What is this user’s guide?

Guided discussion draws on farmers’ traditional strategies for dealing with catastrophic crop failures to introduce the concept of crop insurance. Participants are introduced to basic concepts and vocabulary related to insurance. USDA’s Whole Farm Revenue Protection is introduced through a discussion of its purpose and benefits.
ACKNOWLEDGMENTS: This teaching resource was developed by Linda Seyler of Global Garden Refugee Training Farm in Chicago, in partnership with the Institute for Social and Economic Development (ISED Solutions). This material is funded in partnership by USDA, Risk Management Agency, under award number RM17RMEPP522C029.

WHY IS THIS TRAINING NEEDED?

Farmers everywhere have developed strategies for surviving catastrophic crop failure, but New Americans are likely to be unfamiliar with the practice of purchasing insurance policies. They will also likely to be unfamiliar with programs and assistance available to them via USDA, including application assistance and subsidies provided via USDA’s Whole Farm Revenue Protection program.

VARIATION:
Throughout this guide, boxes (like this one) contain variations and adaptations that serve varying programs and farmers. They are suggestions and reflections from other programs based on how they made this workshop work for them.

TEACHING TIP:
Throughout this guide, boxes (like this one) contain teaching tips to help you better facilitate farmer learning. Most come from other programs who have tested and reflected on using this lesson.

DEVELOPER’S NOTE:
Throughout this guide, boxes (like this one) contain notes from this guide’s developer that provide insight into how a lesson is typically taught at the developer’s program.
NEW VOCABULARY:
• Premium
• Policy
• Insurance
• Whole Farm Revenue Protection

OBJECTIVES: By the end of this session, farmers will be able to:
• Compare their traditional methods of sustaining food and income security through crop and market failures to USDA’s Whole Farm Revenue Protection crop insurance programs.
• Understand concept of insurance and related vocabulary.
• Understand that WFRP protects small farmers from income loss due to crop failure and/or price drops.
• Be aware that USDA assists farmers with paying for crop insurance

PROOF OF LEARNING: I will know that farmers have achieved learning objectives because they:
• Can explain why or why not they would consider applying for crop insurance.

DEVELOPER’S NOTE: This User’s Guide provides lessons for vegetable growers with low literacy and or low English proficiency. Trainers who want more background information about crop insurance and the Whole Farm Revenue Protection program can consult these resources:
• USDA publications including a summary Fact Sheet available at https://www.rma.usda.gov/policies/wfrp.html
• ‘What You Need to Know About Whole Farm Revenue Protection at https://www.cfra.org/whole-farm-revenue-protection
• ‘Revenue Protection Crop Insurance’ at https://www.extension.iastate.edu/agdm/crops/html/a1-54.html
5 IS THIS GUIDE RIGHT FOR YOU
   • Audience
   • Resources needed

7 ICEBREAKER / ACTIVITY 1 / 20-45 MINUTES
   • Participants think about and discuss how they dealt with crop failures in their country of origin and compare that to the role of USDA crop insurance policies.

9 WHAT IS INSURANCE? / ACTIVITY 2 / 30 MINUTES
   • Farmers discuss their experiences with auto and health insurance to understand crop insurance. The potential benefits of crop insurance are explored via role play.

13 INTRODUCTION TO WHOLE FARM REVENUE PROTECTION / ACTIVITY 3 / 20 MINUTES
   • Participants learn about the purpose and benefits of USDA’s Whole Farm Revenue Protection program.
WHO: Refugee farmers and growers

LANGUAGE / LITERACY: Basic literacy and English proficiency will be important for farmers who intend to apply for and participate in USDA crop insurance programs. Farmers who do not have these skills must have a reliable advocate who does – a family member or program staff- to assist them with navigating program applications, requirements, and benefits.

FARMING EXPERIENCE: Advanced
This module is intended for advanced farmer participants who are considering or preparing for operating their own farm.

PREREQUISITES: Skills, experience and knowledge
General financial literacy, financial planning, and record keeping skills are recommended and required for farmers who want to utilize crop insurance. Farmers without this prior knowledge will still gain an understanding of the basic concept of crop insurance and learn that assistance with applying and paying for crop insurance is available.

REGION / CLIMATE: This module is intended for use across the United States.

PROGRAM STRUCTURE: This guide is appropriate for small farmers using any marketing practices.

SEASON: This topic is best delivered during the off season when farmers are planning for the next growing season.
Resources needed

TIME: One 2-hour session, or three sessions of 20-45 minutes each.

STAFF / INTERPRETERS: Two staff: Instructor and language interpreter(s)

LOCATION: Classroom
This training is best delivered in the classroom.

RESOURCES AND MATERIALS NEEDED TO CONDUCT THE SESSIONS:
- Play money in $100 and $1000 denominations
- Flipchart or board to record outcomes during role play and discussion.
LESSON STEPS: Story: All over the world, farmers work hard. They prepare the soil, plant, fertilize their fields, water crops, and work very hard. Some have to buy seeds and fertilizer, and some grow or make their own, but for all farmers, these things are expensive, either in money or work.

Sometimes, even with the best seeds and fertilizer and good hard work, something happens to destroy a farmer’s crops. Too much rain, not enough rain, too many insects or birds ... there are many things that a farmer cannot control which can destroy a crop.

Ask participants:

- Has this ever happened to you?
- Has this ever happened to someone you know?
- What can a farmer do when these things happen?

TIME: 30-45 minutes

Give participants enough time to explain their experiences with crop and/or market failures, especially if the group includes farmers from different countries of origin, climates, or production systems. What strategies did they use to prepare for or manage these events?

OVERVIEW:

Participants think about and discuss how they dealt with crop failures in their country of origin and compare that to the role of USDA crop insurance policies.

OBJECTIVES:

By the end of this activity, participants can:

- Compare their traditional methods of sustaining food and income security through crop and market failures to USDA sponsored crop insurance programs.
LESSON STEPS, CONT.:

Ask participants:

- Did major crop failures happen often in your region?
- How did this affect you?
  - Were you able to feed your family and/or purchase necessities?
  - Did you have to make sacrifices to manage?
- Did they have a way of preparing or protecting themselves from major crop failures?
  - Did they keep extra food staples in storage in case of crop failure? (Ex: Rice farmers who keep two years’ worth of rice in storage in case they have one bad year).
  - Did they try to always have enough cash to buy food in case crops failed?
  - Did they prepare for food emergencies as individuals, families, or as a community project?
  - Did they have other ways of coping with crop failures?
  - What did they do?

Allow enough time for the farmers to discuss and share their strategies and experiences with each other, especially if they are from different farming backgrounds.
What is Insurance?

TIME: 30 Minutes

OVERVIEW:
Farmers discuss their experiences with auto and health insurance to understand crop insurance. The potential benefits of crop insurance are explored via role play.

MATERIALS NEEDED:
- Play money in $100 and $1000 denominations
- Flipchart or board to record outcomes during role play

OBJECTIVES:
By the end of this activity, participants can:
- Understand the concept of purchased insurance policies
- Understand basic vocabulary related to insurance
- Use a simple cost analysis as part of their decision to buy or not buy crop insurance.

NEW VOCABULARY
Premium
Insurance
Policy

LESSON STEPS:
Ask the farmers if they have purchased health or auto insurance since coming to the U.S..

- If yes, this can be used to explain what insurance does: Many people pay a small amount to create a large amount for the few people who will probably someday need it. We purchase insurance from an insurance company that collects payment from everyone and then decides who will receive payments when there is an accident.

- We don’t plan to have a car accident, but we pay for auto insurance so that if we do have an accident, it will pay for car repairs and hospital or doctor bills.

- Ask participants if they have purchased auto insurance.

- How much do they pay? That amount is their premium.
LESSON STEPS, CONT.:

- We don’t plan to get sick or have an accident, but we pay for health insurance so that we can afford to go to a doctor or the hospital if we need to.

- If no, move on.

**Explain:** In the U.S., farmers can buy insurance as a way to plan and to protect themselves from crop failure. It’s called crop insurance: Farmers pay a fee called a premium to an insurance company each year. They are paying for an insurance policy. If they have good crops that year, then nothing else happens. But if they have a major crop failure, then the insurance company will pay them what they would have earned if they had grown and sold a good crop.

**Role Play:** Requires three volunteers to play the following roles:

- Farmer #1 refuses to buy crop insurance
- Farmer #2 who decides to buy crop insurance each year
- Insurance agent/company.
- The instructor can play the role of The Bank by accepting payments for transplanting and paying out profits at the end of each year.

Have the Insurance Agent sit at a desk/table. Give each of the two farmers $2,000 in play bills. Explain the role each will play. You can use the actors’ real names or make up names instead of calling them Farmer #1 and Farmer #2 if this will help participants relate to and remember this activity.

Announce that in Year One, Farmer #2 decides to purchase crop insurance. The yearly premium is $100. Each farmer also has to pay $1000 for transplants and all of the costs (labor, fuel) of planting an acre of peppers (They give this money to you, the Bank).

- Take $1,000 from each farmer to pay for transplants and planting of one acre of peppers
- Farmer #2 gives $100 to the insurance agent.
- Farmer #1 decides to keep his money and not buy crop insurance
LESSON STEPS, CONT.: 

- This becomes a good year for pepper farmers. They each harvest 4,000 pounds of peppers and are able to sell all of them at $1/pound. Give each farmer another four $1000 bills to represent their profit from peppers in Year One.

- Have both farmers count their money and write the amount on the board or flipchart for the class to see.

Year Two is the same as Year One.

- Both farmers pay $1,000 to buy transplants and plant one-acre of peppers

- Farmer #2 also pays $100 for crop insurance

- Farmer #1 does not.

- This is also a good year for farmers. Again, they each harvest 4,000 pounds of peppers and are able to sell all of them at $1/pound. Give each farmer another four $1000 bills to represent their profit from peppers in Year Two.

- Have both farmers count their money and write the amount on the board or flipchart for the class to see.

Year Three starts out the same.

- Both farmers pay $1,000 to plant one acre of peppers

- Farmer #2 pays $100 for crop insurance

- Farmer #1 does not.

- But this year, the weather is terrible. In late May, after both farmers have planted all of their peppers, cold weather kills all of the plants.

- Farmer #2 calls the insurance agent. The agent gives them $1000 the next day so they can buy new plants and re-plant right away.

- Farmer #1 decides to replant peppers too, but must pay for this themselves. Take another $1,000 from them.
LESSON STEPS, CONT.:

- Have both farmers count their money and write the amount on the board or flipchart for the class to see.

The end-of-year numbers for each farmer should be as follows:

How much money farmers have at the end of each year.

<table>
<thead>
<tr>
<th></th>
<th>Farmer #1</th>
<th>Farmer #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Crop Insurance</td>
<td>Year One  $5,000</td>
<td>Year Two  $8,000</td>
</tr>
<tr>
<td></td>
<td>Year Three  $10,000</td>
<td></td>
</tr>
<tr>
<td>Buys Crop Insurance</td>
<td>Year One  $4,900</td>
<td>Year Two  $7,800</td>
</tr>
<tr>
<td></td>
<td>Year Three  $10,700</td>
<td></td>
</tr>
</tbody>
</table>

Ask participants what they would have done.

- At the end of Year Three, which farmer had more money?
- What would they do?
- Would they consider buying crop insurance?

Remind participants that this is a situation made-up for the classroom, not real life. The purpose of this lesson is not to convince farmers to buy crop insurance, but to help them make their own decisions about whether crop insurance is a good fit for their farm.

In real life, farmers need to use their best knowledge about risks and costs to make their own decision. They can also ask for information and advice from the USDA and insurance agents or other experts they trust. How farmers can learn more and get information and advice will be covered in future lessons.
LESSON STEPS:
If necessary, review the discussion about health and/or auto insurance from Activity 2.

Review:
In the United States, farmers can buy crop insurance as a way to plan and protect themselves from crop failure. Farmers can pay a fee, called a premium to an insurance company each year. If they have good crops that year, then nothing else happens. But if they have a major crop failure, then the insurance company will pay them most of what they would have earned if they had grown and sold a good crop.

Explain:
In Activity 2, we saw how crop insurance helps farmers with losses that happen because of bad weather. It covers losses due to other things that a farmer cannot control.

Crop Insurance will pay a farmer for losses caused by:
- Crop Failures or
- Market Failures which they cannot control.
Write numbers on a board or flipchart as you tell this story:

Start by asking the participants if they remember Farmer #1 and Farmer #2 from the previous role play. Ask them to think of another year, Year Four, when both farmers have 4,000 pounds of really good peppers to sell, but this year too many farmers planted too many peppers and no one will pay more than $0.25/pound. Each farmer earns only $1,000 from their peppers – just enough to cover their costs from planting. Crop insurance will help by paying for part of the $3,000 they have lost because of drastic changes in the market price for their peppers.

When you pay your **crop insurance premium**, you are buying a **policy** which is a contract/agreement between you and the insurance company. The **policy** requires you, the farmer, to do your best to grow good crops. It includes rules about how you farm. You must keep good records of what you do and report crop losses right away. How to do all of this will be covered in future lessons. If you follow all of the **policy** rules, then you will be protected from losing income when crops or markets fail.

The **United States Department of Agriculture**, which is part of our national government, has a program called **Whole Farm Revenue Protection** which helps small farmers pay for the cost of crop insurance.

‘**Revenue**’ is another word for ‘**income**’. This program helps farmers have enough income to live on and stay in business even when their crops fail or market prices fall because of things the farmer cannot control.

More information about **Whole Farm Revenue Protection** will be covered in future lessons.