United States Department of Agriculture

Federal Crop Insurance Overview: Whole-Farm Revenue Protection (WFRP)

Risk Management Agency

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What does WFRP cover?

- Revenue from all commodities produced on the farm:
  - Including Hemp
  - 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

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What are the features of WFRP?

- Historic revenue is adjusted by:
  - 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, for most operations, with insurance company approval
      - For expanding operations due solely to certified organic production, the limit on growth is the higher of 35% or $500,000
  - History Smoothing Options
    - Revenue Substitution
    - Revenue Exclusion
    - 90% Cup on Approved Revenue

What are the features of WFRP?

- Costs for market readiness operations may be left in the approved revenue
  - Minimum required to remove commodity from the field and make 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

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
  - Coverage limited to $2 million in expected revenue from animals and animal products, excluding aquaculture commodities
  - Coverage limited to $2 million in expected revenue from greenhouse/nursery, excluding aquaculture commodities
    - Products also insurable under nursery policy
    - Doesn't include items such as produce grown in hoop houses

What types 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

How is the amount of insured revenue determined?

WFRP insured revenue is <u>the lower of</u>:

- Current year's expected revenue (determined on the farm plan) at the selected coverage level, or
- The adjusted historic revenue at the selected coverage level

Does diversification 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

Does diversification 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
- 80 & 85% coverage levels
  - Requires 3 commodities

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 two or more commodities

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 year counts. (i.e., Calves worth $800 at beginning of the year and to be sold at $2,000, the value insured will be $1,200)
  - Inventories and Accounts Receivable are used to determine the "produced" amounts

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Other facts to understand about WFRP:

- Prices and yields used to value commodities to be grown must meet the expected value and yields guidelines in the policy
  - The values must be what producers can reasonably expect to receive in the local area for the commodity
    - Based, to the extent possible, on third party sources
    - Marketing contracts used at the time they become effective within policy limitations
  - The yields must be what the producers can reasonably expect to produce under normal growing conditions
    - Based, to the extent possible, on the farm operation's production history or other third party sources

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
- When revenue-to-count for the policy year is lower than insured revenue, a loss payment will be made

What information is required?

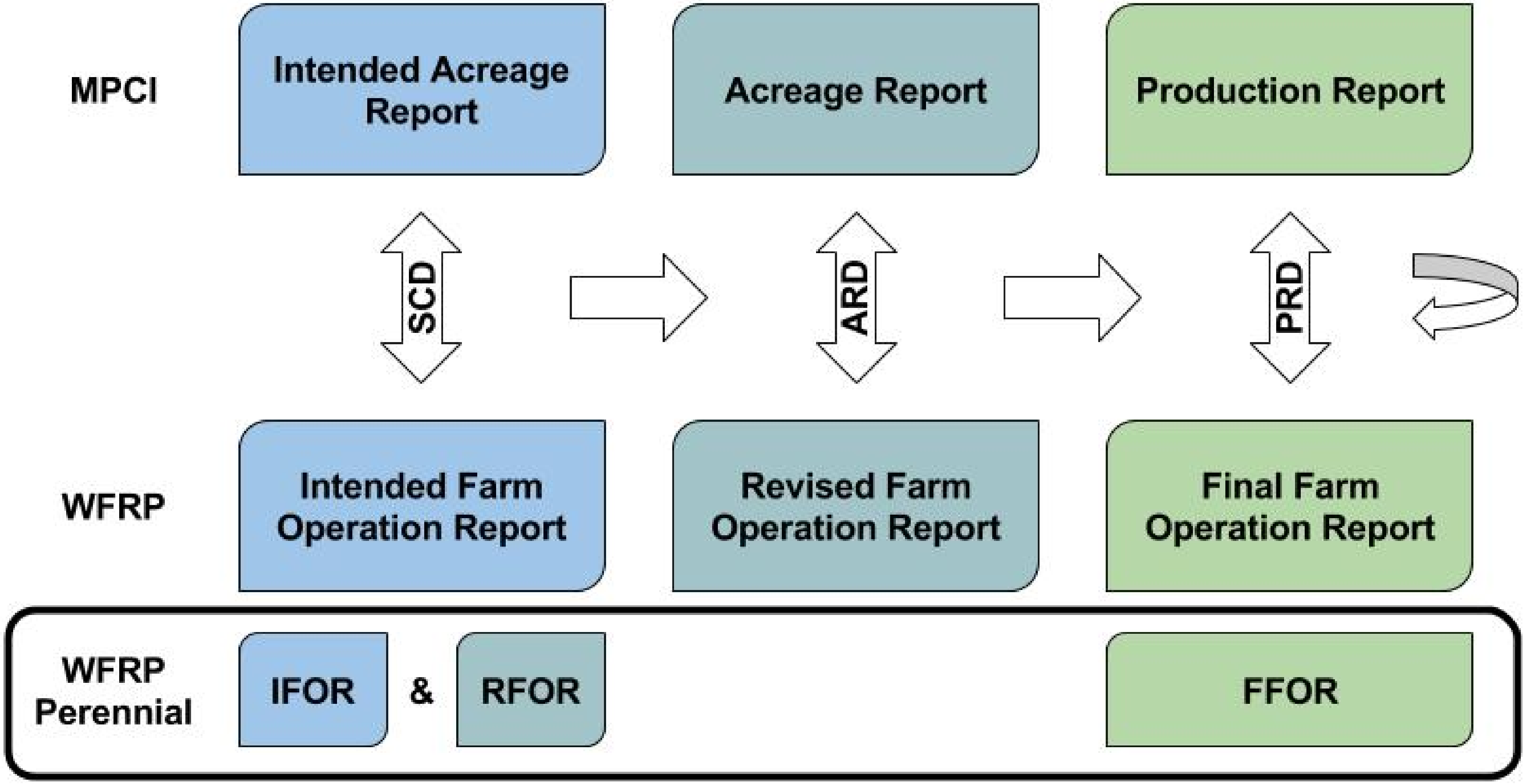
- Five years of farm tax forms
  - For 2022, requires tax forms from 2016-2020 (calendar & early fiscal year filers) 2015-2019 (late fiscal year filers)
    - Exceptions: Veteran/Beginning Farmers or Ranchers (VFR/BFR) or applicants that qualified as a VFR/BFR in the previous year, qualifying persons not required to file a US Tax Return (i.e., Tribal Entities), and producers that were physically unable to farm one year

- Type of tax filer
  - Calendar year tax filer
  - Early Fiscal year filer (Feb – Aug); and
  - Late Fiscal year tax filer (Sept – Dec)

What information is required?

- Information about what will be produced on the farm during the insurance period
  - Used to complete the Intended Farm Operation Report
- Other information as applicable, such as:
  - Supporting records, organic certification, inventory, or accounts receivable information

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
  - Late fiscal year filers (all counties) – Nov 20
  - County specific date - Jan 31, Feb 28, or Mar 15
  - Intended Farm Operation Report is completed
- Revised Farm Operation Report Due
  - Jul 15 for all insureds

What is the timeline for WFRP?

- Billing date
  - Aug 15 for all insureds
- Final Farm Operation Report completed earlier of:
  - Time of loss determination; or
  - Next Policy Year's Sales Closing Date
    - If not completed-limited to 65% coverage the next year

How do producers buy WFRP protection?

Purchase through a Crop Insurance Agent:

The agent locator tool on RMA's website:

www.rma.usda.gov/informationtools/agentlocator

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Questions?

www.rma.usda.gov