

Examining participation in agricultural insurance among small farmers in

Tennessee

Agricultural insurance is an important risk management tool for farms that provides downward protection and resilience to potential financial losses from agricultural enterprises. However, the small and mid-size crops and/or animal farmers may not have a full understanding of the insurance programs or might have been constrained by the premium rates, preventing them from participating in insurance. There has been limited research examining the insurance participation decisions of small farms in Tennessee. Using cross-sectional data from a primary survey of 139 small farms in Tennessee, we conducted a comparative study among participants and non-participant farms. Our results showed that factors such as age of the farm operator, value of farm assets, use of technologies (computer, smartphone, social media) for farm activities, and family and hired labor situation of the farm are significantly associated with participation decisions. Agricultural insurance participation was positively correlated with age and education level of the farm operator and the use of social media in marketing while it was negatively correlated with the number of hired labors and farms perceived higher risk of survival. Our regression results using a logistic regression further support the negative relationships of insurance participation decisions with hired labors and survival risks. Our findings can provide useful insights to researchers and policymakers focusing on insurance policies for small farms and to advance knowledge on rural farm insurance and risk management program priorities.

Keywords: agricultural insurance, adoption, small farms, logit regression, risk management