

# Insuring Horticultural Investments: Insurance Checklist

By: Casey Byrd

With rising material costs, pest and disease outbreak and the growing frequency of severe storms and adverse conditions caused by earth’s changing climate, it is important for growers to understand insurance options to safeguard their horticultural investments and production facilities – such as tractors, high tunnels, greenhouses, lighting systems, HVAC systems – and, most importantly, their crops. This publication is intended to provide growers with the understanding and education needed to protect the significant investments that are essential to their operations.

As of 2025, Kentucky doesn’t require businesses to carry liability insurance or commercial property insurance. However, uninsured businesses face the risk of potential bankruptcy after just one lawsuit. Without commercial property coverage, a horticultural business might lose its business’s property or inventory permanently after a major disaster like a break-in, slip and fall injury, or fire. Any greenhouse business that is dealing directly with the public will always have the danger of an unexpected event occurring that could result in a lawsuit or property damage. A general liability insurance (GLI) and a product liability (PLI) policy could provide a layer of protection against claims coming from injury to clients or damage to property. Additionally, a GLI and/or PLI policy can help you qualify work with city and state organizations, where contracts require proper liability insurance.

## Types of Insurance Coverages

It is important to note that insurance is not intended to recoup whole costs during a disaster but rather provide some resources to clean up and rebuild.

USDA United States Department of Agriculture		A Risk Management Agency State Profile		2021 Crop Year
<b>Kentucky Crop Insurance</b>				
February 2022				
Crops	Insured Acres	Total Acres	Percent Insured	
Barley	1,491	2,390	62%	
Canola	2,581	N/A	N/A	
Corn	1,322,868	1,491,500	89%	
Grain Sorghum	6,125	8,200	75%	
Peaches	22	180	12%	
Popcorn	4,144	N/A	N/A	
Soybeans	1,607,815	1,799,000	89%	
Tobacco – Burley	29,928	34,400	87%	
Tobacco – Dark Air Cured	5,623	6,000	94%	
Tobacco – Fire Cured	7,404	8,400	88%	
Wheat	354,219	433,400	82%	
<b>Crop Pilot Programs</b>				
Program	County Availability		Total Liability	
Apiculture	All Counties		\$8,473	
Hemp	Select Counties		\$1,451,333	
Livestock Gross Margin – Dairy Cattle	All Counties		N/A	
Livestock Gross Margin – Swine	All Counties		N/A	
Livestock Risk Protection (LRP) – Fed Cattle	All Counties		N/A	
Livestock Risk Protection (LRP) – Feeder Cattle	All Counties		\$25,221,433	
Livestock Risk Protection (LRP) – Swine	All Counties		\$11,882,374	
Nursery Grower’s Price Endorsement	All Counties		N/A	
Pasture, Rangeland and Forage	All Counties		\$25,792,952	
Whole-Farm Revenue Protection	All Counties		\$6,795,843	
<b>Dollar Liability Program</b>				
Program			Total Dollar Liability	
Nursery			\$1,190,500	

Figure 1: A sample risk management profile for USDA NAP coverage. (Kentucky Crop Insurance ([usda.gov](http://usda.gov)))

## 1. Structural Damages

Storm, fire or flooding can compromise foundations, tear poly coverings, break glass, damage frames or destroy the whole structure, posing significant risks to growers in Kentucky. With the state experiencing an increase in severe weather events due to shifting climate patterns, such as heavy rains, tornadoes, and flooding, the potential for damage to horticultural facilities has become a growing concern. Commercial property insurance can cover the costs associated with repairs and rebuilding after these devastating incidents.

However, it’s important to carefully evaluate the costs versus the benefits of insuring specific structures. If the cost of the policy is greater than the cost of the structure’s insurance, it may not be economically viable to ensure that structure. It is imperative to work with an insurance agent to craft an insurance policy

## 15 Year Crop Insurance History for (State)

Year	Policies Earning Premium	Net Acres Insured	Liability	Gross Premium	Losses	Loss Ratio
2008	13,544	2,261,010	1,030,624,660	106,628,005	114,290,667	1.07
2009	14,211	2,405,750	990,122,556	103,273,969	70,254,384	0.68
2010	14,173	2,514,887	953,838,466	89,918,413	137,982,198	1.53
2011	15,270	2,781,235	1,462,051,356	154,188,747	99,129,881	0.64
2012	16,234	2,981,130	1,574,617,655	144,739,801	490,510,122	3.39
2013	17,884	3,300,497	1,736,469,223	166,202,749	62,260,294	0.37
2014	18,227	3,367,034	1,624,595,103	149,717,810	142,377,585	0.95
2015	17,068	4,088,398	1,462,081,420	145,587,407	100,069,751	0.69
2016	16,567	3,422,237	1,373,530,166	142,195,510	122,926,477	0.86
2017	16,337	3,378,918	1,507,622,561	155,741,151	92,558,778	0.59
2018	16,107	3,479,753	1,526,676,299	144,285,686	110,813,452	0.77
2019	16,136	3,459,674	1,560,115,664	154,649,004	67,585,537	0.44
2020	16,036	3,720,350	1,559,154,698	151,338,212	33,988,045	0.22
2021	16,429	3,886,190	1,895,465,313	205,602,425	19,919,689	0.10
2022	14,406	3,518,204	2,320,233,991	234,408,905	75,246,855	0.32

Data current as of January 10, 2023. For current data go to RMA’s [Summary of Business tool](#).

Figure 2: Historical data for Kentucky’s NAP payouts. (Kentucky Crop Insurance ([usda.gov](#)))

that adequately protects the farm’s investments while considering the financial realities. Poorly maintained equipment can lead to events that cause expensive structural damage such as flooding and fires. Often, flood coverage is a separate policy, therefore, it is important to work with your insurance agent with any questions or concerns pertaining to specific coverages. For instance, a malfunctioning irrigation system could lead to flooding, or faulty electrical wiring might spark a fire—both of which could result in costly damages. Please refer to section 3 of this publication for more information on equipment and machinery.

### 2. Plant and Crop Coverage

Crop coverage policies can include “stand alone” policies such as insurance for crop loss due to fire, crop loss due to severe weather, nursery crops, replant coverage, multiple peril crop insurance (MPCI) and even whole farm revenue coverage (WFRC). However, as crop coverage is a bit more difficult to discern, the best first point of contact would be your local USDA agent. For traditionally grown crops, the USDA provides financial assistance for farmers who experience low yield, inventory loss, or prevented crop planting through the non-insured crop assistance disaster program (NAP). However, it is important to mention that NAP does not cover any controlled environment grown crops. Notably, in 2024 the USDA launched two pilot programs, one called Nursery Value Select (NVS) and a second program called Controlled Environment (CE) Pilot Crop Insurance Program. NVS is aimed at nursery plant starters and ornamental

production whereas CE program provides coverage for destruction orders for plants impacted by a disease or contamination grown in fully enclosed controlled environment structures. Either pilot program can provide coverage for specialty crops and can be used in conjunction with other nursery or farm insurance. However, growers must implement and follow a biosecurity plan and ensure they file by the application date for their specific crop types. The NVS program is available in all states and counties, whereas the CE pilot crop insurance program is currently available in Madison, Pulaski and Rowan counties in Kentucky.

### 3. Equipment and Machinery

Depending on the type of machinery and equipment, growers may find extended warranties, purchasing mechanical coverage plans, or adding equipment to



Figure 3: An applicator drone is costly to buy outright, growers may consider insuring these types of equipment.



a home or farm policy to be practical options. For growers who self-construct or manufacture proprietary equipment, it is crucial to save material receipts and provide documentation, such as photographs, to their insurance agent when requesting a policy adjustment to cover new equipment. However, like structural insurance, the cost of replacing or repairing the equipment should be weighed against the cost of insuring it, as it may not always be economically viable to include certain equipment in the policy. Conversely, as equipment ages and depreciates in value, it may be worthwhile to reassess and potentially drop its coverage.

In greenhouses, machinery damage can result from wear and tear, misuse, environmental factors or unforeseen accidents. For instance, improper sanitation, flushing, and maintenance of equipment can lead to expensive repairs or system failures. Irrigation pipes and system pumps are particularly vulnerable to freezing temperature, excessive pressure, electrical issues or clogged filters and nozzles. Furthermore,

failing sensors and timers can result in damaged crops, systems, and even cause electrical fires. Growers can mitigate these risks by proactively maintaining the equipment and monitoring environmental conditions. This approach, coupled with tailored insurance coverage, offers comprehensive strategy to maintain the equipment and operational efficiency.

#### 4. Natural Disasters

Natural disasters like storms, earthquakes and tornadoes can cause devastating damage to agricultural properties and greenhouse structures. Events like wind damage, hail, and flooding can also compromise structural integrity, destroy crops, and disrupt production for extended periods. It's essential for growers to

understand their insurance coverage and never assume that a specific event is covered. The best practice for ensuring you are covered is to ask your insurance agent specific questions about your concerns.

In Kentucky, growers face a range of natural disaster risks that may require supplemental insurance. For example, in December 2021, Kentucky experienced one of the most devastating tornado outbreaks in its history. The outbreak caused extensive destruction across multiple counties, resulting in loss of life, displacement, and widespread property damage. Among the affected properties was the University of Kentucky (UK) Princeton Research and Education Center, which opened in 2019. The facility (buildings, greenhouses and crops) suffered severe damage from the tornado, disrupting important agricultural research. Reconstruction efforts are currently underway, with plans to reopen the facility by 2026 (Figure 4). More recently, in July 2022, catastrophic flooding struck eastern Kentucky, damaging homes, farmland, and infrastructure. These events may necessitate additional coverage beyond standard policies. It's a grower's responsibility to protect their investments by assessing risks and taking preventative measures, such as trimming overhanging tree branches, maintaining drainage systems, and addressing other potential hazards before they result in catastrophic damage.

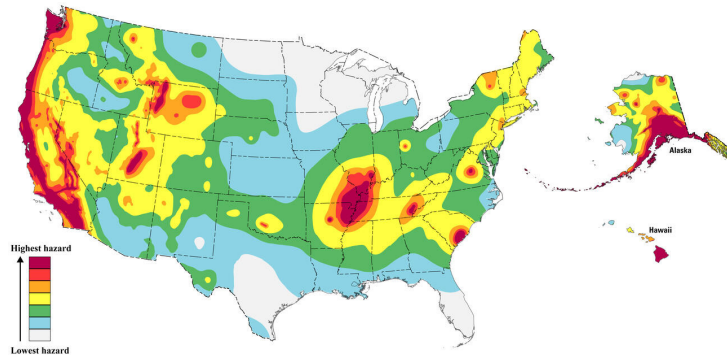


Figure 5: One often overlooked natural disaster in Kentucky is earthquakes. As this seismic chart shows, earthquakes are a concern for many growers in the state. (National Seismic Hazard Model | U.S. Geological Survey (usgs.gov))



Figure 4: UK's Research Farm in Princeton, KY before (top photo) and after a tornado (bottom photo)

## 5. Professional Liability Coverage (PLC)

If a customer alleges negligence, errors, or omissions in the management of your horticultural or greenhouse business, it could lead to a lawsuit. Even if the case is ruled in your favor, the legal defense costs can be significant, and the damage to your reputation may have long-lasting effects. This is particularly critical for businesses with a “tourist” component, such as pumpkin patches, u-pick gardens, or other agritourism activities, where direct customer interaction increases potential liability risks. It’s often recommended that small greenhouse businesses have enough professional liability insurance to cover a once-off claim consistent with previous year’s claims within your region.

## 6. Cyber Liability Insurance

For those agricultural and greenhouse operations that rely on certain types of technologies including computers, sensors, data storage and networks, a cyberattack can cause the loss of customer information and financial records, leading to order delays, operation disruption, and even lawsuits. Cyber liability insurance can protect your operation from financial losses, like notification systems and legal costs, caused by the cyberattack. This type of insurance is especially important if your farm business collects and stores customer information such as email addresses and financial information for billing and payments.

## 7. Workers’ Compensation Coverage

Wet floors, ladders, and lifting heavy objects are common around greenhouses and can lead to injury including slips, trips, falls and strains. Furthermore, horticultural production requires repetitive movement which can make workers more susceptible to musculoskeletal injuries and even arthritis. Workers’ compensation coverage helps to minimize the risks around the workplace and to help keep employees and customers safe. Moreover, it is important to train employees in using personal protective equipment (PPE) and proper chemical safety procedures. From slips and falls, minor cuts, to chemical burns and respiratory emergencies, having an enforced safe workplace plan, proper trainings, and workers’ compensation covering can protect your staff and business in the event of injury or work-related illnesses.

*Reviewed By: Spencer Guinn, Business Development Specialist, Kentucky Center for Agriculture and Rural Development and Trevor Terry, Executive Director of Kentucky Horticulture Council*

## Summary

In summary, this document is intended to serve as a starting point for growers to reflect on how insurance applies to their operations and to consider coverage options they may not have previously explored. It’s important to note that when it comes to meeting the diverse needs of a horticultural business, no two insurance policies are the same.

In the appendix, we provide a checklist to help growers evaluate their current coverage and reflect on areas where additional insurance may be necessary to guide the conversation with insurance agents. Ultimately, building a strong working relationship with the local insurance agent, regularly updating insurance policy as the operation evolves, and reviewing the coverage annually are key steps to ensuring your farm remains adequately protected. By taking these proactive measures, growers can better safeguard their investments and navigate the unique challenges of their industry with confidence.

## Additional Resources

1. Specialty Crop Insurance Webinar series by Kentucky Horticulture Council  
[https://www.youtube.com/playlist?list=PLVyJ0VH6aG-x\\_Qf9TSOvN0Fpe3fbu1b20](https://www.youtube.com/playlist?list=PLVyJ0VH6aG-x_Qf9TSOvN0Fpe3fbu1b20)
2. Kentucky USDA’s NAP Coverage  
<https://www.rma.usda.gov/about-crop-insurance>
3. Controlled Environment Coverage, USDA  
[https://www.rma.usda.gov/about-crop-insurance/highlighted-initiatives-plans/controlled-environment#:~:text=The%20Controlled%20Environment%20\(CE\)%20crop,all%20biosecurity%20protocols%20were%20followed](https://www.rma.usda.gov/about-crop-insurance/highlighted-initiatives-plans/controlled-environment#:~:text=The%20Controlled%20Environment%20(CE)%20crop,all%20biosecurity%20protocols%20were%20followed)
4. Nursery Value Select Coverage, USDA  
<https://www.rma.usda.gov/sites/default/files/2024-02/Nursery-Value-Select-Fact-Sheet.pdf>

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## Annual Greenhouse Insurance Checklist

### Structures:

- Ensure all new structure updates have been photographed and reported to insurance agent
- All receipts for updates have been retained and filed
- Have I met with my Structural Insurance Agent this year?
- Look at the specified amount or limit for buildings cover protection.
- How much would it cost to rebuild my greenhouse? Not just the resale value.
- In addition to the overall structure of my property, what permanent fixtures and fittings are covered, if any?
- Does my greenhouse reside in a high crime area?
- Am I in a high-risk flood or tornado area, am I covered?
- Look at the specified amount or limit of contents cover protection.
- Have I got everything valued accurately?
- Have I got the last 5 years of tax reports saved?

### Crops:

- Do I know the deadline for NAP (USDA) reporting for my crop type?
- Have I met with my general crop insurance agent this year?
- Have I got the last 5 years of yield reports saved?
- What are my food safety practices and liability?

### Equipment:

- Have I contacted my auto insurance for farm vehicle coverage?
- Ensure all equipment upgrades have been photographed and reported to insurance agent
- File and save receipts including repair & maintenance costs
- What equipment is not currently covered by insurance? Is it worth it to get a policy for it?

### *Questions for my Agent:*