



Farmers Dig In to Crop Insurance

(Musical intro)

Bonita: Hello, welcome to the Farm Commons Podcast.

Kate: Where we make Farm law accessible and actionable for sustainable farmers and ranchers, as well as their networks of support.

Bonita: I'm Bonita.

Kate: And I'm Kate.

Bonita: In each episode, we explore real legal issues faced on farms every day and provide key knowledge and tangible solutions to help you grow a thriving agricultural business.

Kate: From managing liability to navigating tough conversations with landlords and neighbors, we've got your back. Let's get started.

(Musical outro)

Kate: Welcome back to our podcast, and thanks for joining us today. If you are wondering if you heard a new voice in our intro, you were right! Today, I'm joined by my colleague Bonita. She is the Farm Commons Communications Manager and will be joining us for five special episodes that will round out our series on crop insurance.

Bonita: Hi, everyone, and that's right, Kate! I'm so happy to be here and to dive right into our new five-part series. Today's episode is the first episode in a series of five dedicated to exploring how farmers and ranchers manage operational risk with crop insurance.

Kate: Mhmm. Over the past few weeks, Bonita and I have been hosting virtual listening sessions with farmers and ranchers from around the nation to hear how

they used their creative power to make strategic risk management decisions for their farm and discuss how, if at all, using a particular type of farm insurance supported their operational needs.

And in today's episode, you will hear us share how some farmers and ranchers felt supported by the Micro Farm Policy and Whole Farm Revenue Protection -which you will hear us call WFRP for short! – and how others did not. Every farmer and rancher uses different risk management tools, and that's beautiful. Strategies that work on a small farm might not work well on a larger-scale farm. Business owners make risk management decisions that are best for their operational needs – and they don't have to look like one another's! The bottom line is that everyone needs to have access to tools and information so that we can make decisions that are best for our operational needs.

Bonita: Absolutely, Kate. If you've been around Farm Commons for a while, you've heard us speak about creative power. Fundamentally, creative power is about our ability to influence the world around us through strong relationships, sound information, and trust in the solutions we create.

Kate: I loved the conversations we had with farmers and ranchers because they were FULL of creative power! So many amazing things happen when farmers and ranchers get together to talk. Bad decisions can be avoided, and effective ones can be made.

Bonita: Exactly, Kate. Today, we will explore how the farmers and ranchers we talked with are using their creative power to make informed choices for their operations by examining insurance policies like the MicroFarm program and deciding if it meets their needs. We will also imagine together ways our listeners might think about exercising their own creative power as they also explore if Micro Farm is right for their operation. But, before we begin with what we learned, let's start with a thirty-second recap of what Micro Farm and WFRP are.

Kate: Absolutely. As you might recall from our earlier episode, *Episode 47: Crop Insurance Options for Diversified Farms and Ranches*, we discussed how WFRP and the Micro Farm program provide protection on diversified farms against the loss of

insured revenue due to unavoidable natural causes which occur during the insurance period.

Bonita: We also noted that WFRP covers almost all crops with the exception of controlled substances and that it allows some value-added products to be covered under the same policy as crops. The new Micro Farm opportunity only requires farmers to show THREE years of farm tax history instead of five.

Kate: Exactly. Folks will get the most out of this episode if you listen to Episode 47 first, so start there.

Bonita: Thanks, Kate. I'm feeling inspired by that grounding back into our creative power, and I think it is a really great place to transition into discussing what we learned in our listening sessions and how farmers are using their creative power to decide if WFRP and/or Micro Farm is right for their operational needs. Kate, can you set the stage for us? How do some farmers and ranchers decide if Micro Farm is right for their operation?

Kate: We talked to six diverse farmers from around the nation about Micro Farm, WFRP, and the RMA Cost Estimator. Some were beginning farmers, and others had more experience. Some had small-scale operations, and others had larger-scale operations. And each of them was interested in learning more about understanding and accessing better risk management tools for their farm and ranch.

What feels obvious to point out – but important to note - is that this interest propelled them into actively seeking education about their options.

Bonita: Exactly, Kate, and it reminds me of what we said earlier - amazing things happen when farmers and ranchers talk! Farmers and ranchers are wise. Micro Farm and WFRP are created for diversified farms, and Micro Farm, in particular, sought to lower the barrier to entry by reducing paperwork. Some farmers are glad that it is a start, and others are still cautious and have questions.

Let's listen in to what Farmer Ian, a market farmer based in New Mexico, and Californian farmer, Gideon, shared with us about their process in examining the Micro Farm policy.

Cut to soundbite of Ian [13:05-15:00]

"... we are a market farm that grossed 50,000 the last three years, planning to double that as we double our land next year, and we grow thirty different crops, and we have a CSA and a farmer's market. And so having a loss at the scale that she proposed seemed shocking to me, like...I think I would've just quit if that happened, to be honest. More realistically, how I can see this plan fitting into our business plan is like so we grow 30 different things and for example, they each, we each gross \$3,000 for each item, produce right? And so, like, not all 30 are going to hit, and sometimes we do have full failures, and it would be awesome to not lose all 3000 of that. And so it's like the example, would be, if you have a loss of five crops, can we get, can we get 80% of the \$15,000 that we lose? And then in that case, that's \$7,000 for the policy would pay for itself, essentially, which seems great. And so that's like the first question. That's the main thing that popped into my mind in terms of like is that a, would this be valuable for us? I work with multiple farmers besides our own farm and one of the other farmers I work with has like, he stripped down the number of things...he used to grow thirty, now he only grows three, or four or five, and so that also, was also thinking about him and he wants to scale up from like, under an acre to his full four or five acres that he's got and he could really take advantage of the farm, of having crop insurance like this to offset his risk of quadrupling his scale of buying all the implements and going big and stuff. SO, the 350,000 threshold seems good to me. A hundred was low and it's cool to hear that they upped it to 350,000. Most of the farms in my area aren't going to be anywhere close to that. My colleagues are between 25 to 150, to 250."

(Cut to soundbite of Gideon [0:22:23 - 0:23:31]):

I have an observation that I've listened too and kind of caught on to. So we have four crops, uh that the USDA would recognize as a crop. And we have many different varieties of some of them. We have four crops and we grow many of them once throughout the year. And so, so compared to some of my peers that might grow multiple iterations of carrots or leafy greens or something, we are growing peppers and then we put them in the ground once, and then we harvest them in October. And so catastrophic weather events can happen in CA and anywhere, and so it sounds like what USDA has done has they have started to get down to actually being able to service some of the diversified farms, right? Sounds like they've gone from the massive soy producers to someone like

me who might actually benefit from this because I have four crops. But for Ian, it might not actually help you because your crop variety is so massive that the recordkeeping, which I think they tried to adjust, and some of the other challenges I was hearing they might not, they might not work. And it's kind of interesting to hear that regression...and how they are trying to help people but still might be missing the mark still, a little bit."

(Cut back to Bonita)

Bonita: For all our listeners out there, you can hear that the process of identifying whether or not a risk management tool is right for you can be complicated. I love how thoughtfully both Farmers Ian and Gideon shared their process with us, and how both of them were also thinking about the risk management tools needed in their community as well. For Farmer Ian, that looked like thinking about his farming friend, and for Farmer Gideon, that looked like not only assessing how these coverages might work for his operation, but also thinking critically about how these coverages might have barriers to access for folks. This feels important to note because it speaks again to how risk management tools that work for some farmers and ranchers might not speak to everyone.

And that's okay! While Farmers Gideon and Ian had some curiosity about the Micro Farm Program, other farmers might have hesitations about expense. Let's listen in to what Californian Farmer Leslie thinks about the Micro Farm program:

(Cut to soundbite of Leslie [0:5:34 - 0::31]):

"Well, I think \$6,000 is a lot. And you know, my question was - are they going to come down if you have \$350,000 is it going to be less expensive for that second or third hundred thousand, or whatever? Our farm has a special circumstance, because we, um, gave our farm, a farm stand, so we have a farm stand every day, we do farmers market and other things. We are probably at the max threshold at the very least, so I don't know if 350 would do it for us. I don't know that we have three years under us. I know that the non-profit has only been around for a year, so would they take the other farm stand business, you know that was farming the farm before we became a non-profit, so it's a little bit more complicated. Uh, I don't know. I think it's expensive. Um, however, maybe I feel like I'm low risk. I don't know. Who knows? What are those? What do they include and what...what's the fine print of what they don't include? And then, the other thing

that always gets my, uh, you know thinking cap on is USDA. So. Are they going to control that insurance in any other way? Are they going to want to know more about your farm, I mean we grow non-genetically modified seeds, we um, in general, and uh, we are a regenerative farm. Ya know, are we going to have to be under, ya know, any sort of guise of the USDA...that always worries me. That's my only input on that." And lots of questions. I have lots of questions, so where do I get those answered if in fact you are going to have to educate the insurance agent to begin with?"

Kate: Wow. I like Farmer Leslie's story because oftentimes, farmers and ranchers have a variety of reasons for why they choose to engage or not. For her, the combination of barriers: expense, and potential governmental oversight plus her own understanding that her farm was low risk was enough for her to think maybe she didn't need Micro Farm coverage. And these barriers aren't new to us in the agricultural world: finances, time, energy, and hesitations about programs that are perceived, by some, to be governmental are important and valid concerns. And while RMA is privately administered, we know some farmers might still be concerned about the program because it might seem governmental.

Each of these concerns is incredibly valid and are important for farmers and ranchers to weigh as they make their decision. I also like this example because while it seems simple: an informed farmer chooses not to utilize a specific insurance coverage – it's also an incredibly powerful one.

Bonita: Exactly Kate, and that's what I want to emphasize. Choosing not to use a particular tool is a powerful decision. For this farmer, they were making an informed decision based on their understanding of their unique situation. They had assessed their farm's risk. They were attending a listening session to learn more about what options were available to them, and to hear the wisdom of their peers. They were asking questions, and then they were making an informed decision that felt right for their operation. Each one of these practices is powerful. And this farmer was using their power to carefully find ways of practicing risk management, and that's what we at Farm Commons want to uplift: farmers and ranchers becoming informed, sharing their wisdom with and looking out for their peers, and using their creative power to make legally resilient decisions for their operations.

Kate: This example is helpful. I think it can be so easy to look at insurance coverages and risk management tools and feel overwhelmed, so I appreciate the reframing back into our power.

And, as I listen to you talk, I think that this scenario probably resonates with some of our listeners that consider their operations low-risk, have hesitations about applying for a federally funded program, or relate to the expense barrier.

Bonita: Absolutely. I think what is important to remember here is that each of us can make powerful decisions, and oftentimes we need each other's wisdom to help us become even more informed and powerful.

For example, I'm thinking about how in Episode 47, we shared that listeners could actually estimate their liability, premium cost, federal subsidy, and rate they'd pay by using RMA's Cost Estimator calculator on their website, but during our session together farmers tried to use the calculator, and this is what they found...

(Cut to Soundbite of Ian: [0:25:58--0:26:41]):

"I clicked through to the calculator, um, the link that you had in the show notes of the podcast that you posted in the chat and, um, it's everything you would imagine on a federal government website aimed towards commodity growers who have been probably filling it out for twenty years. Um, That is clunky. I have no idea what I'm looking at. Um, uh, so, uh hopefully, the paperwork to apply for this program isn't reflective, you know the calculator isn't reflective of how cumbersome that stuff would be."

Gideon (responding to Ian): *I got multiple error messages and then I gave up.*

(Cut back to Bonita)

Bonita: Oof. The calculator sounds so frustrating, and I admit, upon first listening to Farmers Ian and Gideon it was easy for me to think something like: okay great. *Here we go agaaaaain* with another government tool that is complex to use and in this case, didn't work. Perhaps some of our listeners have that same inclination or experience too. I get it, and that is totally valid.

But, I'd like to offer a little bit more here too, about what we might miss if we leave that as our only takeaway. First, we'd miss what has just happened in community. Farmers Gideon and Ian were able to do three key things: they were able to understand and realize that their experience with the calculator wasn't isolated. Second, they were able to share that information in real-time with their peers so that others could make an informed choice about whether or not they wanted to use the calculator. And third, they were able to use their creative power to make powerful choices. Consider Farmer Gideon, he made an informed choice to give up on the calculator. Much like our farmer who considered their farm "low risk," Farmer Gideon decided that he could spend his energy and time on something else.

Kate: Totally. And while these powerful decisions do not solve the problem of farmers needing an accurate cost estimator. It does help us think creatively about other ways we can use our creative power to achieve our goals. So, what can our farmer listeners do in the interim?

- You can call a peer who may have had WFRP or has MicroFarm coverage and ask about their coverage.
- You can look at the RMA benchmarks and calculate the cost of coverage for yourself in order to make an informed decision about whether to pursue more information.
- You can reach out to RMA directly and ask them to provide some troubleshooting.
- You could opt to ditch the calculator completely.

The bottom line is that as a farmer you have choices available to you and that these are just *some* of the options you have. You have the power to ask hard questions **and** you have the power to decide if an option isn't right for your needs.

And as I reflect on hearing from Farmers Ian, Gideon, and Leslie, I'm thinking about how powerful it is for farmers to hear from other farmers about their experiences, and the power of our collective voice. Listening to one another's shared struggles can help us feel like we aren't alone, and that in and of itself can feel empowering because we are reminded that our experience isn't siloed.

Bonita: Thanks Kate for that creative power reminder and recentering back into our communal wisdom.

As I'm listening to you share out ways farmers can have these conversations, I'm also imagining some other communal opportunities that could help them make informed decisions.

For example, for farmers that might have time and space to do it, consider hosting a potluck or morning coffee at your farm and invite others to research with you at the same time. While sales for the Micro Farm program of WFRP close on January 31, February 28, and March 15 depending on your county, don't worry! There is still so much time to think about purchasing WFRP or the Micro Farm program for next year.

Maybe you work with a local farm insurance agent. Consider reaching out to them and ask them to host a learning session with an insurance agent that can offer one on one guidance.

Or perhaps you are friends with an insurance agent, and could host your own learning session with a few of your peers.

Or, you could do some research online about any upcoming online events about the MicroFarm program.

The bottom line is that we can be creative about how we get the answers that we need, and we can rely on each other to help get us there. Sometimes, of course, that means patience. It might take time to hear back from our insurance agents. It might take time to hear back about whether or not it is possible to have a listening session. And of course, it takes time to write emails and ask for what we need. But by using our voice - by asking our hard questions - by reaching out, we are stepping into our power, and that is something we can celebrate.

Kate: Thanks, Bonita, for those practical suggestions, and for exploring with me today how some farmers and ranchers are experiencing Micro Farm and WFRP and using their creative power to build legally resilient strategies for their operations. To our listeners, we'd love to hear from you. What has your experience been with

MicroFarm? We'd love to hear from you. As always, we appreciate your time and look forward to next time.

Everyone: Bye

Bonita:

This material is funded in partnership by USDA, Risk Management Agency, under award number RMA22CPT0012392

Links for Episode Notes:

Cost Estimator:

<https://ewebapp.rma.usda.gov/apps/CostEstimator/Estimates/DetailedEstimate.asp>

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Survey: Typeform