August 27, 2015

INFORMATIONAL MEMORANDUM: PM-15-043

TO: All Approved Insurance Providers
    All Risk Management Agency Field Offices
    All Other Interested Parties

FROM: Tim B. Witt /s/Tim B. Witt
      Deputy Administrator

SUBJECT: Whole-Farm Revenue Protection (WFRP) Pilot Plan of Insurance Modifications

BACKGROUND:

The Agricultural Act of 2014 (Farm Bill) instructed the Risk Management Agency (RMA) to develop a whole-farm diversified risk management plan of insurance. The Federal Crop Insurance Corporation Board of Directors (Board) approved the WFRP pilot plan of insurance effective for the 2015 insurance year (see MGR-14-021), which also included expansion to all counties in all states upon completion of actuarial and underwriting activities. RMA has completed the necessary work and the WFRP pilot plan of insurance will be available in all counties nationwide beginning with the 2016 insurance year.

After considering feedback and input from various program participants stemming from the 2015 insurance year experience to date, the Board recently approved several modifications as follows:

- Removed the 35 percent limit for the proportion of insured value accounted for by animals and animal products (the overall $1 million limit still applies);
- Removed the 35 percent limit for the proportion of insured value accounted for by greenhouse and nursery commodities (the overall $1 million limit still applies);
- Allowed the amount of insurance coverage to increase by up to 35 percent over the historical average to allow for expanding operations (the previous limit was 10 percent);
- Allowed producers of farms that qualify for indexing, which reflect historic farm revenue growth, to opt out of the automatic indexing process;
- Capped the indexed expense factor at the same level of the indexed revenue factor;
- Expanded eligibility to include Beginning Farmers and Ranchers who have three years of Federal farm tax returns and farmed the year immediately prior to the insurance year;
- Allowed eligibility for producers who have a missing historic year of taxes due to a producer’s physical inability to farm but who has farmed the year immediately preceding the insurance year; and
- Allowed tax exempt entities, such as some tribal entities, to utilize WFRP when appropriate third-party records are available.

RMA also made modifications to the WFRP record requirements for direct market sales records to better reflect the type of records direct marketers generally keep. This includes new recordkeeping aids that may benefit direct marketers.

**ACTION:**

By the close of business today, the following materials will be available on the RMA Web site (http://www.rma.usda.gov):

- Whole-Farm Revenue Protection Pilot Policy
- Whole-Farm Revenue Protection Fact Sheet
- Whole-Farm Revenue Protection Lender Fact Sheet
- Whole-Farm Revenue Protection Frequently Asked Questions
- All Actuarial Information
- Training materials including:
  - A brief introductory presentation on WFRP; and
  - An agent/loss adjustor training presentation
- Recordkeeping aids for direct market producers including:
  - Recordkeeping Aid for Direct Marketers with Price Information; and
  - Basic Recordkeeping Aid for Direct Marketed Commodities

The WFRP Pilot Handbook will be released by September 25, 2015.

Interested producers should contact a crop insurance agent for further information. A list of agents can be found on the RMA Web site: http://www.rma.usda.gov.

**DISPOSAL DATE:**

July 31, 2016