

Whole Farm Revenue Protection

Federal Crop Insurance Corporation Pilot Insurance
Program

Risk Management Agency



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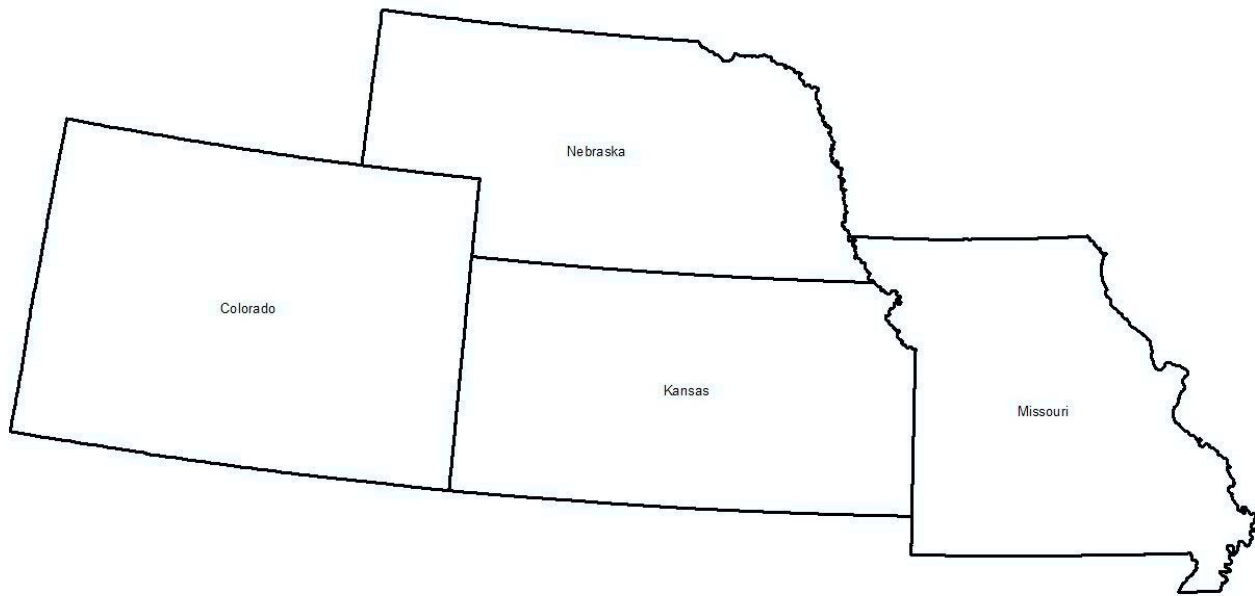
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Topeka Regional Office Territory



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
- Replant costs (with approval)



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 (Insured may opt out of Indexing)
 - Expanding operations provision allows for up to 35% growth over historic average with insurance company approval

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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
- Other Federal crop insurance policies covering individual commodities may be purchased
 - Must be at buy-up coverage levels
 - Any indemnities from these policies will count as revenue earned under WFRP



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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

Coverage Level	50%	55%	60%	65%	70%	75%	80%	85%
Basic Subsidy-Qualifying Commodity Count: 1	67%	64%	64%	59%	59%	55%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 2	80%	80%	80%	80%	80%	80%	N/A	N/A
Whole-Farm Subsidy-Qualifying Commodity Count: 3 or more	80%	80%	80%	80%	80%	80%	71%	56%

Where is WFRP Available?

- The entire United States...every county!
- The first crop insurance product available nationwide

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WFRP limits for qualification:

Coverage Level	Commodity Count (Minimum Required)	Maximum Farm Approved Revenue
85	3	\$10,000,000
80	3	\$10,625,000
75	1	\$11,333,333
70	1	\$12,142,857
65	1	\$13,067,923
60	1	\$14,166,167
55	1	\$15,454,545
50	1	\$17,000,000

- Covers up to \$8.5 million of revenue
- Farm/ranch may have up to \$1 million in expected revenue from animals and animal products
- Farm/ranch may have up to \$1 million in expected revenue from greenhouse/nursery
 - Products also insurable under nursery policy
 - Doesn't include items such as produce grown in hoop houses

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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

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How is the amount of insured revenue determined?

- WFRP insured revenue is the lower of:
 - Current year's expected revenue (determined on the farm plan) at the selected coverage level, or
 - The historic revenue adjusted for growth at the selected coverage level



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Does diversification on the farm matter for WFRP? Yes!



- The number of commodities produced are counted toward the diversification requirement within WFRP
 - 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

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Does diversification on my farm matter for WFRP? Yes!



- The diversification measure 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

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Does diversification on the 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



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Other facts to understand about WFRP:

- WFRP covers revenue 'produced' in the insurance period
 - 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 period 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

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What causes a loss payment under WFRP?



- Natural causes of loss and decline in market price during the insurance period
- Taxes must be filed for the policy year before any claim can be made (2018 policy year requires 2018 year farm taxes to be filed)
- When revenue-to-count for the insurance period is lower than insured revenue due to insured causes, a loss payment will be made.

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What information is required?

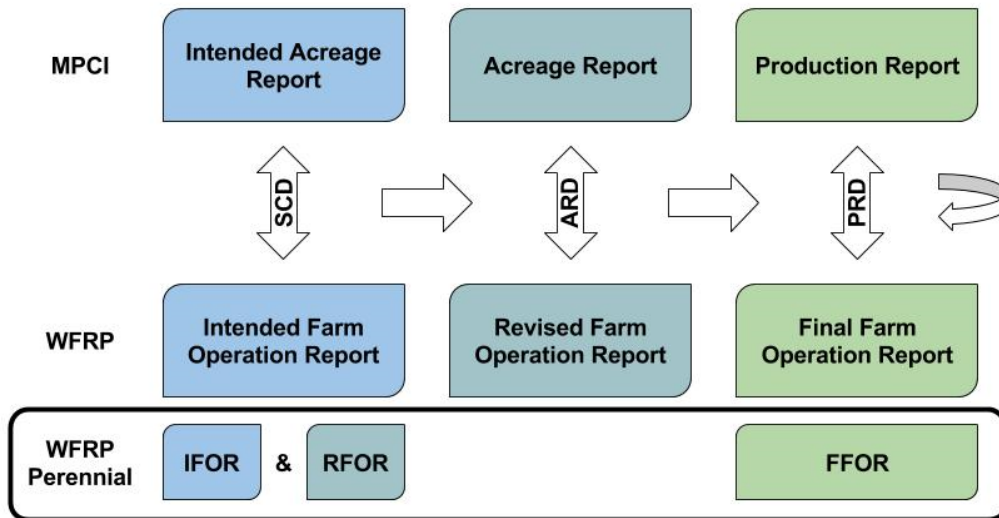
- Five years of farm tax forms
 - For 2018, requires tax forms from 2012-2016
 - Exceptions are made for Beginning Farmers and Ranchers, Qualifying persons not required to US Tax Return (Tribal Entities), and producers that were physically unable to farm one year.
- Type of tax filer
 - Calendar year tax filer
 - Fiscal year tax filer and what the fiscal year is
- Information about what will be produced on the farm during the insured year
 - Used to complete the Intended Farm Operation Report
- Other information as applicable
 - Such as supporting records, organic certification, inventory or accounts receivable information



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The WFRP Farm Operation Report



What is the timeline for WFRP?

- Sales begin upon release of actuarial materials
- Last day to purchase: Sales Closing Date
 - County specific date- Jan 31, Feb 28 or March 15
 - For 2018 a fall sales closing date of November 20th was added for late fiscal filers
 - Intended Farm Operation Report is completed
- Revised Farm Operation Report Due (like an acreage report)
 - July 15 for all filers



What is the timeline for WFRP?

- Billing dates
 - August 15 for all filers
- 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

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How do producers buy WFRP protection?



- Purchase through a Crop Insurance Agent:
 - The agent locator tool on RMA's website:
<http://www.rma.usda.gov/tools/agent.html>

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Question Areas Causing Revisions For WFRP 2018

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Revisions – Late and Early Fiscal Year Filers

- Modified the definition of late fiscal filer to include producers with tax years that begin September through December and the early fiscal filer definition to include producers with tax years that begin February through August.
 - Previously late fiscal year filer was an insured that files taxes with a fiscal year that begins August 1 or later in the insurance year.
 - Previously early fiscal year filer was an insured that filed taxes with a fiscal year prior to August 1 of the insurance year.
- Added a fall sales closing date of November 20 for late fiscal filers.

Revisions – Other Insurance

- Added language to Section 30 of the policy that changed the method of handling indemnity amounts from private policies to include only the portion of the indemnity in excess of the WFRP deductible as revenue to count for WFRP
- For example:
 - Your deductible is \$32,500. Your expense reduction factor is 0.980. You received \$30,000 and \$5,000 indemnities from two policies not authorized under the Act.
 - The amount included as revenue to count will be calculated as follows: \$30,000 + \$5,000 = \$35,000 (the total amount of indemnities received) $\$32,500 * 0.980 = \$31,850$ (your deductible adjusted for expenses) $\$35,000 - \$31,850 = \$3,150$ revenue to count

2015 Top 10 Commodities Nationwide by Liability

Rank	2015 Commodity	2015 Liability
1	CORN	\$40.3 Billion
2	SOYBEANS	\$24.3 Billion
3	WHEAT	\$8.4 Billion
4	COTTON	\$3.0 Billion
5	ALMONDS	\$2.9 Billion
6	RICE	\$1.5 Billion
7	NURSERY	\$1.5 Billion
8	GRAPES	\$1.5 Billion
9	ORANGE TREES	\$1.3 Billion
10	APPLES	\$1.2 Billion
	ALL OTHER	\$18.0 Billion
	TOTAL	\$103 Billion



2016 Top 10 Commodities Nationwide by Liability

Rank	2016 Commodity	2016 Liability
1	CORN	\$39.6 Billion
2	SOYBEANS	\$22.2 Billion
3	WHEAT	\$6.8 Billion
4	ALMONDS	\$3.6 Billion
5	COTTON	\$3.3 Billion
6	WFRP	\$2.3 Billion
7	RICE	\$1.7 Billion
8	GRAPES	\$1.5 Billion
9	PRF	\$1.4 Billion
10	NURSERY	\$1.4 Billion
	ALL OTHER	\$16.9 Billion
	TOTAL	\$101 Billion

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2017* Top 10 Commodities Nationwide by Liability

Rank	2017 Commodity	2017 Liability
1	CORN	\$39.3 Billion
2	SOYBEANS	\$28.3 Billion
3	WHEAT	\$5.9 Billion
4	COTTON	\$4.9 Billion
5	WFRP	\$2.8 Billion
6	ALMONDS	\$2.6 Billion
7	PRF	\$1.7 Billion
8	GRAPES	\$1.5 Billion
9	APPLES	\$1.3 Billion
10	RICE	\$1.3 Billion
	ALL OTHER	\$16.7 Billion
	TOTAL	\$106 Billion

*subject to change

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Questions?

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