

## **PM-19-048**

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Date

August 30, 2019

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Richard H. Flournoy, Deputy Administrator

Subject

Whole-Farm Revenue Protection (WFRP) Pilot Plan of Insurance Modifications for the 2020 and Subsequent Policy Years

The Agricultural Improvement Act of 2018 (Farm Bill) enacted on December 20, 2018, includes language in Section 11122 to improve effectiveness of WFRP. Per the Farm Bill, the Risk Management Agency (RMA) held several stakeholder meetings with agents, producers, and grower groups to solicit recommendations to increase flexibility and effectiveness of the program. As a result of these meetings, RMA presented several changes to the Federal Crop Insurance Corporation Board of Directors (FCIC Board). On June 4, 2019, the FCIC Board approved the following changes to the 2020 WFRP plan of insurance:

1. Increase expected revenue limits for animals, animal products, and nursery commodities from \$1 million to \$2 million.
  - Limits insured revenue for animals, animal products, and nursery commodities to \$2 million.
  - Farm operations with over \$2 million in animal/animal product or nursery commodities may be eligible for WFRP.
- Offer options to help moderate the impacts of disaster years on historical revenue.

- Revenue Exclusion - exclude the lowest historical revenue.
  - Revenue Substitution - substitute low historical revenues with 60% of the historical average.
  - Revenue Cup - limit decreases in historic average revenue to 90% of prior year's approved revenue.
- Exclude disaster and program payments from historic allowable revenue and revenue-to-count at claim time.
  - Revised the indexing calculation to trend all historical revenue years up to current year.
    - Capped at the highest historical revenue amount.
  - Including Noninsured Disaster Assistance Program (NAP) as revenue-to-count.
    - Treats NAP the same as non-reinsured supplemental policies.
  - Added language to allow coverage for Industrial Hemp production.
    - Must comply with applicable state, tribal, and/or federal regulations
      - Coverage eligibility includes that produced under the research pilot requirements of Section 7606 of the Agricultural Act of 2014.
    - Must be grown under a marketing contract with a processor.
    - Will not offer replant coverage at this time.
    - "Hot" hemp will not be considered an insurable cause of loss.

By the close of business August 30, 2019, the following materials will be available on the RMA website (<http://www.rma.usda.gov>):

- Whole-Farm Revenue Protection Pilot Policy;
- All Actuarial Information;
- Frequently Asked Questions; and
- Fact Sheets

The WFRP Pilot Handbook will be released by mid-October 2019.

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

DISPOSAL DATE: December 31, 2020