax. If you use a payroll company, they will calculate and deduct these for you. But if you choose to save money by doing your own payroll, these should be deposited into an authorized financial institution like your bank, for the IRS. Ask us if you would like a copy of a spreadsheet and the tax tables that will help you calculate this.

7. Pay an amount matching the employee's contribution to Social Security and Medicare.

We have a spreadsheet that can automatically calculate this for you.

8. File form 943 annually, documenting your Social Security and Medicare payments to the IRS.

9. File annually each employee's W-2 form, and the total for all employees, Form W-3.

Important Labor Facts to Remember:

- The minimum wage in NY, NJ and PA is \$7.25 per hour. You can also choose to pay employee by piece (i.e. \$1 per crate harvested), but the piece rate when divided by the number of hours worked, must equal at least the minimum. Even though \$7.25 is the minimum, many farmers choose to pay at least \$10 to ensure that they can attract quality workers who will do a good job and stay for the whole season.
- You can hire 16 and 17 year olds and your own children as your workers, see state guidelines for youth minimum wage. Youth workers are also restricted in terms of the type of work they can perform. In general youth can harvest, but tasks such as operating tractors or other heavy machinery, working with dangerous equipment, handling pesticides and chemicals, or working with large animals is restricted.
- Migrant seasonal employees fall under the U.S. Department of Labor, and there are additional requirements, such as housing must be provided, as well as transportation to and from their home countries.
- Lodging, meals and payments in kind can be deducted as allowances from the cash wages, as long as the rate of pay does not go below \$5.00 for single employees, or \$8.00 for employees with families.
- State and federal labor laws require you to post notifications about wages, minimum pay rates, work agreements, safety and other information. Check with your state labor department for copies of the appropriate forms to post.
- If you provide housing, it always falls under the regulation of the U.S. Department of labor. All housing must be in compliance with OSHA standards for temporary labor camps (Standard Number: 1910.142)