Whole Farm Revenue Protection

Federal Crop Insurance Corporation Pilot Insurance Program

Risk Management Agency
What does WFRP cover?

- Revenue from all commodities produced on the farm:
  - Including animals and animal products
  - Commodities purchased for resale (up to 50% of total)
  - Excluding timber, forest, forest products, and animals for sport, show or pets
What does WFRP cover?

- Replant costs for annual commodities
  - Actual cost up to a maximum of 20% of expected revenue for the crop
  - Record of replant costs required
  - Insurance company has approval authority
  - Payable After loss of 20% of the crop or 20 acres
What are the features of WFRP?

• Coverage levels 50-85%
  – 5% increments
  – Diversification of 3 commodities (commodity count) required for 80% and 85%
  – No catastrophic level of WFRP available

• Historic revenue is adjusted to reflect farm expansion
  – Automatic indexing process accounts for farm growth historically
  – Expanding operations provision allows for 10% growth over historic average with insurance company approval
What are the features of WFRP?

• Costs for market readiness operations may be left in the approved revenue
  – Minimum required to make commodity market ready
  – On farm, in-field or close proximity to field
  – No added value costs may be included

• You may also purchase other Federal crop insurance policies covering individual commodities
  – Must be at buy-up coverage levels
  – Any indemnities from these policies will count as revenue earned under WFRP
What are the features of WFRP?

• All farm revenue is insured together under one policy
  – Individual commodity losses are not considered, it is the overall farm revenue that determines losses

• Premium subsidy is available and depends on farm diversification
  – Farms with 2 or more commodities (commodity count) receive whole-farm premium subsidy
  – Farms with 1 commodity receive basic premium subsidy
### WFRP Premium Subsidy

#### WFRP Subsidy: Percentage of Total Premium Paid by Government

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>50%</th>
<th>55%</th>
<th>60%</th>
<th>65%</th>
<th>70%</th>
<th>75%</th>
<th>80%</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Subsidy-Qualifying Commodity Count: 1</td>
<td>67%</td>
<td>64%</td>
<td>64%</td>
<td>59%</td>
<td>59%</td>
<td>55%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Whole-Farm Subsidy-Qualifying Commodity Count: 2</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>71%</td>
<td>56%</td>
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</table>
What kinds of farms can benefit from WFRP?

• Well-suited for:
  – Highly diverse farms
  – Farms with specialty commodities
  – Farms selling to direct markets, specialty markets, regional or local markets, and farm-identity preserved markets

• Available to all farms or ranches that qualify

• There are some limits for qualification
WFRP limits for qualification:

- Covers up to $8.5 million of revenue
- Farm/ranch may have up to 35% of expected revenue from animals and animal products up to $1 million
- Farm/ranch may have up to 35% of expected revenue from greenhouse/nursery up to $1 million

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Commodity Count (Minimum Required)</th>
<th>Maximum Farm Approved Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>85</td>
<td>3</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>80</td>
<td>3</td>
<td>$10,625,000</td>
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<tr>
<td>75</td>
<td>1</td>
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<tr>
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<tr>
<td>65</td>
<td>1</td>
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<tr>
<td>60</td>
<td>1</td>
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<tr>
<td>55</td>
<td>1</td>
<td>$15,454,545</td>
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<tr>
<td>50</td>
<td>1</td>
<td>$17,000,000</td>
</tr>
</tbody>
</table>
Where is WFRP Available?
How is the amount of insured revenue determined?

- WFRP insured revenue is the lower of:
  - Your current year’s expected revenue (determined by your farm plan) at the selected coverage level, or
  - Your historic revenue adjusted for growth at the selected coverage level
Does diversification on my farm matter for WFRP? Yes!

- A diversification requirement is used to determine the number of commodities on your farm
  - Each commodity must provide a calculated percentage of the expected farm revenue to be counted
  - Commodities providing small amounts of revenue may be grouped to meet the qualification
Does diversification on my farm matter for WFRP? Yes!

- The commodity count measured by the farm diversification determines:
  - Eligibility for WFRP
    - Potato farms must have 2 commodities
    - Commodities insurable with other revenue coverage must have 2 commodities
  - Eligibility for the 80 & 85% coverage levels
    - Requires 3 commodities
Does diversification on my farm matter for WFRP? Yes!

- The diversification measure also determines:
  - The amount of the diversification discount to the premium rate
  - Whole-farm premium subsidy for farms with 2 or more commodities
Other facts to understand about WFRP:

- WFRP covers revenue ‘produced’ in the insurance year
  - A commodity not harvested or sold will count as revenue
  - A commodity grown last year and sold this year will not be covered
  - For commodities that grow each year, like cattle, only the growth for the insurance year counts.
    - Example: Calves worth $800 at beginning of the year and to be sold at $2000, the value insured will be $1200
    - Inventory and Accounts Receivable are used to get to the ‘produced’ amounts
- Prices used to value commodities to be grown must meet the expected value guidelines in the policy
What causes a loss payment under WFRP?

- Natural causes of loss and decline in market price during the insurance year
- Taxes must be filed for the insurance year before any claim can be made (2015 insurance year requires 2015 year farm taxes to be filed)
- When revenue-to-count for the insurance year is lower than insured revenue, a loss payment will be made.
What will my agent need from me?

• Five years of farm tax forms
  – For 2015, requires tax forms from 2009-2013

• Needs to know if you are a:
  – Calendar year tax filer
  – Fiscal year tax filer and what your fiscal year is

• Information about what you plan to produce on the farm during the insured year
  – Used to complete the Intended Farm Operation Report

• Other information as applicable
  – Such as supporting records, your organic certification, inventory or accounts receivable information
What is the timeline for WFRP?

• Sales-begin upon release of actuarial materials
• Last day to purchase: Sales Closing Date
  – County specific date-Feb 28 or March 15
  – Intended Farm Operation Report is completed

• Revised Farm Operation Report Due (like an acreage report)
  – July 15 for Calendar and Early Fiscal Filers (Jan-July fiscal years)
  – By end of first 30 days of fiscal year for August, September, October fiscal years
  – By Oct 31 for November and December fiscal years
What is the timeline for WFRP?

- **Billing dates**
  - August 15 for Calendar and Early Fiscal Filers (Jan-July fiscal years)
  - December 1 for Late Fiscal Filers (August-December fiscal years)

- **Final Farm Operation Report completed earlier of:**
  - Time of loss determination
  - By next year’s Sales Closing Date
  - If not completed—limited to 65% coverage the next year
How do I buy WFRP protection?

• Purchase through a Crop Insurance Agent:
  – The agent locator tool on RMA’s website:
Questions?

www.rma.usda.gov