United States
Department of
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Federal Crop
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FCIC-18160

WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK

2016 and Succeeding Crop Years

RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133

TITLE: WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK	**NUMBER: FCIC 18160**
EFFECTIVE DATE: 2016 Succeeding Insurance Years	**ISSUE DATE: September 30, 2015**
SUBJECT: **Provides the procedures and instructions for the Whole-Farm Revenue Protection program.**	**OPI: Product Administration and Standards Division** **APPROVED:** **/s/ Tim B. Witt** **Deputy Administrator for Product Management**

REASONS FOR ISSUANCE

Changes: See changes or additions in text which have been highlighted. Three stars (***) identify where information has been removed.

1. Throughout the handbook, updated the example years to make current.

2. Throughout the handbook, revised language to clarify insurance year and insurance period differences.

3. Throughout the handbook, added reference to direct marketing sales records where applicable.

4. Paragraph 1 and 2(B) – Removed references to pilot area due to nationwide availability.

5. Paragraph 2(D)(1) – Added language to clarify what farm tax records are required.

6. Paragraph 2(D)(2) – Removed disregarded entity example; disregarded entities are not considered qualifying persons.

7. Paragraph 2(D) – Added language stating consequences for failing to timely submit required information.

8. Paragraph 6 – Added clarifying language for persons with a tax year corresponding to the insurance period being a short tax year. Also added language providing option to resubmit whole-farm history.

9. Paragraph 21 – Added language clarifying qualified persons criteria for persons with less than five years of farm tax forms and BFRs with at least three years of farm tax forms. Removed language referencing the 35 percent limit on animals and animal products and nursery or greenhouse commodities.

10. Paragraph 22 – Added language referencing applicable procedures for pre-acceptance inspections and forms. Removed language regarding the denial of coverage on damaged perennial commodities.

REASONS FOR ISSUANCE (Continued)

11. Paragraph 23(1)(c) and 26 – Removed language referencing disregarded entities and how to handle disregarded entities.

12. Paragraph 23(10) – Added language regarding request for reconsideration during the initial insurance year.

13. Paragraph 41 – Removed duplicate language about approved revenue; the term is defined in exhibit 2.

14. Paragraph 42 – Added exception to the buy-up requirement; buy-up level is not required for tree policies (i.e., Citrus Trees) since WFRP only insures the revenue from the tree fruit and not the trees.

15. Paragraph 44(1) – Added requirement to complete the Allowable Revenue Worksheet for qualifying persons that use the lag year in their whole-farm history period.

16. Paragraph 45(1) - Added requirement to complete the Allowable Expenses Worksheet for qualifying persons that use the lag year in their whole-farm history period.

17. Paragraph 45(5) – Example 3 - Added language explaining the use of bins and clarified where the costs are incurred.

18. Paragraph 47 – Moved language from Part 2 of the handbook regarding the use of a different person's tax records.

19. Paragraph 51 – Added language clarifying acceptable verifiable records, to include direct marketing sales records for those commodities that are direct marketed.

20. Paragraph 71 and 72 – Added procedures for determining average, indexed, and expanding operation revenue and expenses for qualifying person with less than five years of tax forms in their whole-farm history period.

21. Paragraph 74 – Added language stating requirement for completion of the Accounts Receivable and Accounts Payable Report.

22. Paragraph 91 – Removed the AIP as an identifying agency for man-made causes of loss regarding a decline in local market price.

23. Paragraph 92(13) – Moved clarifying language for abandonment from the definition.

24. Paragraph 92(15) – Added clarifying language as to when damaged commodities in storage are covered causes of loss.

25. Paragraph 94(5) – Added language clarifying the insured's responsibility in the event their farm operation suffers a reduction in irrigation water.

26. Paragraph 107 – Added language clarifying when a claim for indemnity must be submitted.

REASONS FOR ISSUANCE (Continued)

27. Paragraph 141(B) – Revised language to clarify requirements for use of expected value for a certified organic commodity. Removed language allowing an organic certificate from a previous owner.

28. Paragraph 141(B) and (G) – Removed language referencing the use of written certification from a certifying agent as it only pertains to transitional acreage; uninsurable under WFRP.

29. Paragraph 141(E) – Removed language referencing the denial of an organic certificate by a certifying official

30. Paragraph 142(2) – Example – Removed the term “incidental”; $42,000 is significant post-production costs.

31. Paragraph 143 and 144 – Removed procedures and examples related to capping revenue that exceeds 35 percent of the total expected revenue for animal and animal product and nursery or greenhouse commodities.

32. Exhibit 1 – Added acronyms for Actuarial Documents and Beginning Farmer or Ranchers.

33. Exhibit 2 – Moved exceptions for abandon to paragraph 92. Clarified definition for calendar year filer. Added definition for carryover insured. Added definition for contemporaneous records. Added definitions for direct marketing and direct marketing sales record. Revised definition of expected value; removed the term “local”. Added definition for expense trend factor. Revised definition for Farm Operation Report. Added definition for farm premium rate. Revised definition of fiscal year filer. Added definitions for indexed average expenses and indexed average revenue. Revised definition for insurance year. Added definition for insured commodity. Added definition for nursery and greenhouse commodities. Added definition for production capacity. Added definition for revenue trend factor. Revised definition for verifiable records.

34. Exhibit 6 – Added procedures in items 7 and 8 for qualified persons with less than five years of tax forms in their whole-farm history period. Added language in item 11 regarding the requirement of five years of farm tax forms to be eligible for indexing of revenue. Updated calculation of expanding operations revenue and expenses in the form example.

35. Exhibit 7 – Added language clarifying in items 6 and 14 clarifying how to handle livestock feed.

36. Exhibit 8 – Removed duplicate verifiable record information in item 7, 8, 13, and 14. Added language in item 16 as to when the number will be used.

37. Exhibit 10 – Added procedures in item 11C and 12C on how to handle a negative value.

38. Exhibit 14 – Added language in item 13 as to when this entry will be used.

39. Exhibit 18 – Added clarifying language about what expected value to use when a commodity is not under contract or sold prior to the time the Intended Farm Operation is due.

40. Exhibit 19 – Added two examples of direct marketing sales records.

CONTROL CHART

Whole-Farm Revenue Protection Pilot Handbook							
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PART 1 GENERAL INFORMATION AND RESPONSIBILITIES

1 General Information

A. Purpose and Objective

This handbook provides information, procedures and instructions for administering the WFRP program.

WFRP pilot provides protection against loss of revenue that the insured expects to earn or will obtain from commodities produced or purchased for resale during the insurance period.

All terms referenced in this handbook have the same meaning as defined in the WFRP policy.

B. Source of Authority

The WFRP pilot program is an RMA developed product approved by the FCIC Board of Directors under Section 522(c) of the Act. It is not codified in the CFR.

C. Duration

The WFRP pilot will continue until cancelled by FCIC or no rate is filed.

D. Required to Offer

Because it is an RMA developed product, the AIPs are required to offer the WFRP pilot
*** program to all eligible persons and must administer the program according to the WFRP pilot policy and the procedures in this handbook.

***

E. Procedural Questions

(1) Questions regarding WFRP procedures in this handbook are to be directed:

(a) to the AIP; then, if not resolved,

(b) through appropriate channels within the AIP to the applicable RMA RO; then if not resolved,

(c) through appropriate channels within the AIP to RMA's PASD by e-mail at rma.WFRP@rma.usda.gov or in writing at the following address:

Office of Deputy Administrator for Product Management
Product Administration and Standards Division
USDA—Risk Management Agency
Beacon Facility—Mail Stop 0812
P.O. Box 419205 Kansas City, MO 64141-6205

RMA will not attempt to instruct agents or insureds of the AIP.

1 General Information (Continued)

E. Procedural Questions (continued)

(2) If a perceived error is identified, notify RMA by e-mail at rma.WFRP@rma.usda.gov or in writing at the above address.

Clearly identify the error and provide a proposed correction.

If RMA determines the error identified is significant, RMA will issue a correction either in the existing crop year through a slipsheet to the WFRP handbook or a memorandum/bulletin. Conversely, if RMA determines the error identified is not significant, the correction will be included in the subsequent issuance of the WFRP handbook.

F. Other procedures

Other procedures apply to the administration of the WFRP policy as applicable or as stated in this handbook.

2 Responsibilities

A. RMA PASD Responsibilities

RMA PASD will:

(1) establish and maintain the policy, procedure and instructions for administering the WFRP program; and

(2) provide guidance and clarification, as needed, regarding the policy, procedure and instructions for the WFRP program.

B. AIP Responsibilities

AIPs must:

*** (1) offer WFRP to all persons;

(2) provide persons insured under the WFRP policy a copy of the WFRP policy;

(3) comply with and implement the standards, procedures, instructions, and requirements in the WFRP policy, this handbook, and other documents issued by RMA;

(4) report any program issues or concerns regarding the WFRP to RMA, Director of PASD;

(5) instruct the insured of their responsibilities in accordance with the WFRP policy and subparagraph D;

(6) prior to acceptance, ensure the application is accurate and complete;

B. AIP Responsibilities (continued)

(7) ensure all documentation, determinations, and calculations are completed as provided in the WFRP policy and this handbook;

(8) notify insured of changes following the AIP underwriting reviews;

(9) update revenue databases for carryover insureds

(10) for policies being transferred, an assuming the AIP must:

(a) verify the revenue history;
(b) notify the insured their premium and loss experience will be transferred;
(c) notify the insured their revenue history will be verified and transferred;
(d) notify the insured of policy termination if they are indebted to the ceding AIP; and
(e) notify the ceding AIP when it has accepted the transferred policy.

(11) if necessary, make farm visits to determine beginning and ending inventories, such as bin or storage facility measurements, and pre-acceptance inspections;

(12) ensure all forms and reports required under the WFRP policy are properly signed and dated by the insured;

(13) complete all quality control reviews and audits according to the SRA, Appendix IV; and

(14) flag the policy for review when yields or expected values on the Farm Operation Report are questionable.

C. Agent Responsibilities

Agents must:

(1) understand the qualification requirements for the program and explain all program participation requirements and deadlines to applicants and insureds;

(2) be able to explain the WFRP program to applicants and insureds,

(3) determine the correct allowable revenue and expenses for each year in the whole-farm history period using associated tax returns, applicable worksheets, and supporting documentation;

(4) review all reports for completeness and accuracy, and insure all applicable signatures and dates are provided;

(5) obtain all records and documentation required for program participation;

C. Agent Responsibilities (continued)

(6) provide all applicable forms and records to the AIP; and

(7) refer requests to the AIP for farm visits to determine beginning and ending inventories, such as bin or storage facility measurements, and pre-acceptance inspections.

D. Insured Responsibilities

The AIP must advise the insureds to:

(1) Provide farm tax records for each year in the five year whole-farm history period unless fewer years are required (the insured is a qualified BFR or did not file farm taxes due to circumstances beyond their control). Refer the paragraph 21(c)(vi) and (vii).

(2) Show additional tax records if necessary so the AIP can verify that farm taxes were filed. For example, if the farm operation includes a disregarded entity under IRS rules, the AIP may request other tax records to verify the entity information under which the entity's taxes were filed.

***

(3) Provide the necessary information to complete their Intended Farm Operation Report for the insurance period. Information from other Federal crop insurance plans of insurance the insured has may also be required by the AIP to use in underwriting the WFRP policy. This includes actual production histories and acreages.

(4) Provide any applicable organic documentation requested by the AIP. Refer to paragraph 141.

(5) Provide information about any changes to the farm operation to the AIP during the year.

(6) Provide all necessary notices in a timely manner to the AIP.

(7) Complete the final production report on the Farm Operation Report by the earlier of the time a claim is submitted or the SCD of the subsequent insurance year.

(8) Comply with all the terms and conditions of the WFRP policy.

(9) Provide completed Schedule F or Substitute Schedule form along with the original farm tax forms and verifiable and/or direct marketing sales records for consideration by the AIP for insurance, if an insured has short tax years in the farm history and wants to insure under WFRP.

(10) Provide any records or information requested by the AIP for underwriting or loss adjustment of the policy.

D. Insured Responsibilities (continued)

Note: If the insured fails to timely submit any required information, or the AIP is unable to verify the information that was submitted, the AIP will deny any indemnity, or replant payment and the insured will still be required to pay the premium due.

3 Access to Commodities and Records

A. Record Retention

Insureds are required to retain complete verifiable records and direct marketing sales records for three years after the later of the:

(1) end of the insurance year; or
(2) date of final payment of the indemnity.

The record retention period applies to the records for the insurance year and all years in the whole-farm history period for the insurance year.

Example: The whole-farm history period for the 2016 insurance year is 2010, 2011, 2012, 2013, and 2014 (2015 is a lag year and is not included in the 2016 whole-farm history period). Records for 2010 through 2014, all years in the whole-farm history period, and for 2016 must be maintained for three years after the insurance period for 2016 ends or the date of final payment of indemnity for the 2016 insurance year, whichever is later.

The AIP or any employee of USDA, or any person acting for the AIP or USDA authorized to investigate or review any matter relating to insurance authorized under the Act may extend the record retention period beyond three years by notifying the insured of such extension in writing.

B. Accessing Records and Commodities

Within the record retention period, insureds must, upon request, provide complete verifiable records and/or direct marketing sales records to the AIP, any employee of USDA, or any person acting for the AIP or USDA authorized to investigate or review any matter relating to insurance authorized under the Act. Such persons are also authorized to obtain records from any person who may have custody of such records, including but not limited to, FSA offices, banks, warehouses, gins, cooperatives, marketing associations, landlords, and accountants.

Records that may be accessed include, but are not limited to, records pertaining to the:

(1) planting, replanting, inputs, production, harvest, storage, sale, shipment, and disposition of the insured commodities;

(2) insurable, insured, and uninsured acres;

B. Accessing Records and Commodities (continued)

(3) facilities;

(4) allowable revenue and allowable expenses stated on farm tax forms and supporting documents;

(5) value of any post-production operations for insured commodities;

(6) documentation supporting beginning and ending inventories, and accounts payable and accounts receivable;

(7) ownership, share, lease, contract agreement, or other agreements that are applicable to the insured commodities; and

(8) mediation, arbitration, and litigation records related to the insured and insured commodities.

The AIP or any employee of USDA, or any person acting for the AIP or USDA, authorized to investigate or review any matter relating to insurance authorized under the Act may examine the insured commodities at any location where such commodities may be found or maintained. Such commodities may be examined as often as reasonably necessary during the record retention period.

C. Failure to Provide Records or Access

Failure to provide access to the insured commodities on the farm, maintain or provide any required records, authorize access to the records maintained by third parties, or assist in obtaining all such records will result in a determination that no indemnity is due for the insurance year for which the failure occurred.

4 Document Origination

If original insurance documents are required by RMA but are unavailable, a photocopy, fax copy, carbon copy or electronic form with electronic authorized signature of an original insurance document may be used if certified by the AIP. The copy must be marked or stamped "Certified True Copy", signed and dated by the AIP's authorized representative.

A certified true copy must be accompanied by a memorandum explaining why a copy is being submitted instead of the original document.

5 Duplicate WFRP Policies

Duplicate WFRP policies are not allowed. AIPs must use the PHTS to determine if more than one WFRP policy is in force for the same person. If more than one WFRP policy is in force for the same person, the policy with the earliest date of application will remain in force and all other WFRP policies will be canceled. The insured may be subject to the fraud provisions of the WFRP policy if the AIP determines duplicate WFRP policies exists and this was intentional.

RMA will edit to ensure that duplicate WFRP policies are not in force.

6 Tax Years

A person must calculate and report taxable revenue to the IRS on a tax year basis. The calendar year is the most common tax year used but some persons use a fiscal year as their tax year. IRS also allows a 52-53 week tax year, which is a fiscal year tax year that varies from 52-53 weeks and may not end on the last day of a month. For WFRP purposes a 52-53 week tax year is considered a 12 month fiscal year.

A person will not be considered a qualifying person for the insurance year if the tax year corresponding to the insurance period will be a short tax year, if they have a short tax year in their whole-farm history period, or if the lag year is a short tax year. Refer to paragraph 21(2)(a).

The person's tax year, calendar or fiscal, is used for WFRP accounting purposes. The WFRP insurance year is designated by the calendar year in which the SCD occurs.

For accounting purposes, the terms beginning and ending inventories, beginning and ending accounts payable, and beginning and ending accounts receivable, are synonymous with the beginning and ending dates for the IRS tax year.

7 Accounting Methods

(1) Persons using the cash accounting method generally report revenue in the tax year it is received and deduct expenses in the tax year they are paid, even if it is not the same year when they were incurred. See exhibit 2 for the definition of cash accounting method.

(2) Persons using the accrual accounting method generally report revenue in the tax year it is earned, whether it has been received yet or not, and deduct expenses in the tax year incurred, regardless of whether the expenses are paid yet. Accrual accounting allows the person to match revenue and expenses to the year in which revenue was earned.

Under the WFRP policy, coverage is for a loss of revenue that insureds expect to earn or will obtain from commodities they produce or purchase for resale during the insurance period. The accrual accounting method, using the Inventory Report(s) and Accounts Receivable and Accounts Payable Report, is used to determine what has been produced during the insurance period.

Example: A commodity has matured to the extent it is regarded as saleable at established markets and the revenue from the commodity can be determined with reasonable accuracy. The revenue for the commodity is included in the tax year the commodity reached this level of maturity, regardless of whether revenue from the commodity was received in that tax year or the next tax year.

8-20 (Reserved)

PART 2 WFRP POLICY INFORMATION

21 Eligibility

(1) To be considered eligible for a WFRP policy, the insured must:

(a) meet the qualifying person criteria provided in the WFRP policy;

(b) be eligible for crop insurance under 7 C.F.R. part 400, subpart U;

(c) have filed a United States Federal income tax return, including farm tax forms, for each of the 5 years in their whole-farm history period for the same tax entity and farm operation as the insured person for the insurance year unless one of the following applies:

(i) the tax entity (taxpayer identification number) changed;

(ii) the insured stopped farming as an individual and now farms as a tax entity other than an individual;

(iii) the insured formed a successor farming operation that is a different tax entity but is basically the same operation;

(iv) the insured purchased, inherited, or leased another person's farm operation and the use of the other person's records is approved in accordance with section 16(g) of the policy;

(v) the insured is a qualifying person that is not required to file a United States Federal income tax return (e.g. a tribal entity):

(A) To be eligible for insurance under this policy the insured must have filed reports with a third party entity supported by verifiable records that the AIP agrees are sufficient to develop a Substitute Schedule F for each year in the whole-farm history period; and

(B) The reports used to develop the Substitute Schedule F will be considered the farm tax forms under this policy;

(vi) the insured did not file farm tax forms or report farm revenue for a tax year due to circumstances beyond their control (e.g. illness that prevented the insured from farming for the year):

(A) The insured must provide documentation acceptable to the AIP explaining the circumstance for the missing year;

(B) The insured may only have one year in their whole-farm history period in which they did not file farm tax forms;

(C) The insured must have filed farm tax forms in the first year of their whole-farm history period, unless they are a carryover insured; and

(D) The insured must have earned farm revenue during their lag year; or

(vii) the insured qualifies as a BFR, or they are a carryover insured who qualified as a BFR in the previous insurance year, and they have fewer than five years of farm tax forms in their whole farm history period:

(A) The insured must have at least three years of farm tax forms in their whole-farm history period; and

(B) The insured must have earned farm revenue during their lag year.

(d) have a Schedule F, or Substitute Schedule F that covers 100 percent of their farm operation. (A tax entity which reports a fractional share of farming activity conducted by a partnership, corporation or any other “joint venture” does not qualify for WFRP coverage on the fractional share of farming activity).

(2) The following persons will not be eligible for WFRP.

(a) Persons:

(i) whose tax year corresponding to the insurance period will be a short tax year;
(ii) that have a short tax year in their whole-farm history period; or

Exception: If the applicant has a short-tax year in their whole-farm history, they may resubmit their whole-farm history based on the calendar or fiscal year used for the insurance year within the history and the AIP may, at their discretion, and based on the person’s resubmitted records, allow the applicant to obtain WFRP insurance.

(iii) whose lag year is a short tax year.

(b) Individuals less than 18 years of age where legal majority has not been conferred by a court:

Exception: Individuals less than 18 years of age where legal majority has not been conferred by a court may be eligible for WFRP insurance if:

(1) the individual provides evidence an insurable share exists;

(2) a written statement describing the farm operation and insurable share is provided;

(3) a court-appointed guardian or parent co-signs the application; and

(4) the court-appointed guardian or parent guarantees payment of the annual premium.

When a minor reaches 18 years of age, or is conferred legal majority by a court, and is competent to enter a legally binding contract, their existing WFRP policy is dissolved and a new application is required.

(3) A farm operation is ineligible for WFRP insurance when:

(a) the insured raises potatoes and the commodity count calculation under the policy indicates the insured does not qualify as having two commodities;

*** (b) at SCD the expected revenue from animals and animal products is greater than $1 million;

*** (c) at SCD the expected revenue from nursery or greenhouse commodities is greater than $1 million;

(d) only one commodity, based on the commodity count calculation, will be produced on the farm operation during the insurance year, and revenue protection is available for that commodity through another plan of insurance offered under the authority of the Act; (Refer to paragraph 41)

(e) CAT coverage is obtained during the insurance period through another plan of insurance offered under the authority of the Act for any commodity on the farm operation; or

(f) at SCD the insured revenue for the insurance year is greater than $8.5 million.

(4) Entities that are considered to be pass-through entities by the IRS may only insure the allowable revenue from commodities if the entity is the originating entity that produced the commodity. Owners of a pass-through entity that are not the originating entity may not insure pass-through revenue or loss under WFRP. Pass-through revenue can only be insured by the originating entity because the originating entity reports the revenue and expenses to IRS and maintains the supporting documents required to participate in WFRP.

22 Pre-Acceptance Inspections

A PAW (refer to the CIH for procedures and the DSSH for form standards) is required each year before the beginning of the insurance period for all commodities identified as a perennial on the AD. For carryover insureds, pre-acceptance inspections are required if the policy was transferred and documentation required by paragraph 23(8) was not provided by the ceding AIP.

For the first year of insurance, a pre-acceptance inspection and applicable worksheet for the commodity (See CIH for procedures) must be completed before accepting an application if any insured commodity is damaged prior to the application being submitted. The expected revenue on the Farm Operation Report must be reduced to reflect the reduced revenue caused by the damage occurring before acceptance of the application.

If perennial commodities with production cycles exceeding 12 months are damaged, the expected revenue may be reduced for two or more WFRP insurance years and may require additional underwriting to avoid paying uninsured losses that occurred prior to the date that coverage initially began.

***

23 Application

(1) An application is required. Before accepting the application, AIPs must ensure the application:

(a) is for a qualifying person;
(b) contains all required information according to the WFRP policy;
*** (c) is for the same person as the person that filed Federal income tax returns with the IRS for the tax year; and
(d) is signed by the person to be insured or an authorized representative of that person.

The application must be rejected if all requirements in the policy for acceptance are not met. If an application is rejected, the original application and a letter explaining why the application was rejected must be sent to the applicant.

(2) The insurance period may begin prior to the SCD and damage to commodities may occur prior to insurance attaching. If damage has occurred, an inspection must be performed prior to acceptance of the application. See paragraph 22 for information about pre-acceptance inspections.

(3) Completed and signed applications for WFRP must be submitted on or before the SCD. If the SCD falls on a Saturday, Sunday, or Federal holiday, the SCD is extended to the next business day.

(4) To transfer a policy from one AIP to another, the insured must request a transfer in writing on or before the cancellation date. The insured must complete and submit a Policy Transfer/Application to the assuming AIP, or the assuming AIP must complete and sign, and have the insured sign, a Request to Transfer a Policy including the ceding AIP's policy number for the policy being transferred.

(5) If a Policy Transfer/Application is not used, an application must be completed and signed by the insured and the assuming AIP indicating the crop was insured in the previous crop year. The assuming AIP must, within 45 days after the applicable cancellation date, notify the ceding AIP when the transfer has been accepted and a new policy has been issued.

(6) An insured may transfer a policy only once per insurance period between the AIPs. A transfer within an AIP from one policy issuing company to another is not considered a transfer for this purpose.

(7) The assuming AIP should notify the insured the policy will be terminated if the insured is indebted to the ceding AIP.

(8) All of the following must be transferred when a policy is transferred to a different AIP or agent.

(a) Revenue and expense history, including copies of farm tax forms.
(b) Copy of the current year's Farm Operation Report.
(c) Copy of the PAW, if applicable.
(d) Copy of the most recent year's Pre-Acceptance Inspection Report, if applicable.

(9) AIPs are required to transmit premium, loss, and revenue data to RMA. RMA maintains this data in its databases. AIPs are reminded that farms with animals and animal products require acceptance from the underwriting capacity manager.

(10) For the initial insurance year, the AIP will notify the insured if the whole-farm historic average revenue determined to be correct is less than 95 percent of the whole-farm historic average revenue stated on the Whole-Farm History Report submitted by the insured. If the AIP provides the insured such notice:

(a) The insured may submit a written request for reconsideration;

(b) Such requests must be made not later than 30 days after the date the AIP provided such notice; and

(c) If the insured does not request reconsideration, the AIP will revise the insured's Whole-Farm History Report to reflect the amount of allowable revenue and allowable expenses the AIP determines to be correct for each year in the insured's whole-farm history period.

(11) The WFRP policy may not be cancelled during the first year. The insured or the AIP may cancel a WFRP policy for any insurance year following the first year by giving a signed notice to the other party on or before the cancellation date. A request made by the insured to cancel the policy after the cancellation date will be effective the following insurance year.

(12) When an insured changes person type, such as changing from an individual to a corporation, a new application must be submitted by the new person on or before the SCD. Coverage will continue until the end of the insurance year when a change in person type occurs after insurance has attached for the year. However, the policy will be automatically cancelled as of the cancellation date, and a new application and associated documents must be submitted by the applicable SCD to continue coverage under WFRP.

The insured must be the same person as the person designated on the United States Income Tax form for the year of insurance and all the years in the whole-farm history period.

24 Vertically Integrated and Related Tax Entity

If the applicant's/insured's farm operation is vertically integrated, or the applicant/insured owns or has interest in related tax entities, the applicant/insured must clearly identify and explain the relationship between the entities at the time the application is filed. The AIP must:

(1) Assure that expected values used in the underwriting for these operations are similar to operations that are not vertically integrated.

(2) Assure that post-production expense amounts that are adjusted out of revenue to calculate approved revenue amounts are similar to expenses that other parties in the area would incur.

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25-40 (Reserved)

PART 3 COVERAGE AND REPORTS

Section 1 Coverage Information and Required Reports

41 Basic Information and Commodity Count

(1) Only the insured's allowable revenue is insurable. Insurance does not extend to any person, including any person having a share in the revenue from commodities produced or purchased for resale during the insurance period.

*** Insurance is based on the insured's approved revenue. The insured must provide a Whole-Farm History Report, Farm Operation Report, Inventory Report (if applicable), Market Animal and Nursery Inventory Report (if applicable), PAW (if applicable), and an Accounts Receivable and Accounts Payable Report to the AIP on or before the SCD.

(2) The commodity count calculation is used to determine the number of commodities on the farm for WFRP purposes; and

(a) Determine if a farm with potatoes has at least two commodities to be eligible for WFRP. This is a legislated requirement that there can be no revenue insurance for potatoes unless it is on a 'whole-farm basis.'

(b) Determine if a farm is eligible for higher coverage levels. Refer to the SP statement.

(c) Determine if a farm has only one commodity and that commodity is also insurable under another revenue insurance plan such as Revenue Protection, Revenue Protection with the Harvest Price Exclusion, and the Actual Revenue History plan. In this case the farm is not eligible for WFRP.

(d) Determine which formula on the SP will be used to calculate the farm diversification discount applied to the premium rate. Formulas are based on the number of commodities produced/raised on the farm.

(e) Determine if the farm has two or more commodities, which will receive the whole-farm subsidy. If the farm only has one commodity under this count it will receive the basic subsidy.

(3) The Commodity Count Calculation is calculated as follows:

(a) Determine the number of commodities on the farm. Each separate commodity code on the Farm Operation Report is counted once to determine the number of commodities, regardless of the number of times the commodity code is used;

Example: If two lines are present for cattle with significantly different prices, such as for heifers and steers, and the commodity codes are the same, the expected revenues from these two lines are added together and treated as one commodity.

(b) Divide 1 by the result of (a) and round the result to three decimals.

(c) Multiply the result of (b) by 0.333 and round the result to three decimals; and

(d) Multiply the result of (c) by the Expected Revenue on the Farm Operation Report and round this to whole dollars;

(e) Sum the Expected Revenue for each individual commodity;

(f) Determine how many of the commodities in (e) have Expected Revenue equal to or greater than the result of (d);

(g) Sum the Expected Revenue amounts from the result of (f) and subtract the result from the Total Expected Revenue;

(h) Divide the result of (g) by the result of (d) to determine the number of additional commodities to count using whole numbers and no rounding; and

(i) Add the result of (f) to the result of (h) to determine the commodity count for WFRP.

Example: At SCD, the applicant reported on the Intended Farm Operation Report that corn, mums, geraniums, pigs, carrots, cucumbers, and squash will be produced with a total expected revenue of $170,250. Mums and geraniums have the same commodity code and expected revenue for each are added together and count as one commodity. The expected revenue from each of at least three of the commodities must be at least $9,534 [((1.0 ÷ 6) x 0.333) x $170,250] for the applicant to be eligible for a coverage level above 75 percent (as shown in SP). The expected revenue for each commodity is: $93,750 for corn; $9,500 ($9,000 + $500) for mums and geraniums; $50,000 for pigs; $9,000 for carrots; $6,000 for cucumbers; and $2,000 for squash. Only two commodities (corn and pigs) individually have expected revenue equal to or exceeding the $9,534 commodity count calculation required amount. However, the applicant can combine the expected revenue of any of the other commodities (nursery (mums and geraniums), carrots, cucumbers and squash) to meet the commodity count calculation required amount. The combined revenue for the nursery, carrots, cucumbers, and squash is $26,500 ($9,500 + $9,000 + $6,000 + $2,000), which results in an additional 2 counted commodities ($26,500 ÷ $9,534) bringing the commodity count to 4. The applicant is eligible for a coverage level above 75 percent (as shown in SP).

(4) A farm operation producing multiple commodities with **DIFFERENT** commodity codes is ineligible for WFRP if:

(a) The farm operation qualifies for only ONE commodity using the commodity count calculation in the WFRP policy; and

(b) The commodity listed on the Farm Operation Report with the highest expected revenue has another FCIC Revenue plan of insurance available for the county listed on the WFRP application.

Note: In cases when another FCIC Revenue plan of insurance is available, but the commodity type will always have a harvest price equal to the projected price where only yield losses are covered, such as, but not limited to, specific dry bean or pea types and corn silage, revenue coverage will not be considered available for WFRP purposes and the farm operation may be eligible for WFRP insurance.

(5) A farm operation producing a commodity that is listed on the Farm Operation Report using multiple lines with the **SAME** commodity code is ineligible for WFRP if:

(a) The farm operation qualifies for only **ONE** commodity using the commodity count calculation in the WFRP policy; and

(b) The commodity listed on the Farm Operation Report with highest expected revenue (within the common commodity code) has another FCIC Revenue plan of insurance available for the county listed on the WFRP application.

Note: In cases when another FCIC Revenue plan of insurance is available, but the commodity type will always have a harvest price equal to the projected price where only yield losses are available, such as, but not limited to, specific dry bean or pea types and corn silage, revenue coverage will not be considered available for WFRP purposes and the farm operation may be eligible for WFRP insurance.

Example 1: A farm operation in Carter County, Montana produces wheat (1013) with expected revenue of $100,000, hay (0899) with expected revenue of $10,000, and mixed hay (0670) with expected revenue of $2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. A Revenue Protection policy is available in Carter County, Montana for wheat (the commodity listed on the Farm Operation Report with the highest expected revenue); therefore, this farm operation is ineligible for a WFRP policy.

Example 2: A farm operation in St. Claire County, MI produces two types of dry beans (0047); black beans with expected revenue of $100,000, and pinto beans with expected revenue of $10,000; and mixed hay (0670) with expected revenue of $2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. A Revenue Protection policy is available in this county for black beans (the commodity listed on the Farm Operation Report with the highest expected revenue), so this farm operation is ineligible for a WFRP policy.

Example 3: A farm operation in St. Claire County, Michigan produces three types dry beans (0047); great northern beans with expected revenue of $100,000, pinto beans with expected revenue of $10,000, and black beans with expected revenue of $2,000. The farm operation qualifies for only one commodity based on the commodity count calculation. Great northern beans is the largest revenue producing commodity on this farm and while a Revenue Protection policy is available in this county for most dry bean types, revenue protection is not available in this county for great northern beans (see note above in 41(B)(4)(b)), so the farm is eligible for a WFRP policy.

Note: There are several type codes for dry beans and dry peas under the Dry Bean Revenue and Dry Pea Revenue insurance plans; however, the commodity code for all dry beans under WFRP is 0047 and for all dry peas under WFRP is 0067. Dry beans and dry peas are examples of commodities that the type with the highest expected revenue within the multiple types listed on the Farm Operation Report will be used for determination of WFRP eligibility.

Example 4: A farm operation in Pottawatomie County, Kansas has expected revenue of $100,000 from soybeans for the upcoming year and has a commodity count of one. Because Revenue Protection insurance is available for soybeans in this county, the farm is ineligible for WFRP.

(6) Refer to the WFRP policy for administrative fee amount and payment date. The procedures in the CIH regarding administrative fee waivers and third party prohibitions apply.

42 Coverage Levels

(1) Coverage levels offered under WFRP are provided on the AD.

Insureds:

(a) may elect any amount of coverage they are eligible to receive;

(b) will have only one coverage level per policy;

(c) must have a commodity count as calculated in paragraph 41B that is the minimum number of commodities required for the coverage level selected, as provided in the SP and subparagraph B below;

(d) may change the coverage level, if requested in writing on or before the SCD; and

Exception: Insureds cannot increase their coverage level if any cause of loss that would reduce the allowable revenue for the insurance year is evident prior to the request to change coverage levels.

(e) must select a buy-up coverage level for the any other Federally reinsured policy purchased, unless otherwise stated in the SP, when any of the commodities insured under the WFRP policy will also be insured under another FCIC plan of insurance.

Exception: Buy-up coverage is not required for tree crops when a Federally reinsured tree policy is obtained (i.e., Citrus Trees, Hawaiian Tropical Trees). WFRP insures only the revenue from the fruit of trees, not the trees themselves.

(2) The AIP must reduce the insured's coverage level when the insured does not:

(a) qualify for the coverage level they selected; or

(b) meet coverage level requirements throughout the entire insurance period, unless due to an insured cause of loss.

If a reduction in coverage level is necessary, the insured's coverage level must be reduced to the highest level for which the insured qualifies. All reductions in coverage must include the signature of the insured indicating their understanding of the changes to their guarantee.

43 Replant Payments

A replant payment may be allowed if specified in the SPs. See paragraph 95.

44 Allowable Revenue and Allowable Revenue Worksheet

(1) On or before the SCD, an Allowable Revenue Worksheet must be completed for each year in the whole-farm history period and the lag year for qualifying persons with less than five years in their whole-farm history period. See exhibits 5 and 15 for required elements with descriptions and examples of the Allowable Revenue Worksheet.

(2) Allowable revenue is farm revenue from the production of commodities produced by the farm operation, or purchased for further growth and development by the farm operation, that the IRS requires to be reported. Allowable revenue includes revenue from all insurable commodities.

(3) Allowable revenue for WFRP purposes is limited to the revenue listed in section 10(b) of the policy. These items are directly listed on the Schedule F tax form or Substitute Schedule F so they can be transferred directly from the form onto the Allowable Revenue Worksheet.

(4) Completion of the Allowable Revenue Worksheet is required to show which commodities are allowed from the farm tax forms and what adjustments are necessary.

(5) The AIP must not accept any revenue amount or an adjustment to the revenue amount if the amount reported for WFRP purposes cannot be verified through the use of verifiable records and/or direct marketing sales records.

(6) The following are commonly used IRS tax forms used to report farm revenue and expenses. If forms other than the Schedule F are used, a Substitute Schedule F must be completed. The Substitute Schedule F must result in the same revenue as the alternative tax form used and records must be available to support the Substitute Schedule F to the AIP's satisfaction.

(a) Schedule F (Form 1040), Profit or Loss from Farming. (See exhibit 12 for a completed example)
(b) Schedule J (Form 1040), Income Averaging for Farmers and Fisherman.
(c) Schedule D (Form 1040), Capital Gains and Losses.
(d) Form 4835, Farm Rental Income and Expenses.
(e) Form 1065, U.S. Return of Partnership Income.
(f) Form 1120, U.S. Corporation Income Tax Return.
(g) Form 1120-S, U.S. Tax Return for an S Corporation.
(h) Form 1120-C. U.S. Income Tax Return for Cooperative Associations.
(i) Form 4797, Sales of Business Property.

(7) There are specific types of revenue that are reported on farm tax forms but are not considered insurable revenue. These are listed in section 10(c) of the policy. These items also are directly listed on the Schedule F tax form from the IRS. While such revenue is excluded from allowable revenue and expected revenue, it may be included in revenue-to-count for claim purposes. See paragraph 101 for information regarding adjustments to revenue for claims purposes.

(8) All of the following must be excluded from the allowable revenue in each year of the whole-farm history period, expected revenue for the insurance year, and revenue-to-count for claims:

(a) Revenue from any post-production operations;

(b) Revenue from value added to commodities (such as gift baskets and wine);

(c) Revenue from commodities in which the insured does not have an insurable interest;

(d) Revenue earned from custom hire activities;

(e) Cooperative distributions that are not directly related to the production of a commodity;

(f) Revenue earned as an animal contract grower;

(g) Revenue from wages, salaries, tips, cash rent, rental of equipment or livestock, or supplies;

(h) Revenue from Federal government agricultural programs and Federal crop disaster payments;

(i) Revenue from uninsurable commodities, such as, animals for show or sport, timber, forest, and forest products;

44 Allowable Revenue and Allowable Revenue Worksheet (Continued)

(j) CCC loans and CCC loans forfeited;

(9) All of the following must also be excluded from the allowable revenue in each year of the whole-farm history period and expected revenue for the insurance year. However, all of the following are included in revenue-to-count for claims:

(a) Net gain from commodity hedges;

(b) Value assigned for uninsured cause of loss or abandoned acreage;

(c) Accrual adjustments for beginning and ending accounts receivables and inventories; and

(d) Crop insurance indemnities, prevented planting payments from other FCIC policies, replant payments, and any other federal government program that does not allow multiple benefits;

Example: Insured A has apples insured under WFRP and under a FCIC yield based apple policy. Any indemnity under the yield based apple policy is not included in the allowable revenue however, it is included in revenue-to-count for WFRP.

45 Allowable Expenses and Allowable Expenses Worksheet

(1) On or before the SCD, an Allowable Expenses Worksheet must be completed for each year in the whole-farm history period and the lag year for qualifying persons with less than five years in the whole-farm history period. See exhibits 5 and 14 for required elements with descriptions and examples of the Allowable Expenses Worksheet.

(2) Expenses are used under this policy only to adjust the insured revenue downwards if expenses during the insured year are not equal to at least 70 percent of the approved expenses.

The AIP must not accept any expense amount or an adjustment to the expense amount if the amount reported for WFRP purposes cannot be verified through the use of verifiable records.

(3) Allowable expenses will be listed on the Allowable Expenses Worksheet and for WFRP purposes will be limited to the following expenses:

(a) the cost or basis of animals and other commodities you bought for resale;

(b) car and truck expenses;

(c) chemicals;

(d) conservation expenses;

(e) custom hire (machine work);

(f) depreciation and IRS Section 179 expense deduction not claimed elsewhere (include only the amount of depreciation allowed for animals);

(g) feed purchased;

(h) fertilizers and lime;

(i) freight and trucking;

(j) gasoline, fuel, and oil;

(k) insurance (other than health);

(l) labor hired (less employment credits) exclude shareholder wages, if reported on the corresponding line of the Schedule F;

(m) repairs and maintenance;

(n) seeds and plants purchased;

(o) storage and warehousing;

(p) supplies purchased (exclude those used in post-production operations) see subparagraph C below;

(q) utilities;

(r) veterinary, breeding, and medicine; and

(s) other farm expenses (include only those related to the production of commodities allowed for reporting by the IRS).

(4) Allowable expenses do not include expenses for commodities in which the insured does not have an insurable interest.

(5) Exclude any expenses associated with post-production operations (except do not exclude expenses that are considered market readiness expenses) from the allowable lines of the farm tax forms.

Example 1: A lettuce farm must harvest their lettuce directly into boxes in the field in order to remove the lettuce from the field. The cost of the boxes and labor to harvest and pack the lettuce in the field as it is harvested do not have to be removed from the expenses reported as 'supplies purchased' or 'labor hired' (both allowable expenses).

Example 2: A farm selling to direct markets harvests vegetables and fruits, washing and trimming them at the side of the field and placing in plastic bags or small boxes so they can be transported to market. The cost of the bags, boxes, and labor do not have to be removed from the expenses reported as 'supplies purchased' or 'labor hired' (both allowable expenses).

Example 3: A farm selling pears and apples harvests the fruit, putting them in large bins that are hauled to a processing facility on the farm (bins are retained for re-use during harvesting). The cost of boxes, labor, waxing, and grading at the processing facility are significant costs for these commodities and therefore, do not qualify as the minimum necessary to remove the commodities from the field and make the commodity market ready, and are not performed in or near the field. These costs must be removed from the allowable expenses.

46 Whole-Farm History Report

(1) Insureds must provide the information needed for the AIP to complete the Whole-Farm History Report on or before the SCD for the insurance year.

(2) The Whole-Farm History Report includes the:

(a) allowable revenue and allowable expenses calculated on the Allowable Revenue and Allowable Expense Worksheets in paragraphs 44 and 45 for each year of the whole-farm history period;

Example: The whole-farm history period for the 2016 insurance year is the five consecutive tax years prior to 2015 including 2010, 2011, 2012, 2013, 2014. 2015 is a lag year with no tax records required, except for a qualifying person with less than five years in their whole-farm history period.

(b) sum, simple average, indexed average, and expanded operation values for both the allowable revenue (see paragraph 71) and the allowable expenses (see paragraph 72); and

(c) highest of the simple average, indexed average (if applicable) or expanded operation (if applicable) whole-farm allowable revenue and allowable expenses is entered as the whole-farm historic average revenue and expenses.

See exhibits 5 and 6 for required elements, descriptions of required elements, and an example of a Whole-Farm History Report.

A copy of the applicant's/insured's tax form(s) for each year in the whole-farm history period must be provided with the Whole-Farm History Report. If Substitute Schedule F forms are used, they must also be provided at that time. Allowable Revenue and Allowable Expenses Worksheets will need to be completed for each tax year. See paragraph 51 for more information about required farm tax forms and verifiable information.

47 Use of a Different Person's Tax Returns

(1) An applicant/insured may use the tax records of another person to meet the requirement of providing tax records for the years in the whole-farm history period if the requirements in the policy are met.

The purchase, lease, or inheritance of a farm operation, by itself, is not sufficient for an applicant/insured to use the tax returns of the person from whom they purchased, leased, or inherited an operation. An AIP may approve an applicant/insured's use of a different person's tax returns for the applicable years in the whole-farm history period if:

(a) the applicant/insured purchased, inherited, or leased at least 90 percent of the other person's farm operation, including the land and facilities (e.g. irrigation equipment and systems, greenhouses, and other facilities);

(b) for each year of the other person's tax returns the applicant/insured use, the other person:

(i) Had an insurable interest in all commodities produced on the farm operation the applicant/insured obtained;

(ii) Filed Federal income tax returns for the revenue received from those commodities; and

(iii) Is willing to provide all records necessary under the policy including the Federal income tax returns necessary.

(c) on or before the SCD, the applicant/insured submits to the AIP:

(i) a written request to use the other person's tax returns for the specific years;

(ii) copy of the other person's tax return for each year the applicant/insured uses;

(iii) a completed and signed Whole-Farm History Report that represents the combination of the applicant's/insured's allowable revenue and allowable expenses, and the allowable revenue and allowable expenses of the other person for the applicable tax years; and

(iv) verifiable documentation that:

(A) at least 90 percent of the other person's farm operation was obtained by the applicant/insured and added to their farm operation;

(B) the other person whose tax returns the applicant/insured wishes to use had an insurable interest in all the commodities produced on the farm operation the applicant/insured obtained; and

(d) within 15 calendar days of a request by the AIP, the applicant/insured provides:

47 Use of a Different Person's Tax Returns (Continued)

(i) verifiable documentation that supports the income and expenses on the tax return(s) of the other person; and

(ii) verifiable documentation of all post-production operations related to the other person's farm operation for the tax years the applicant/insured uses.

(2) The AIP may approve the use of a different person's tax records only if:

(a) all requirements in the policy and subparagraph A are met; and

(b) obtaining another farm operation or the change in the person type was not done to avoid any tax law or any program eligibility criteria, including evading the ineligibility for program benefits under 7 C.F.R. part 400, subpart U.

(3) The AIP must notify the applicant/insured whether the use of the different person's tax records is approved or denied within 15 business days after receiving all required information.

(4) If the use of a different person's tax returns is:

(a) approved, the applicant's/insured's allowable revenue and allowable expenses and the other person's allowable revenue and allowable expenses will be combined for the applicable year; or

(b) denied, the applicant's/insured's Whole-Farm History Report and all other applicable reports will be modified to reflect only the approved allowable revenue and allowable expenses of the applicant/insured for each applicable year.

48 Intended Farm Operation Report

(1) The Intended Farm Operation Report is the form on which the insured provides all required information regarding the commodities that will be produced during the insurance year and that the insured can expect to earn or will obtain revenue from during the insurance period.

Insureds must provide an Intended Farm Operation Report to the AIP on or before the SCD for the insurance year.

(2) The Farm Operation Report will include a list of all commodities to be produced during the year. The following apply to the Farm Operation Report:

(a) Commodity codes can be found in the AD. If the AIPs find a commodity is missing from a county list they should use the most applicable "Other" commodity code such as, Other Fruits. If the commodity is widely grown, notify the RMA Regional Office for their region.

(b) The expected value section of the policy must be used to determine the best local market value for each commodity and the source of the expected value should be noted on the Farm Operation Report.

(c) Commodities produced on Native Sod must be listed on a separate line on the Farm Operation Report.

(d) Commodities with multiple expected values, such as organic and non-organic, may be listed on multiple lines on the Farm Operation Report.

(e) Commodities listed on multiple lines with the same commodity code will be submitted to RMA as one line that is summed with prices calculated as a weighted average.

(f) AIPs must monitor how commodity counts are calculated since the commodity count forms the basis of the insurance.

(g) Premium rating for WFRP is based on the commodities grown and the amount of each commodity grown. Premium rates are calculated for each individual farm and are based on the Revised Farm Operation Report so it is important to report accurately. When commodities or amounts of commodities change on a revised report (compared to the Intended Report), the approved revenue, premium rate, and premium will change.

(h) The Whole-Farm Historic Average Revenue and Expenses from the Whole-Farm History Report are carried forward to the Farm Operation Report. Total Expected Revenue from all commodities on the Farm Operation Report is summed. The approved revenue is determined as the lesser of the Whole-Farm Historic Average Revenue or the Total Expected Revenue from the Intended Farm Operation Report.

(i) The AIP identifies farm operations that are vertically integrated or has related operations and if there are post-production expenses that were removed.

(j) The AIP should note any condition or change that will affect the approved revenue compared to the whole-farm historic average revenue, including but not limited to any IRS reporting changes, such as a change in accounting methods, tax year, or person type.

See exhibit 10 for example of Farm Operation Report submitted at SCD and revised during the insurance year.

(3) The total number of acres of the same commodity planted and harvested more than once in the insurance year must be reported on the Farm Operation Report.

Example: Insured A intends to plant and harvest lettuce on the same five acres two separate times during the insurance year. This is a normal practice for the insured and is considered a GFP for the area. Insured A would report they intend to plant 10 acres of lettuce on the Farm Operation Report.

(4) The expected value provided on the Farm Operation Report for a commodity that was purchased for resale must not include the cost, or other basis, of the commodity. See exhibit 18 for guidelines on determining expected value.

Important: If the insured derives more than 50 percent of allowable revenue from commodities purchased for resale, they are not eligible for WFRP insurance.

(5) Each commodity the applicant/insured intends to produce or purchase for resale or already has produced or purchased for resale for the insurance year must be listed on a separate line on the Farm Operation Report. If a commodity has significantly different yields or expected values, the AIP must list it multiple times on the Farm Operation Report. The commodity information will be summarized to report the data associated with each commodity code. Each commodity has a separate commodity code for reporting, rating, and underwriting purposes.

The RMA processing system will not accept multiple line items for the same commodity. Therefore, separate line items of the same commodity must be summarized by the AIP for data reporting.

Example: Insured A intends to plant 10 acres of onions with a yield of 4 tons per acre for one price and 2 tons per acre for a substantially different price. Production from 7 acres will be sold to a processor with an expected value of $150/ton, and the remaining production from 3 acres will be sold in the fresh market with an expected value of $190/ton. The onions must be reported on separate lines on the Farm Operation Report because of the substantially different expected values of the production. However, only one line item for onions that represents the combined separate lines is transmitted to the RMA processing system. Insured A's Farm Operation Report for onions would appear as follows.

Intended							
6. Commodity Name/Code	7. Method of Establishment	8. Yield per Unit	9. Expected Value per Unit	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B=
Onions/0013	Acres	4.0 tons	$150.00/ton	$600	7.0 ac.		$4,200
Onions/0013	Acres	2.0 tons	$190.00/ton	$380	3.0 ac.		$1,140

To summarize multiple lines for one commodity code use the following calculation:

(a) Sum the Total Expected Revenues;

(b) Sum the Intended Quantities;

(c) Divide the result of (1) by the result of (2) to determine the Expected Revenue (round result to the nearest whole dollar);

(d) Use a weighted average, as shown in the example below, to determine the Expected Value per Unit; and

(e) Divide the result of (3) by the result of (4) to determine the Yield per Unit (round the result to one decimal).

48 Intended Farm Operation Report (Continued)

Example: Sum of Total Expected Revenues: $5,340 ($4,200 + $1,140)
Sum of Intended Quantities: 10.0 acres (7.0 + 3.0)
Reported Expected Revenue: $534 ($5,340 ÷ 10.0)
Weighted Average of Expected Values: $162 (($150 x 7 ac) + ($190 x 3 ac))/10 ac
Reported Yield per Unit: 3.3 tons ($534 ÷ $162)

The data transmitted to RMA processing system would be as follows:

Intended							
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B
Onions	Summarized	3.3 tons	$161.00/ton	$534	10.0 acres		$5,340

(6) Any condition or change on the farm that has occurred since the Whole-Farm history period must be reported on the Farm Operation Report. Such conditions and changes include, but are not limited to:

(a) change in the size of the farm operation;
(b) removal or planting of perennial commodities/trees;
(c) land renovations, such as bog renovation;
(d) changes in farming practices, including organic transitional or organic;
(e) changes in farm management or accounting methods;
(f) change in tax year;
(g) change in person type, such as changing from a partnership to a corporation;
(h) change in the commodities produced or purchased for resale;
(i) change in the share of commodities produced or purchased for resale;
(j) changing marketing methods or markets, such as wholesale, retail, or direct; and
(k) damage to perennial crops occurring prior to beginning of the insurance year.

Any of the above changes could result in changes to the expected revenue for the insurance year and must be reflected on the Farm Operation Report.

49 Revised Farm Operation Report

(1) A revised Farm Operation Report must be submitted during the insurance year, similar to an acreage report, to reflect the activities that actually occurred on the farm. The Revised Farm Operation Report is due:

(a) No later than July 15 of the insurance year if the insured is a calendar or early fiscal year filer;

(b) The last day of the month in which the insured's fiscal year begins, but no later than October 31 if the insured is a late fiscal year filer; or

(c) Within 30 days of the insured making changes to the commodities grown on the farm or purchased for resale after the Revised Farm Operation Report is completed. The Revised Farm Operation Report may only be revised later, with AIP approval and must exclude any changes to revenue resulting from a covered cause of loss.

(2) The purpose of a Revised Farm Operation Report is to report information about changes to the farm operation after the Farm Operation Report was initially submitted. The revised Farm Operation Report must include:

(a) commodities that were actually planted or purchased for resale;

(b) commodities that were intended to be produced or purchased for resale but will not be produced or purchased for resale, such as in the case of prevented planting, and the reason they were not produced or purchased for resale;

(c) commodities produced or purchased for resale that were not intended to be produced or purchased for resale when the Farm Operation Report was initially submitted;

(d) damaged commodities, and the reason for the damage;

(e) commodities produced to replace commodities damaged or prevented from being produced; and

(f) any circumstances that will affect the expected revenue, including, but not limited to, a renegotiated price with a buyer or changes in production or irrigation practices.

See exhibit 10 for an example of the Farm Operation Report that includes the Intended, Revised, and Final sections.

(3) When a commodity is insured under WFRP and another FCIC plan of insurance, the acreage and expected yield reported on the Farm Operation Report should generally be the same as the acreage and yield for the commodity covered under the other FCIC plan of insurance. Any difference of acreage and yield between the two plans of insurance must be justified, reasonable, and documented. If any difference is not justified, reasonable, and documented, refer to section 15(j) in the WFRP policy.

(4) The expected quantity and revenue of commodities the insured intends to produce during the insurance year, but that have not yet been produced the date the Farm Operation Report is initially submitted (on or before the required reporting date as stated in subparagraph A above), are identified in the "Intended" columns of the Farm Operation Report. If those commodities are actually produced, these numbers will be carried forward to the Revised Farm Operation Report.

The following table provides instructions for determining the quantity and expected revenue to enter on the Revised Farm Operation Report. See exhibit 10 for example of Farm Operation Report submitted at required reporting date and revised during the insurance year.

<table>
<tr><th>IF a commodity identified in the “Intended” column of the Farm Operation Report on SCD is …</th><th>AND …</th><th>THEN …</th></tr>
<tr><td>planted, produced or purchased for resale, at the time the Revised Farm Operation Report is submitted</td><td>no changes are made and the intended report is still correct as to what is being produced and what was purchased for resale</td><td rowspan="2">The numbers pertaining to the quantity planted, produced, or purchased for resale and expected revenue from the Intended Section of the Farm Operation Report are carried forward to the Revised Section.

Refer to Example 1 below.</td></tr>
<tr><td rowspan="2">not planted, produced or purchased for resale at the time the Revised Farm Operation Report is submitted</td><td>the insured still intends to plant, produce, or purchase for resale, the same amount of the commodity in the insurance year</td></tr>
<tr><td>the insured does not intend to plant, produce, or purchase for resale all of the commodity due to a farm management decision or an uninsured cause of loss</td><td>Line through and do not carry forward any information regarding the commodity not planted, produced, or purchased for resale.

Refer to Example 2 below.</td></tr>
<tr><td>not planted, produced or purchased for resale at the time the Revised Farm Operation Report is submitted (continued)</td><td>the insured intends to plant, produce, or purchase for resale only a portion of the commodity due to a farm management decision or an uninsured cause of loss</td><td rowspan="2">(1) the actual quantity of the commodity to be planted, produced, or purchased for resale is entered in the Revised Section of the Farm Operation Report; and

(2) the expected revenue is calculated using the quantity from (1) and entered in the Total Expected Revenue column in the Revised Section of the Farm Operation Report.

Refer to Example 2 below.</td></tr>
<tr><td>planted, produced or purchased for resale, at the time the Revised Farm Operation Report is submitted</td><td>changes were made to the quantity planted, produced, or purchased for resale due to farm management decisions</td></tr>
</table>

IF a commodity identified in the "Intended" column of the Farm Operation Report on SCD is …	AND …	THEN …
not planted at the time the Revised Farm Operation Report is submitted	(1) the AIP verifies the failure to plant was due to an insured cause of loss; and (2) the commodity will be replaced by a different commodity in the insurance year	(1) the quantity, from the Intended Section, of the commodity not planted is entered in the "Actual Quantity" column of the Revised Farm Operation Report for the commodity; (2) the quantity and expected revenue of the replacement commodity, with expected value calculated as of the date of planting or purchase, is entered in the "Actual Quantity" and "Expected Revenue" columns, respectively, of the Revised Farm Operation Report for the replacement commodity; and (3) the expected revenue of the commodity not produced in (1) is reduced, to not less than zero, by the expected revenue of the replacement commodity, and the reduced amount is entered in the "Expected Revenue" column of the Revised Farm Operation Report for the commodity not produced (or with reduced production and replacement); and the expected revenue of the replacement commodity is entered in full along with the acres/head, etc., of the replacement commodity. The expected value of the replacement commodity will be as of the date the commodity was planted or purchased for further growth or purchased for resale. Refer to Example 3 below.
not produced (or reduced production) at the time the Revised Farm Operation Report is submitted; or planted but was damaged prior to harvest and prior to the time the Revised Farm Operation Report is submitted	(1) the AIP verifies that the failure to produce or the damage was due to an insured cause of loss; and (2) the commodity will not be replaced by a different commodity in the insurance year	the numbers pertaining to the quantity produced and expected revenue from the Intended Section Report are carried forward to the Revised Section of the Farm Operation Report. Refer to Example 5 below.

49 Revised Farm Operation Report (Continued)

IF a commodity identified in the "Intended" column of the Farm Operation Report on SCD is …	AND …	THEN …
not produced (or reduced production) at the time the Revised Farm Operation Report is submitted; or planted but was damaged prior to harvest and prior to the time the Revised Farm Operation Report is submitted (continued)	(1) the AIP verifies failure to produce or the damage to the commodity was due to an insured or uninsured cause of loss; and (2) the commodity is or will be replaced a different commodity in the insurance year	(1) the quantity, from the Intended Section, of the commodity not produced is entered in the "Actual Quantity" column of the Revised Farm Operation Report for the commodity; (2) the quantity and expected revenue of the replacement commodity, with expected value calculated as of the date of planting or purchase, is entered in the "Actual Quantity" and "Expected Revenue" columns, respectively, of the Revised Farm Operation Report for the replacement commodity; and (3) the expected revenue of the commodity not produced in (1) is reduced, to not less than zero, by the expected revenue of the replacement commodity, and the reduced amount is entered in the "Expected Revenue" column of the Revised Farm Operation Report for the commodity not produced (or with reduced production and replacement); and the expected revenue of the replacement commodity is entered in full along with the acres/head, etc., of the replacement commodity. The expected value of the replacement commodity will be as of the date the commodity was planted or purchased for further growth or purchased for resale. Refer to Example 4 below. Note: Any expected revenue lost due to an uninsured cause of loss will be considered revenue to count for claims purposes.
planted but was damaged prior to harvest and prior to the time the Revised Farm Operation Report is submitted	(1) the AIP verifies the damage to the commodity was due to an uninsured cause of loss; and (2) the commodity was or was not replanted, or will not be replaced by a different commodity in the insurance year	the numbers pertaining to the quantity and expected revenue of the damaged commodity from the Intended Section Report are carried forward to the Revised Section of the Farm Operation Report. Refer to Example 4 below. Note: Any expected revenue lost due to an uninsured cause of loss will be considered revenue to count for claims purposes.

IF a commodity identified in the "Intended" column of the Farm Operation Report on SCD is …	AND …	THEN …
changed after the date the Revised Farm Operation Report is due, except those resulting from a covered cause of loss	(1) the insured reports this within 30 days, as required after the change to the AIP; and (2) the AIP consents that a revision to the Revised Farm Operation Report should be made	the AIP may revise the Revised Farm Operation Report with the revised commodities or commodity amounts. Expected values will be as of the date the commodity was planted or purchased for further growth or purchased for resale. This change assures that the farm operation will not be over-insured and that the premium rates charged will be appropriate for what was produced.
changed after the date the Revised Farm Operation Report is due, except those resulting from a covered cause of loss (continued)	(1) The insured reports this within 30 days, as required after the change to the AIP; and (2) the AIP does not consent that a revision to the Revised Farm Operation Report should be made.	no revisions are made to the Revised Farm Operation Report and all revenue will count as revenue to count, even if the commodity is not listed on the Revised Farm Operation Report.

Example 1: A producer intends to produce 125 acres of corn and 100 acres of soybeans this insurance year and submitted such on the Intended Farm Operation Report. At Revised time the producer has planted the 125 acres of corn and still intends to plant the 100 acres of soybeans. The same quantity and expected revenue from the Intended Section is carried forward to the Revised Section on the Farm Operation Report for both the corn and soybeans.

Intended								**Revised**		
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B)	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue
Corn/0041	Acres	150 bu.	$5.00/bu.	$750.00/ac.	125 ac.		$93,750	125 ac.		$93,750
Soybeans/	Acres	100 bu.	$6.00/bu.	$600.00/ac.	100 ac.		$60,000	100 ac.		$60,000
21. Narrative, Expected Values, and Report of Changes: Corn; expected value source AMS at Intended time. Soybeans; expected value source 18(a)(1)(iii)(A) at Intended time; producer still intends to plant..										

Example 2: A producer intends to produce 125 acres of corn, 100 acres of soybeans and 50 acres of wheat during this insurance year and submits such on the Intended Farm Operation Report. At Revised time the producer has not planted any corn and planted only 40 acres of wheat due to a farm management decision. 50 acres of soybeans were not planted due to a verified uninsured cause of loss and 50 acres of soybeans were planted. The commodity information for the corn is lined through in the Intended Section and nothing is carried forward to the Revised Section of the Farm Operation Report. The actual quantity planted and calculated expected revenue for the soybeans and wheat is entered in the Revised Section of the Farm Operation Report.

Intended								**Revised**		
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B)	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue
~~Corn/0041~~	~~Acres~~	~~150 bu.~~	~~$5.00/bu.~~	~~$750.00/ac.~~	~~125 ac.~~		~~$93,750~~			
Soybeans/	Acres	100 bu.	$6.00/bu.	$600.00/ac.	100 ac.		$60,000	50 ac.		$30,000
Wheat	Acres	75 bu.	$4.00/bu.	$300.00/ac.	50 ac.		$15,000	40 ac.		$12,000
21. Narrative, Expected Values, and Report of Changes: Corn; expected value source AMS at Intended time; producer no longer intends to plant corn with no replacement commodity. Soybeans; expected value source AMS at Intended time; 50 acres not planted due to uninsured cause of loss; 50 acres planted and actual quantity with calculated expected revenue of $30,000.										

Example 3: A producer intends to produce 125 acres of corn during the insurance year. At Revised time the producer has not planted the corn due to an insured cause of loss. The unplanted acres will be planted to soybeans, with a yield of 100 bushels per acre and an expected value of $6.00 per bushel at the time of planting. The quantity of corn is carried forward from the Intended Section to the Revised Section of the Farm Operation Report. The replacement commodity (soybeans) is added to the Farm Operation Report using the expected value at the time of planting. The Total Expected Revenue of the corn will be entered as $18,750 which is the total expected revenue of corn adjusted by the total expected revenue of soybeans.

Intended								**Revised**		
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue
Corn/0041	Acres	150 bu.	$5.00/bu.	$750.00/ac.	125 ac.		$93,750	125 ac.		$18,750
Soybeans/	Acres	100 bu.	$6.00/bu.	$600.00/ac.				125 ac.		$75,000
21. Narrative, Expected Values, and Report of Changes: Corn; expected value source AMS at Intended time; producer did not plant corn due to insured cause of loss; carried forward quantity (125 ac.), Total Expected Revenue calculated $93,750 (corn)- $75,000 (soybeans) = $18,750. Soybeans; 125 acres planted 15 May 2015; expected value source AMS on plant date.										

Example 4: A producer intends to produce 125 acres of corn and 100 acres of soybeans during this insurance year and submits such on the Intended Farm Operation Report. At the time the Revised Farm Operation is due the producer has planted the 125 acres of corn, but 50 acres was damaged due to an uninsured caused of loss. The 100 acres of the soybeans were planted, and all 100 acres was damaged prior to harvest from the same uninsured cause of loss that damaged the corn. The 50 acres of damaged corn will be replaced with buckwheat, with an expected yield of 75 bushels per acre and an expected value of $4.00/bushel at the time of planting. The soybeans will not be replaced. The quantity of corn and the quantity and expected revenue of soybeans are carried forward from the Intended Section to the Revised Section of the Farm Operation Report. The replacement commodity (buckwheat) is added to the Farm Operation Report using the expected value at the time of planting. The Total Expected Revenue of the corn will be entered as $78,750 which is the total expected revenue of corn adjusted by the total expected revenue of buckwheat.

Intended								**Revised**		
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue Revenue (10x11A) – 11B	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue
Corn/0041	Acres	150 bu.	$5.00/bu.	$750.00/ac.	125 ac.		$93,750	125 ac.		$78,750
Soybeans	Acres	100 bu.	$6.00/bu.	$600.00/ac.	100 ac.		$60,000	100 ac.		$60,000
Buckwheat	Acres	75 bu.	$4.00//bu.					50 ac.		$15,000
21. Narrative, Expected Values, and Report of Changes: Corn; expected value source AMS at Intended time; 50 ac. damaged due to uninsured cause; carried forward quantity (125 ac.), Total Expected Revenue calculated $93,750 (corn) - $15,000 (wheat) = $78,750. $15,000 (uninsured cause of loss) considered revenue to count at claim time; replaced 50 ac. with buckwheat planted on 15 May 2015 expected value source AMS on plant date. Soybeans; expected value source AMS at Intended time; 100 ac. planted and damaged due to uninsured cause of loss prior to harvest; carried forward intended; $60,000 (uninsured cause of loss considered revenue to count at claim time).										

Example 5: A producer intends to produce 125 acres of corn and submits such on the Intended Farm Operation Report. The producer planted the corn and it was damaged by an insured cause of loss prior to harvest and prior to the time the Revised Farm Operation Report is due. The producer will not replant nor replace the corn. The same quantity and expected revenue from the Intended Section will be carried forward to the Revised Section of the Revised Farm Operation Report.

Intended								**Revised**		
6. Commodity Name/Code	7. Method of Establishment	8. Yield/Unit of Measure	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue
Corn/0041	Acres	150 bu.	$5.00/bu.	$750.00/ac.	125 ac.		$93,750	125 ac.		$93,750
21. Narrative, Expected Values, and Report of Changes: Corn; expected value source AMS. 125 acres damaged by an insured cause of loss.										

(5) The Approved Revenue cannot exceed $8.5 million divided by the coverage level elected by the insured. If this occurs the Approved Revenue will be capped. Any applicable Animal/Animal Products and Nursery/Greenhouse limitations must be calculated prior to applying the Approved Revenue limit (See paragraph 143F). Regardless of any limitation, all allowable revenue earned during the insurance year will be considered revenue to count.

Example: At the time the Revised Farm Operation Report is due, the Approved Revenue is $12,000,000. The insured has elected the 85 percent coverage level. $8,500,000 divided by .85 equals $10,000,000, so the Approved Revenue for this farm is capped at $10,000,000. Insured Revenue will equal $8,500,000 and all revenue earned during the insurance year will be considered revenue to count.

50 Final Farm Operation Report

The total production for each commodity produced or purchased for resale in the insurance year, and the revenue actually received, or the expected value as of the last day of the insurance period if the production was not sold, must be provided:

(1) in the "Final" columns of the Farm Operation Report; and

(2) at the earlier of the time a claim is submitted for indemnity or the SCD of the subsequent insurance year, unless this is not required as specified in the SP. If the final report is not provided, the insured will be limited to a 65 percent coverage level for the next insurance year.

51 IRS Tax Forms and Verifiable Records and/or Direct Marketing Sales Records

A. IRS Tax Forms

(1) Copies of the applicable IRS tax form(s), such as Schedule F, Form 1040, Form 1120, Form 1041, Form 1065, Form 1102S, and Form 4835, must be provided to the AIP for each tax year in the whole-farm history period.

The AIP must request verifiable records and/or direct marketing sales records to verify the allowable revenue and allowable expenses on the Whole-Farm History Report when the AIP has reason to believe the farm tax form(s) do not provide adequate documentation of revenue or expenses for WFRP purposes. In such cases, the AIP must not accept any Whole-Farm History Report if the allowable revenue for any year cannot be verified through the requested verifiable records and/or direct marketing sales records.

(2) Persons who do not file a Schedule F tax form must report and certify allowable revenue and expenses in the same manner as provided on a Schedule F tax form using a Substitute Schedule F. The person must use the same accounting period when completing the Substitute Schedule F as was used on the farm tax form they filed with the IRS for the applicable year.

A. IRS Tax Forms (continued)

In addition to the Substitute Schedule F, such persons must provide:

(a) the farm tax forms filed with the IRS; and

(b) verifiable records or direct marketing sales records for each year no Schedule F tax form was filed

The AIP must not accept any Whole-Farm History Report that does not include or is not supported by a Substitute Schedule F and associated verifiable records or direct marketing sales records if no Schedule F tax form was filed.

See exhibit 13 for an example of a Substitute Schedule F.

B. Verifiable Records

Verifiable records include:

(1) Third party verifiable documentation, which may include, but is not limited to, accounting records, farm management records, warehouse receipts, ledger sheets, sales receipts/records, settlement sheets, accounts paid, payroll receipts, copies of payments made to the Social Security Administration for tax payments, canceled checks showing the banking institution's stamp of payment, and feeding records.

Verifiable records regarding the buying or selling of a commodity, except those that are considered direct marketed, must include the:

(a) name of the commodity;
(b) name of buyer, seller, store house, or marketing outlet, as applicable; and
(c) date and year of transaction.

(2) Direct marketing sales records may include contemporaneous records developed at the same time of the sale of a commodity (e.g., farmers market, roadside stand, etc.). Such contemporaneous records may include daily receipts, etc. If the insured sells commodities through direct marketing, the contemporaneous records used to determine taxes paid on the Schedule F farm tax form must be provided to the AIP.

Direct marketing sales records regarding the selling of commodities sold directly to the consumer must include:

(a) insured’s name;
(b) date;
(c) Name of the market;
(e) total cash receipts; and
(f) listed names of the commodities sold;

51 IRS Tax Forms and Verifiable Records and/or Direct Marketing Sales Records (Cont.)

B. Verifiable Records (continued)

For final production reporting, direct marketing sales records must include at a minimum:

(a) estimated percent of total cash receipts for each commodity sold; and
(b) revenue per commodity received; or

For use of establishing a three year average to use for expected values:

(a) amount of each commodity taken to market;
(b) amount of each commodity returned from the market;
(c) amount of each commodity sold;
(d) prices per commodity sold on the date of market; and
(e) revenue received for each commodity.

Refer to exhibit 19 for an example direct marketing sales records.

(3) For entities that are not required to file federal tax forms (e.g., tribal entities):

(a) The entity must have filed reports with another entity supported by verifiable records and/or direct marketing sales records that are determined to be sufficient to develop a Substitute Schedule F for each year in the whole-farm history period; and

(b) The reports used to develop the Substitute Schedule F will be considered the farm tax forms for WFRP purposes.

The AIP must not accept any revenue amount or an adjustment to the revenue amount if the amount reported for WFRP purposes cannot be verified through the use of verifiable records.

52 WFRP Database

An insured's WFRP database consists of their revenue and expense history for the five consecutive tax years prior to the tax year immediately preceding the insurance year.

Example: The five consecutive years of revenue and expense history in a database for the 2016 insurance year are 2010 through 2014. There is always a lag year before the insurance year.

The revenue and expense history for a tax year must remain in the database until the tax year is outside the five year whole-farm history period, or it is determined the revenue or expenses for a tax year must be corrected.

53 Premium Calculation and Subsidy

(1) The county with the largest amount of expected revenue on the farm is the county that should be listed on the application and Farm Operation Report. Premium rates from this county will be used to determine premium under WFRP. Calculate the WFRP premium according to the Section 14 of the WFRP policy. See the Detail Worksheet of the Cost Estimator on the RMA website for an example.

(2) If insured purchases or has purchased individual Federal crop insurance policies issued under the authority of the Act, the insured revenue will be adjusted to reflect these purchases for premium calculations only.

(3) Do not include the liability for commodities such as pasture and rangeland insured under the Rainfall Index or Vegetation Index policies because these commodities are not insured under the WFRP Policy.

(4) The subsidy amount will be based on the commodity count determined by the commodity count calculation and the table specified in the AD. If a farmer or rancher qualifies as a BFR, the subsidy amount will be an additional ten percentage points and no administrative fee will be due.

(5) The premium subsidy for acres on native sod will be calculated in accordance with the reduced amount of subsidy allowed for native sod acres.

54-70 (Reserved)

Section 2 Revenue and Expense Calculations

71 Revenue

*** (1) To calculate the average revenue:

(a) For a qualifying person with five years of farm tax forms in their whole-farm history period:

(i) sum the allowable revenue for each year in the whole-farm history period; and
(ii) divide the result of (i) by five (rounded to the nearest whole dollar).

Example: Insured A has the following allowable revenue: $130,500 for 2010; $149,500 for 2011; $112,000 for 2012; $139,600 for 2013; and $160,360 for 2014. Insured A's average revenue is $138,392 [($130,500 + $149,500 + $112,000 + $139,600 + $160,360) ÷ 5].

(b) For a qualifying person with four years of farm tax forms in their whole-farm history period:

(i) determine the allowable revenue for the lag year using the insured's Schedule F or Substitute Schedule F (if applicable) and the Allowable Revenue Worksheet;

Note: The insured must provide their farm tax forms, and other signed tax forms as requested by the AIP, for the lag year not later than 60 days after they are filed with the IRS.

(ii) sum the allowable revenue for each year in the whole-farm history period;
(iii) add the result of (i) to the result of (ii); and
(iv) divide the result of (iii) by five (rounded to the nearest whole dollar).

Example: Insured B did not earn any farm revenue during the 2014 insurance year due to an illness. The insured did earn farm revenue during the 2015 insurance year which is considered the lag year. The insured has the following allowable revenue: $160,360 for 2015 (lag year), $130,500 for 2010; $149,500 for 2011; $112,000 for 2012; $139,600 for 2013. Insured B's average revenue is $138,392 [($160,360 + $130,500 + $149,500 + $112,000 + $139,600) ÷ 5].

(c) For a person qualifying as a BFR with three years of farm tax forms in their whole-farm history period:

(i) determine the allowable revenue for the lag year using the insured's Schedule F or Substitute Schedule F (if applicable) and the Allowable Revenue Worksheet;

Note: The insured must provide their farm tax forms, and other signed tax forms as requested by the AIP, for the lag year not later than 60 days after they are filed with the IRS.

(ii) determine the lowest allowable revenue from the three years in the whole-farm history period and the result of (i);

(iii) sum the allowable revenue for each year in the whole-farm history period;

(iv) add the results of (i) and (ii) to the result of (iii); and

(v) divide the result of (iv) by five (rounded to the nearest whole dollar).

Example: Insured C is a BFR with three years of tax records for 2012-2014. The insured also has farm revenue for the 2015 insurance year which is considered the lag year. The insured has the following allowable revenue: $149,500 for 2015 (lag year); $112,000 for 2012; $139,600 for 2013; and $160,360 for 2014. The lowest allowable revenue from the whole-farm history period and the lag year is $112,000 (2012). Insured C's average revenue is $134,692 [($149,500 + $112,000 + $112,000 + $139,600 + $160,360) ÷ 5].

(2) Indexed average revenue may be calculated for persons with increasing revenue to determine if increased coverage is applicable. Not all persons qualify to use indexed average revenue. If qualified, the insured must choose whether or not to use the indexed average revenue. Document the insured's choice in the Narrative Section of the Farm Operation Report. To qualify for indexed average revenue, the insured must have five years of farm tax forms in their whole-farm history period and the allowable revenue for either of the two most recent tax years in the whole-farm history period must be greater than the average allowable revenue calculated for the whole-farm history period.

The following table provides the steps for calculating indexed average revenue. The person's average expenses must also be indexed if the insured chooses to use the revenue trend factor calculated in step three and it is greater than 1.000. See paragraph 72B for calculating indexed average expenses.

Step	Action
1	Divide the allowable revenue for each tax year in the whole-farm history period by the allowable revenue from the previous tax year. There is no calculation for the first year in the whole-farm history period because there is no previous tax year. Round the result to three decimal places. For WFRP purposes, the result is capped at 1.200 and cupped at 0.800. **Example**: Insured A has the following allowable revenue: $130,500 for 2010; $149,500 for 2011; $112,000 for 2012; $139,600 for 2013; and $160,360 for 2014. The following is the result of the first step in the indexed average revenue calculation by year. 2011 = 1.146 ($149,500 ÷ $130,500) 2012 = 0.749 ($112,000 ÷ $149,500) (cupped at .800) 2013 = 1.246 ($139,600 ÷ $112,000) (capped at 1.200) 2014 = 1.149 ($160,360 ÷ $139,600)

Step	Action
2	Sum the results for each year obtained in step 1, then divide the total by four. Round result to three decimal places. For WFRP purposes, the result is floored at 1.000. **Example**: Continuing the example in step 1, including the cup and cap routines, the result of the second step in the indexed average revenue calculation is 1.074 [(1.146 + 0.800 + 1.200 + 1.149) ÷ 4].
3	Raise the result of step 2 to the fourth power to obtain the revenue trend factor. Round result to three decimal places. **Example**: Continuing the example in step 1, the result of the third step in the indexed average revenue calculation is 1.331 (1.074 x 1.074 x 1.074 x 1.074).
4	Multiply the revenue trend factor calculated in step 3 by the average allowable revenue. Round result to nearest whole dollar. The result is the indexed average revenue. **Example**: Continuing the example in step 1, Insured A's indexed average revenue is $184,200 (1.331 x $138,392). See subparagraph B for determining average revenue of $138,392.

(3) Expanded operation average revenue will be calculated for all applicants/insureds when the insured provides documentation indicating their operation is physically expanding either by adding production capacity to their farm operation or increasing the use of existing production capacity (i.e., added land, increase in animals produced, addition of a greenhouse, change in planting density, production practice change, additional contracts, new orchard coming into production, etc.) and is approved by the AIP.

Expanded operation adjusted revenue is calculated by multiplying the average allowable revenue by the expanded operation adjustment factor. Round the result to the nearest whole dollar. The person's average expenses must also be adjusted. See paragraph 72C for calculating the expanded operation average expenses.

The expanding operation adjustment factor will be calculated by:

(a) adding the amount of expected revenue from the physical expansion of the farm operation, as determined by the AIP, to the average allowable revenue; and

(b) dividing the result of (a) by the average allowable revenue, rounded to two decimal places, not to exceed 1.35.

(4) The applicant's/insured's whole-farm historic average revenue is the highest of their:

(a) simple average;
(b) indexed average revenue (if applicable); or
(c) expanded operation adjusted revenue (if applicable).

71 Revenue (Continued)

The whole-farm historic average revenue is then entered on the Farm Operation Report.

(5) The Total Expected Revenue is determined by the commodities listed on the Farm Operation Report and valued using the Expected Value Guidelines in exhibit 18. The Total Expected Revenue is used in determining premium amount and approved revenue.

(6) The approved revenue is determined by the AIP, and is used to calculate the WFRP coverage amount and premium.

The approved revenue is determined on the Farm Operation Report and is the lesser of the:

(a) total expected revenue; or
(b) whole-farm historic average revenue.

72 Expenses

*** (1) To calculate the average expenses:

(a) For a qualifying person with five years of farm tax forms in their whole-farm history period:

(i) sum the allowable expenses for each year in the whole-farm history period; and
(ii) divide the result of (i) by five (rounded to the nearest whole dollar).

Example: Insured A has the following allowable expenses: $83,500 for 2010; $109,660 for 2011; $83,500 for 2011; $73,900 for 2013; and $110,370 for 2014. Insured A's average expenses is $92,186 [($83,500 + $109,660 + $83,500 + $73,900 + $110,370) ÷ 5].

(b) For a qualifying person with four years of farm tax forms in their whole-farm history period:

(i) determine the allowable expenses for the lag year using the insured's Schedule F or Substitute Schedule F (if applicable) and the Allowable Expenses Worksheet;

Note: The insured must provide their farm tax forms, and other signed tax forms as requested by the AIP, for the lag year not later than 60 days after they are filed with the IRS

(ii) sum the allowable expenses for each year in the whole-farm history period;

(iii) add the result of (i) to the result of (ii); and

(iv) divide the result of (iii) by five (rounded to the nearest whole dollar).

Example: Continuing with the same example in paragraph 71(1)(b), insured B did not incur any farm expenses during the 2014 insurance year due to an illness. The insured did incur farm expenses during the 2015 insurance year which is considered the lag year. The insured has the following allowable expenses: $110,370 for 2015 (lag year),); $83,500 for 2010; $109,660 for 2011; $83,500 for 2012; $73,900 for 2013. Insured B's average expenses are $92,186 [($110,370 + $83,500 + $109,660 + $83,500 + $73,900) ÷ 5].

(c) For a qualifying person with three years of farm tax forms in their whole-farm history period:

(i) determine the allowable expenses for the lag year using the insured's Schedule F or Substitute Schedule F (if applicable) and the Allowable Expenses Worksheet;

Note: The insured must provide their farm tax forms, and other signed tax forms as requested by the AIP, for the lag year not later than 60 days after they are filed with the IRS

(ii) sum the allowable expenses for each year in the whole-farm history period;

(iii) add the result of (i) and (ii) to allowable expenses that correspond to the allowable revenue determined in paragraph 71(1)(c)(ii); and

(iv) divide the result of (iv) by five (rounded to the nearest whole dollar).

Example: Continuing with the same example in paragraph 71(1)(c), insured C is a BFR with three years of tax records for 2012-2014. The insured also has farm expenses for the 2015 insurance year which is considered the lag year. The insured has the following allowable expenses: $109,660 for 2015 (lag year); $83,500 for the corresponding expenses to the lowest allowable revenue from above is $83,500 (2012); $83,500 for 2012; $73,900 for 2013; and $110,370 for 2014. Insured C's average expenses are $92,186 [($109,660 + $83,500 + $83,500 + $73,900 + $110,370) ÷ 5].

(2) Indexed average expenses must be calculated and used in determining the whole-farm historic average expenses if the insured chooses to use the revenue trend factor. See paragraph 71C to determine if the person qualifies for indexed average revenue.

The following table provides the steps for calculating indexed average expenses.

Step	Action
1	Divide the allowable expenses for each tax year in the whole-farm history period by the allowable expenses from the previous tax year. There is no calculation for the first year in the whole-farm history period because there is no previous tax year. Round the result to three decimal places. For WFRP purposes, the result is capped at 1.200 and floored at 0.800. **Example**: Insured A has the following allowable expenses: $83,500 for 2010; $109,660 for 2011; $83,500 for 2012; $73,900 for 2013; and $110,370 for 2014. The following is the result of the first step in the indexed average expenses calculation by year. 2011 = 1.313 ($109,660 ÷ $83,500)(capped at 1.200) 2012 = 0.761 ($83,500 ÷ $109,660)(cupped at .800) 2013 = 0.885 ($73,900 ÷ $83,500) 2014 = 1.494 ($110,370 ÷ $73,900)(capped at 1.200)
2	Sum the results for each year obtained in step 1, then divide the total by four. Round result to three decimal places. For WFRP purposes, the result is floored at 1.000. **Example**: Continuing the example in step 1, the result of the second step in the indexed average expenses calculation is 1.021 [(1.200 + 0.800 + 0.885 + 1.200) ÷ 4].
3	Raise the result of step 2 to the fourth power to obtain the expense trend factor. Round result to three decimal places, not to exceed the revenue trend factor. **Example**: Continuing the example in step 1, the result of the third step in the indexed average expenses calculation is 1.087 (1.021 x 1.021 x 1.021 x 1.021).
4	Multiply the expense trend factor calculated in step 3 by the average expenses. Round result to nearest whole dollar. The result is the indexed average expenses. **Example**: Continuing the example in step 1, Insured A's indexed average expenses is $100,206 (1.087 x $92,186). See subparagraph A for determining average expenses of $92,186.

(3) If the insured's average allowable revenue is increased by the expanding operation adjustment factor then the average allowable expenses must also be multiplied by the expanded operation adjustment factor to calculate the expanded operation expenses.

(4) The whole-farm historic average expenses are determined on the Whole-Farm History Report and are the expenses that correspond to the whole-farm historic average revenue. See paragraph 71E for determining whole-farm historic average revenue.

(5) The approved expenses are based on the determination of the approved revenue.

72 Expenses (Continued)

The following table provides how to determine approved expenses.

IF the approved revenue is …	THEN the approved expenses are ….
equal to the total expected revenue	calculated by dividing the total expected revenue by the average allowable revenue and rounded to three decimal places, and multiplying the result by the average allowable expenses. Round result to the nearest whole dollar. **Example**: Insured A qualified and chose to use the indexed average revenue and has total expected revenue of $161,750, average allowable revenue of $138,392, and average allowable expenses of $92,186. Insured A's approved expenses are $107,765: $161,750 ÷ $138,392 = 1.169 1.169 x $92,186 = $107.765
equal to the whole-farm historic average revenue	the whole-farm historic average expenses determined on the Whole-Farm History Report.

73 Inventory

(1) The inventory is used to adjust the approved revenue to only revenue produced during the insurance year.

(a) If the farm has Animals and Animal Products or Nursery and Greenhouse, those inventory items should be recorded on the Market Animal and Nursery Inventory Report because they are valued at both the beginning and ending of the insurance period.

(b) All other inventory items are recorded on the Inventory Report and valued at the end of insurance period.

(2) Accurate and complete inventory information will be used to:

(a) ensure that revenue produced in previous years is removed from the current year's approved revenue;

(b) maintain an accounting of commodities on hand at the beginning and at the end of the insurance year;

(c) determine the amount of revenue earned during the insurance year for commodities, including nursery, greenhouse, and animals, that are held for more than one insurance year to realize a gain in revenue because of an increase in size or maturity, such as trees, shrubs, and bushes in a nursery; and

(d) calculate revenue-to-count when there is loss claimed.

Important: See paragraph 106 for revenue-to-count calculation.

(3) Beginning inventories must be provided to the AIP on or before:

(a) the SCD for persons who are calendar and early fiscal year tax filers; or

(b) the last day of the month in which the fiscal year begins for persons who are late fiscal year tax filers, but no later than October 31.

(4) The inventory report must provide a count or measurement of the person's quantity of the commodity in inventory using the unit of measure in which the commodity is marketed, such as bushels, tons, pounds, boxes, head, or carton. Units of measure can be found in exhibit 4. The inventory should list multiple lines for a commodity if the type or variety has local market expected values that vary substantially by type or variety.

(5) All insurable commodities that are stored, unharvested, held for sale, or held for on-farm use but are not used by the end of the insurance year must be included on the Inventory Report or Market Animal and Nursery Inventory Report regardless of whether the commodity was harvested, held to realize a gain in maturity or size, or was simply unsold.

(6) The information on the Inventory Report and the Market Animal and Nursery Inventory Report must be substantiated by the AIP using verifiable records, including but not limited to:

(a) storage records from elevators, packing houses, warehouses or other commercial storage facilities;

(b) measurements of farm stored production if measured by an AIP, FSA, or other USDA authorized representative;

(c) complete and accurate count of animals; and

(d) complete and accurate count of nursery commodities.

(7) The beginning inventory will not include commodities planted solely for production during the insurance year (i.e. corn planted that will be harvested in the insurance period) but will include any commodity held for more than one insurance period, whether in storage, unharvested (i.e. corn from the previous year that is still in the field but ready for harvest), or to realize a gain in revenue because of an increase in size or maturity, such as animals, trees, shrubs, and bushes in a nursery. See paragraphs 143 and 144 for more information about inventory requirements for animals and nursery commodities.

However, some commodities, such as avocados and citrus, may mature to the point the commodity is regarded as produced and saleable at established markets but remain "stored on the tree" for several additional months. Such saleable production that was produced in the previous insurance year but is "stored on the tree" at the beginning of the current insurance period must be accounted for on the inventory report for the current insurance year.

For Market Animals and Nursery Inventory, the inventory will be valued at the beginning of the insurance period so that the gain in value of the commodity during the insurance period can be measured at the end of the insurance period.

(8) The ending inventory is completed at the end of the insurance period and the difference in value, or the ending inventory less the beginning inventory, is used as the adjustment amount. The Inventory adjustments will be used on the Claim for Indemnity Form in item 22 for the Inventory Report and item 24 for the Market Animal and Nursery Inventory Report.

74 Accounts Receivable and Accounts Payable Report

The Accounts Receivable and Accounts Payable Report is not required for each year in the five year whole-farm history period. The report is only required for the current insurance year, if applicable.

(1) The Beginning Accounts Receivable and Accounts Payable Report will be completed and valued on:

(a) January 1 of the insurance year for insureds that are calendar tax filers; and

(b) the first day of the month in which the fiscal year begins for insureds that are early or late fiscal year tax filers but no later than October 31. Therefore, late fiscal filers who have fiscal years beginning in November or December will be required to complete their Accounts Receivable and Accounts Payable Report by October 31 along with their Revised Farm Operation Report.

(2) The Ending Accounts Receivable and Accounts Payable Report will be completed and valued on:

(a) December 31 of the insurance year for insureds that are calendar year tax filers; and

(b) the last day of the month in which the fiscal year ends for insureds that are early or late fiscal year tax filers.

(3) Revenue from commodities produced during the insurance period that have been sold and are no longer on the farm but for which payment has not been received are reported in Part 2 of the Accounts Receivable and Accounts Payable Report. If the value is shown on the farm tax forms due to the accounting method, then the commodity would not be listed on the Accounts Receivable and Accounts Payable Report. The amount of accounts receivable will count as revenue for the insurance period and is entered in item 23 of the Claims for Indemnity Form.

Example: Insured A sold and delivered 100 boxes of cucumbers to a processor for a specified price, but has not received the payment from the processor. Insured A has another 200 boxes of cucumbers they have not sold and for which there is no specified price. Insured A includes the 100 boxes of cucumbers sold to the processor in the Accounts Receivable and Accounts Payable Report, and includes the other 200 boxes in the Inventory Report.

The values in accounts receivable must be the amount due the insured for the commodity minus the cost, or other basis, of the commodity if the commodity was purchased for resale.

Example: Insured B purchased 200 units of kiwis for resale at a cost of $400. Insured B sold the 200 units of kiwis for $1,000, but has not received payment. The Accounts Receivable Report should show $600 ($1,000 - $400) as accounts receivable for the 200 units of kiwis.

If any accounts receivable were previously written off as uncollectable and are not included in the beginning Accounts Receivable and Accounts Payable Report, but are then collected by the insured during the insurance period, these accounts receivable will not be included in cash receipts for the insurance period because they are revenue from the previous year. These amounts should be removed from the commodity income on the Allowable Revenue Worksheet in the adjustments to income.

The AIP must not accept any accounts receivable amount if the amount reported for WFRP purposes cannot be verified through the use of verifiable records and/or direct marketing sales records.

See paragraph 146 for instructions on how to handle co-operative cash payments and allocations.

(4) Accounts payable for the insured farm are reported in Part 3 of the Accounts Receivable and Accounts Payable Report to count for expenses incurred but that are not yet showing up on the farm tax forms. The Accounts Receivable and Accounts Payable Report is used to add expenses incurred prior to the insurance period to the Approved Expenses in the history period. It will also be used to add expenses incurred during the year but not yet paid for and not showing up on the farm tax forms to the approved expenses for the insurance period. This is important because if substantial expenses are not yet paid for, which can happen for tax purposes, the insurance period expenses could be below 70 percent of the approved expenses, which would result in a reduction of insured revenue.

Example: Insured A has accounts payable for fertilizer each year. The fertilizer cost that was due should be added to the expenses on the Allowable Expense Worksheet for the current insurance year.

Insured A purchased 100 bags of fertilizer for production for the insurance year but had not paid for it. The Ending Accounts Receivable and Accounts Payable Report will show the amount to be paid for the fertilizer. This amount will be added to the Allowable Expense Worksheet for the insurance period before calculating the expense reduction factor.

The AIP must not accept any accounts payable amount if the amount reported for WFRP purposes cannot be verified through the use of verifiable records and/or direct marketing sales records.

75-90 (Reserved)

PART 4 LOSS AND CLAIM INFORMATION
Section 1 Loss Information

91 Insurable Losses

WFRP provides protection against the loss of approved revenue due to unavoidable natural causes that occur during the insurance period.

*** A decline in local market price will be presumed to be from unavoidable natural causes unless FCIC specifically identifies a man-made cause that resulted in a measurable change in the price. A decline in local market price due to man-made causes is not an insurable cause of loss.

For the initial year insured, loss of revenue from damage or decline in local market price that occurs earlier than 10 days after the AIP accepts the application is not covered.

For carryover insureds, natural causes that occurred during the previous insurance period that result in a loss of revenue for the current insurance period are covered.

Exceptions: Insurance will not be provided for changes due to a reduction of irrigation water supply that are known, or should be known, at the time the Farm Operation Report is submitted.

92 Uninsurable Losses

The following are not covered losses under WFRP:

(1) Negligence, mismanagement, or wrongdoing by the insured, any member of the insured's family or household, or the insured's tenants, employees, or contractors.

(2) An act by any person that affects the revenue on the farm operation including, but not limited to, chemical drift or fire caused by anything other than a naturally occurring event.

(3) Failure to follow recognized GFPs for each insured commodity.

(4) Water contained by or within structures that are designed to contain a specific amount of water, such as dams, locks, or reservoir projects, when such water stays within the designed limits.

Example: A dam is designed to contain water to an elevation of 1,200 feet. Insured A plants a crop on acreage at an elevation of 1,100 feet. A storm causes the water behind the dam to rise to an elevation of 1,300 feet and floods the crop. The damage to the crop up to 1,200 feet of elevation is not an insurable cause of loss. However, damage to the crop above 1,200 feet of elevation is an insurable cause of loss.

(5) Damage to machinery or equipment.

(6) Failure to carry out good irrigation practices for an insured commodity, if applicable.

(7) Failure or breakdown of irrigation equipment or facilities, or the inability to prepare the land for irrigation using the established irrigation method unless the failure, breakdown, or inability is due to an unavoidable natural cause.

Important: Insured must make all reasonable efforts to restore the equipment or facilities to proper working order within a reasonable amount of time, unless the AIP determines it is not practical to do so. Cost will not be considered when determining whether it is practical to restore the equipment or facilities. Failure of the insured to make all reasonable efforts to restore the equipment and facilities will result in any loss from the failure or breakdown of the irrigation equipment or facilities being an uninsured loss.

(8) Theft, mysterious disappearance, or vandalism of an insured commodity.

(9) Inability to market the commodities due to quarantine, boycott, or refusal of any person to accept any insured commodities.

(10) Lack of labor to properly care for, harvest, or perform any necessary production activities for any insured commodity.

(11) Failure to receive payment for produced commodities.

(12) Failure to follow the requirements contained in any processor contract.

(13) Abandonment of an insured commodity.

(a) A commodity the insured has ceased to care for will not be considered abandoned if an insured cause of loss prevents the producer from properly caring for, harvesting, or marketing the commodity, or causes damage to the commodity to the extent that most producers of the commodity in the area with similar characteristics would not normally further care for or harvest the commodity; and

(b) The insured's decision not to harvest a commodity due to low market prices will not be considered abandonment.

(14) Failure to obtain a price for any commodity that is reflective of the local market value.

(15) Deterioration of commodities while in storage that reduces the quality or value, unless the deterioration was due to damage caused by an insured cause of loss before the commodity was harvested. Such deterioration by an insured cause of loss must be documented by the insured and reported to the AIP. The quantity in storage will be valued at an amount not less than the local market value for the undamaged commodity if:

(a) the insured fails to notify the AIP of deterioration and cause of damage;

(b) cause of damage was due to anything other than insured cause of loss; or

(c) the insured fails to adequately document the damage.

(16) Decline in local market prices due to man-made causes.

Uninsurable losses will be valued and added to the revenue-to-count, which will decrease any loss payments. Revenue-to-count must be increased for commodities that are damaged by anything other than an insured causes of loss. If a commodity deteriorates while in storage and is sold for less than the local market value for the undamaged commodity, the revenue-to-count must be increased by an amount equal to the difference between the dollar amount received for the damaged commodity and the dollar amount that would have been received for the commodity using the local market value if it was not damaged.

93 Quality Determinations

When the commodity is damaged by an insurable cause of loss, the WFRP policy provides coverage for quality by using the actual price received or the local market value for unsold damaged commodities. Refer to paragraph 92(15) for commodities that are in storage.

94 Duties in the Event of Damage or Loss

A. Insured's Duties in the Event of Damage or Loss

The AIP must instruct the insured of the following duties.

(1) The insured must provide a notice of loss to the AIP within 72 hours of their initial discovery that the allowable revenue on the farm operation may be less than the insured revenue. The notice must specify the damaged commodity and document the cause of loss.

(2) If the insured is not able to market any insured commodity (including refusal of a buyer to accept a commodity), the insured must provide a notice of loss stating that he/she is unable to market the commodity and document the reason the commodity cannot be marketed (e.g., quarantine, failure to meet the requirements of a processor contract, etc.).

(3) The insured is not required to report general market fluctuations that are not directly related to the condition or marketability of commodities on the farm operation.

(4) In case of potential loss of revenue to any insured commodity, the insured must:

(a) Protect the commodity from further damage by providing sufficient care if the cost of the care will not exceed the value of the commodity; and

(b) Cooperate with the AIP in the settlement or investigation of the claim, and, as often as the AIP reasonably requires:

(i) Allow the AIP to inspect the damaged commodity;

(ii) Allow the AIP to remove samples and determine the extent of damage; and

A. Insured's Duties in the Event of Damage or Loss (continued)

(iii) Provide the AIP with acceptable records and documents requested, and permit the AIP to make copies of those records or documents.

(5) Farm operations that suffer a reduction of irrigation water due to an insured cause of loss during the insurance period must be managed consistent with GFP to maximize the allowable revenue for the entire operation to mitigate, as much as possible, the adverse impacts of insufficient irrigation water.

(6) The insured must notify the AIP and obtain the AIP's consent before abandoning, disposing of, or destroying any damaged or undamaged insured commodities, or selling a commodity for any reason other than its intended purpose or to someone other than a disinterested third party.

(a) If the AIP does not inspect the insured commodity within 15 days after notification, the insured may abandon, dispose of, sell, or destroy the insured commodity without the AIPs consent. THIS PROVISION IS NOT APPLICABLE TO REPLANTS.

(b) If the AIP determines that expenses associated with the harvest or preparation of a commodity would be greater than the allowable revenue from the sale of the commodity, the AIP will not include the potential revenue of the commodity when determining revenue-to-count if the commodity is not harvested.

(7) If the insured fails to comply with any of the notice requirements of the WFRP policy:

(a) the AIP will consider any loss on the portion of the commodity (damaged acres or other applicable unit of measure for the commodity) for which the insured failed to provide notice to be due solely to uninsured causes, unless the AIP determines that they have the ability to accurately determine the amount and cause of loss; and

(b) the insured will be required to pay all premiums owed for the policy, including premium for any portion of the commodity the AIP considers damaged due solely to uninsured causes.

B. AIP Duties in the Event of Damage or Loss

(1) The AIP will recognize and apply the claim adjustment and other procedures established or approved by FCIC.

(2) The AIP will verify completeness and accuracy of the insured's Whole-Farm History Report, Farm Operation Report, Beginning and Ending Inventory, Allowable Revenue and Allowable Expenses Worksheets, Beginning and Ending Accounts Receivable and Beginning and Ending Accounts Payable, and any other verifiable documentation and/or information used to complete the Claim for Indemnity Form.

B. AIP Duties in the Event of Damage or Loss (Continued)

(3) The AIP will use the insured's farm tax forms to calculate the allowable revenue and allowable expenses for the insurance year including any required adjustments, to determine if the insured has an insurable loss.

(4) If the insured has complied with all the policy provisions, the AIP will pay the loss for a replant or for a claim for indemnity within 30 days after:

(a) Agreement is reached with the insured;

(b) Completion of arbitration or appeal proceedings;

(c) Completion of any investigation by USDA, if applicable, of the insured's current claim for indemnity if no evidence of wrongdoing is found. (If any evidence of wrongdoing is discovered, the amount of any indemnity, or replant overpayment as a result of such wrongdoing may be offset from any indemnity owed to the insured); or

(d) The entry of a final judgment by a court of competent jurisdiction.

(5) In the event the AIP is unable to pay the insured's loss within 30 days, the AIP will give the insured notice of their intentions within the 30-day period.

95 Replant Payment

(1) To qualify for a replant payment:

(a) The damaged commodity must be an annual plant;

(b) The insured commodity must be damaged by an insurable cause;

(c) The AIP must determine that it is practical to replant, and give consent to replant;

(d) The acreage replanted must be at least 20 acres or 20 percent of the insured planted acreage for the commodity;

(e) The insured must submit verifiable records that show their actual cost of replanting; and

(f) The AIP may inspect the acreage prior to making the replant payment.

No replant payment will be made if the AIP is unable to determine the insured's actual replanting costs.

No replant payment will be made on acreage on which one replant payment has already been allowed for the insurance year.

A Replant Payment Worksheet must be completed if the insured qualifies for a replant payment. In the Narrative Section of the worksheet or on a Special Report, document how the qualifications for a replant payment have been met.

(2) The maximum amount of the replant payment per acre will be the LESSER OF:

(a) Exclusive of share, only the insured's actual replant cost; or

(b) 20 percent of the expected revenue per acre for the commodity as reported in the Farm Operation Report multiplied by the coverage level.

Determine the amount of a replant payment shown in the following example. Show all calculations in the Narrative section of the Claim for Indemnity Form or on a Special Report.

Example: 50 acres of commodity replanted
Expected Revenue per acre guarantee = $750
Actual cost per acre to replant = $75.00 (verified from actual records)
20% of the expected revenue per acre multiplied by coverage level= $127.50 ($750 per acre guarantee x 20% x 85%)
The lesser of $75.00 or $127.50 is $75.00.
Replanting Payment = $3,750 ($75.00 x 50 acres)
Enter the replant calculations in the "Narrative" of the Replant Payment Worksheet.

96-100 (Reserved)

Section 2 Claim Information

101 Adjustments to Revenue

A. General Information

Adjustments to revenue are required for claim purposes regardless of the accounting method, cash or accrual, used by the insured. For claims purposes, revenue will be considered earned regardless of whether the revenue is reported to the IRS during the tax period applicable to the insurance year. See paragraph 7 for information about cash and accrual accounting methods.

Adjustments to revenue for increases and decreases in inventory or accounts receivable for the insurance year are made by subtracting the beginning balance from the ending balance. Positive amounts are added to the allowable revenue and negative amounts are subtracted. See subparagraph B and the Claims for Indemnity Form for adjustments for inventory and accounts receivable.

B. Adjustments for Accounts Receivable

Determine the amount to add to or subtract from to the insured's allowable revenue for the insurance year by subtracting the beginning balance of accounts receivable from the ending balance of accounts receivable for the insurance year. Values shown on the Accounts Receivable Report will not include the cost of the commodity being valued if the commodity was purchased for resale.

Accounts receivable from previous years that were determined to be uncollectable and were not reported as Beginning Accounts Receivable, but that are collected by the insured during the insurance year will not be included in cash receipts for the insurance year. Any amounts reported on the farm tax form as revenue should be adjusted out of the revenue on the Allowable Revenue Worksheet. The beginning balance of all accounts receivable must not include the cost, or other basis, of the commodity if the commodity was purchased for resale.

Example: Insured B purchased 200 units of Mums for resale. The 200 units cost $400. Insured B sold the 200 units of Mums for $1,000, but has not received payment. Insured B should report $600 ($1,000 - $400) as the beginning accounts receivable for the 200 units of Mums.

See paragraph 74 for information about accounts receivable.

Sum the balances (column 9 of Part 2) on the Accounts Receivable and Accounts Payable Report. Negative numbers will make the number smaller, positive numbers will make the number larger. The final result may be positive or negative. The final result is put in item 23 on the Claim for Indemnity Form.

B. **Adjustments for Accounts Receivable (continued)**

Example: Insured A reports $50,000 revenue for the insurance year. Insured A reports a loss under WFRP, and had $6,000 beginning balance and $12,000 ending balance on the Accounts Receivable Report for the insurance year. The AIP subtracts the beginning accounts receivable from the ending accounts receivable to get +$6,000 ($12,000-$6,000). This number will be entered in box 23 of the on the Claims form and will be added to the allowable revenue for the insured year because it is a positive number.

C. **Adjustments for Inventoried Commodities Not Held To Realize a Gain**

The insured's revenue for the insurance year must also be adjusted based on the amount and value of commodities in the insured's beginning and ending inventory. The value of the beginning inventory is subtracted from the value of the ending inventory to calculate the adjustment. This amount is then entered on the Claim for Indemnity Form in item 22. If it is a positive number the amount will be added to the allowable revenue for the insurance year, if it is a negative number the amount will be subtracted from the allowable revenue for the insurance year.

Example: Insured A has $50,000 allowable revenue for the insurance year. Insured A reports a loss under WFRP, and has the following: Beginning inventory of 6,000 units of commodity B that was produced in the prior year; Ending inventory of 500 units of commodity A valued at $2.00 per unit, and 1,000 units of commodity B valued at $1.00 per unit, all of which was produced during the insurance year. The 6,000 units of commodity B that were produced in prior year was sold for $1.00 per unit during the insurance year. The table below shows the inventory adjustment (-$4,000), which is transferred to Box 22 of the claims form to adjust the allowable revenue for the insurance year to $46,000 ($50,000-$4,000).

COMMODITY NAME	Beginning Inventory	Value	Value Received	Ending Inventory	Value	Net Value
Commodity B	6000 units	$1.00/unit.	$6,000	1000 units	$1.00/unit	$1,000
Commodity A				500 units	$2.00/unit	$1,000
		Total Beginning Value	$6,000		Total Ending Value	$2,000
Inventory Adjustment: Total Ending Value ($2,000) – Total Beginning Value ($6,000) = **-$4,000**						

A. Accrual Adjustments to Expenses

An insured's allowable expenses for the insurance year will be determined from their IRS tax form(s) for the insurance year. However, an insured using a cash accounting method will have their allowable expenses adjusted using accrual accounting methods when:

(1) the insured prepays expenses and supplies to a greater extent than they historically did in the whole-farm history period in order to increase their expense factor; or

(2) losses in the insurance period prevent insured from prepaying for expenses and supplies to the extent they did historically in the whole-farm history period.

Beginning and ending balances of prepaid expenses and accounts payable are required to make accrual adjustments to expenses.

B. Adjustments for Changes in Prepaid Expenses

Prepaid allowable expenses are expenses for supplies purchased in the current year for use in the production of commodities in future years. Such expenses are reported to IRS as an expense in the year purchased. Because they are prepaid, the expense is valued at the cost paid. The supplies may be held on the insured's farm(s) or held with the seller.

Example: Insured A purchases fertilizer in the current year that will be used in the production of commodities in the subsequent year. The cost of the fertilizer is a prepaid expense. Insured A may have the fertilizer on his farm or it may be held by the seller.

Subtract the ending balance of prepaid expenses from the beginning balance to calculate the amount to add or subtract from the insured's cash basis expenses. If the result of subtracting the ending balance of prepaid expenses from the beginning balance is:

(1) positive, insured's cash basis expenses will be decreased by the calculated amount;
(2) negative, insured's cash basis expenses will be increased by the calculated amount.

See paragraph D for an example.

C. Adjustments for Changes in Accounts Payable

Subtract the beginning balance of the accounts payable from the ending balance to calculate the amount to add or subtract from the insured's expenses. If the result of subtracting the beginning balance of operating accounts payable from the ending balance is:

(1) positive, insured's cash basis expenses will be increased by the calculated amount;
(2) negative, insured's cash basis expenses will be decreased by the calculated amount.

Accounts payable for allowable expenses will be valued at actual amount owed.

See subparagraph D for an example.

D. Example of Accrual Adjustments to Expenses for Income Taxes Filed on a Cash Basis

The following is an example of the calculations and accrual adjustments to expenses when allowed according to subparagraph A.

Insured A reports a loss and the following information:

Total allowable expenses for the insurance year:	$100,000
Beginning prepaid expenses:	$9,000
Ending prepaid expenses:	$8,000
Beginning Accounts Payable:	$5,000
Ending Accounts Payable:	$6,500

The AIP calculates the amount of adjustment to the insured's cash basis expense amount according to the following table.

	Beginning Value	Ending Value	Adjustment Amount
Prepaid Expenses	$9,000	$8,000	$1,000 ($9,000 - $8,000)
Accounts Payable	$5,000	$6,500	$1,500 ($6,500 - $5,000)
Total			$2, 500

The AIP adjusts Insured A's allowable expenses for the insurance year to an accrual basis allowable expenses of $102,500 ($100,000 + $2,500).

103 Changes Occurring Within Insurance Year

A. Effect of Changes

At the time a claim is filed, the AIP must evaluate the effect of any unreported changes that affects the approved revenue. The AIP must obtain, from the insured, documentation indicating the reasons for discrepancies identified between the information provided on the Revised Farm Operation Report and the Claim for Indemnity Form when a claim is filed.

Based on the documentation provided and the evaluation conducted, the AIP must determine whether the approved revenue should be reduced or liability denied according to the WFRP policy. Reducing the approved revenue will require revising the Farm Operation Report.

A reduction in approved revenue or a denial of liability is not required when a commodity is not planted due to an unavoidable natural cause, such as a flood, which prevents the crop from being planted. When a comparable alternative commodity is established to replace the prevented commodity after the natural disaster, then an adjustment in revenue is required.

Structural changes may affect the approved revenue for the insured. A structural change of the insured's farm operation is any change that alters the insured's revenue compared to the insured's whole-farm historic average revenue including, but not limited to, changes in:

A. Effect of Changes (continued)

(1) ownership;
(2) business structure;
(3) size of operation;
(4) management practices;
(5) type of farm operation; and
(6) accounting methods.

Other changes in the insured's farm operation can also affect the approved revenue. Such changes include, but are not limited to:

(1) intended commodities not planted;
(2) different commodities planted than were intended;
(3) significantly more or fewer acres planted than intended;
(4) change in the share of the commodity(s) by the insured; and
(5) contracts for commodities renegotiated.

B. Farm Operation Report Revisions

The AIP must correct the approved revenue and indemnity, when applicable, if the Farm Operation Report requires revision and the total expected revenue changes. The expenses must also be recalculated, and the premium adjusted to reflect the revised approved revenue and expenses.

The AIP may deny liability if the information used to determine approved revenue is determined to be incorrect.

C. Approved Revenue Reduced Due to Decreased Allowable Expenses for Insurance Year

Approved revenue must be reduced when the allowable expenses for the insurance year decreases by more than 30 percent compared to the approved expenses. See paragraph 72E for determining approved expenses. This reduction, if applicable, is made when a claim is filed.

The reduced approved revenue amount is for claims purposes and does not change the approved revenue amount used to determine premium. Reasons for decreases in allowable expenses for the insurance year include, but are not limited to:

(1) intended commodities were prevented from planting by insurable causes, and replacement commodities requiring lower expenses were planted;

(2) the insured elects not to harvest an insured commodity because the expense of harvest exceeded the value of the commodity; and

C. Approved Revenue Reduced Due to Decreased Allowable Expenses for Insurance Year (continued)

(3) commodities damaged early in the growing season may have required less management practices.

The following table provides steps to determine how much to reduce the approved revenue.

Step	Action
1	Divide the allowable expenses for the insurance year by the approved expenses. Round result to three decimal places. **Example**: Insured A's approved expenses are \$100,000 with approved revenue of \$130,000. Insured A reports allowable expenses of \$68,000 for the insurance year. The result of step one for Insured A is .680 (\$68,000 ÷ \$100,000).
2	If the result of step one is: (1) less than .700, go to step three; or (2) .700 or greater, stop - no reduction in approved revenue is required. **Example**: Continuing example from step one, the result is less than .700; therefore, continue to step three.
3	Determine the amount below .700 to use to reduce approved revenue by subtracting the result of step two from .700. **Example**: Continuing example from step one, percentage to reduce approved revenue is .020 (.700 - .680)
4	Determine the amount to subtract from the approved revenue amount by multiplying the result of step three by the approved revenue. **Example**: Continuing example from step one, the amount to reduce from Insured A's approved revenue is \$2,600 (\$130,000 x .020).
5	Determine the reduced approved revenue amount by subtracting the result of step four from the approved revenue. Round to the nearest whole dollar. **Example**: Continuing example from step one, Insured A's approved revenue is \$127,400 (\$130,000 - \$2,600).

104 Changes That Occurred in Year Prior to Insurance Year

Structural changes that occurred prior to the current insurance year must be identified on the Farm Operation Report for the current insurance year, and reflected in the total expected revenue for the current insurance year. See paragraph 103 for description of possible structural changes.

105 Damage and Price Fluctuation That Occurred in the Year Prior to the Insurance Year

A. New Insureds

WFRP does not provide coverage for losses that occur earlier than 10 days after the AIP receives a completed application. The expected revenue reported for the insurance year must not include any amount that was lost because of such damage or price fluctuation.

B. Carryover Insureds

There is no lapse in WFRP coverage between the previous insurance year and the current insurance year for carryover insureds, provided all requirements are met. Loss of revenue in the current insurance year resulting from damage to insured commodities or price fluctuations from unavoidable natural causes that occurred in the previous insurance year are covered if all other WFRP requirements are met, including GFPs.

However, any revenue lost because of damage or price fluctuations will only be covered the year immediately following the insurance year when the loss occurred and will not be covered for subsequent years.

Example: Producer A's perennial crop suffered ice damage during the winter of 2015 that will cause a loss of revenue from the crop in 2016. The damage did not affect 2015 revenue. Producer A was insured under WFRP for 2015, will continue coverage in 2016, and met all WFRP requirements, including GFPs. The total amount of revenue expected for the perennial crop before the ice damage may be reported as expected revenue on the 2016 Farm Operation Report. However, beginning with the 2017 insurance year, any loss of revenue from the ice damage that occurred in 2015 will not be covered. The expected revenue reported for the perennial crop in 2017 and subsequent insurance years must not include any amount that was lost because of the 2015 ice damage.

106 Revenue-to-Count

Revenue-to-count is the allowable revenue produced successfully in the insurance year. It also includes revenue amounts determined to be produced by the inventory adjustments, accounts receivable adjustments, revenue representing any uninsurable losses, value assigned for abandoned commodities, indemnities from other crop insurance policies, and gains from commodity hedging.

The following table provides the steps for calculating revenue-to-count.

Step	Action	Applicable Procedure Reference
1	Determine insured’s allowable revenue for the insurance year.	Paragraph 44
2	Adjust the allowable revenue determined in step one, if applicable.	Paragraph 103
3	Adjust the allowable revenue determined in step two by adding or subtracting, as applicable, required adjustments for accounts receivable.	Paragraph 101B
4	Adjust the allowable revenue determined in step three by adding or subtracting, as applicable, required adjustments on Inventory Report for commodities not held to realize a gain.	Paragraph 101C
5	Adjust the allowable revenue determined in step four by adding or subtracting, as applicable, required adjustments on the Market Animals and Nursery Inventory Report for commodities held to realize a gain.	Paragraphs 143 and 144 for animals and nursery commodities
6	Add all values assigned for uninsured causes of loss to the allowable revenue determined in step five.	Paragraph 44
7	Add the value assigned to abandoned acreage/commodities to the allowable revenue determined in step six.	Paragraph 44
8	Add any gain from commodity hedging to the allowable revenue determined in step seven.	Paragraph 44
9	Add the total of all crop insurance indemnity payments covering commodities insured under WFRP and any other Federal program payments to the allowable revenue determined in step eight. **Exceptions**: Do not include ARC/PLC payments, NAP payments, or indemnities paid by another policy for damage or loss to a commodity that is not covered by WFRP (timber, animals for show, or pasture or rangeland insured under the Rainfall Index or Vegetation Index policies). **Example:** Insured A has apples insured under WFRP and under a FCIC yield based apple policy. Any indemnity under the apple policy is included in the revenue-to-count for WFRP.	Paragraph 44

A. Claim for Indemnity

(1) A claim for indemnity declaring the amount of loss must be submitted to the AIP no later than 60 days after the original date the insured's farm tax forms for the insurance year must be provided to the IRS, as specified by the IRS, except as provided in (b) below. The insured must:

(a) Complete and file their farm taxes with the IRS before they submit a claim for indemnity; and

(b) File their farm taxes on or before the first day of the 7th month after the end of the insurance period unless they have requested a Federal tax return filing extension.

If the insured has requested a Federal tax return filing extension:

(i) submit a claim for indemnity declaring the amount of loss no later than 60 days after the final extended tax due date;

(ii) provide a copy of their request for an extension, Federal tax return showing the date it was signed, or proof of mailing showing the date the return was filed; and

(iii) file their taxes on or before the final extended tax due date.

The AIPs may require the insured to request IRS send the AIP verification of the date insured's return was filed.

B. Changes to Filed Federal Taxes

Any change to filed Federal tax returns within three years after a claim was settled may require an adjustment to the amount of indemnity paid.

The AIP must correct the insured's indemnity, approved revenue, and WFRP database when a change is made to the insured's filed Federal tax returns that results in a five percent or greater change to the insured's approved revenue or revenue-to-count for the applicable insurance year.

Changes made to filed Federal tax returns include changes made because of amended returns or IRS audits.

C. Claims on an Accrual Basis

All claims for indemnity must be calculated on an accrual basis. The result of the calculations under the policy through the adjustments, inventory, accounts receivable, and accounts payable will be to remove production and expenses from previous years and to count production and expenses for the insured year.

D. Settlement of Claim

A claim cannot be settled until:

(1) the insured's Federal taxes for the insurance year are filed;

(2) any indemnities are received, if applicable, from all other Federally reinsured policies covering commodities insured under WFRP.

(3) the AIP determines if the insured has received a NAP payment from any crop insured under the WFRP policy. (See paragraph 124)

E. Calculating Indemnity

An indemnity is earned when the revenue-to-count for the insurance year is less than the insured revenue and losses are due to insurable causes of loss.

Important: The approved revenue amount may require an expense reduction adjustment when a claim for indemnity is completed.

The following table provides the steps for calculating an indemnity. Refer to exhibit 16 for the Claim for Indemnity Form.

Step	Action	Applicable Procedure Reference
Calculate Insured Revenue for the Insurance Year:		
1	Determine the insured's allowable expenses for the insurance year on the Allowable Expense Worksheet using the farm tax forms from the insurance year. Enter this number on the Claim for Indemnity Form	Paragraphs 45 and 102
2	Transfer Approved Expenses from the Farm Operation report to the Claim for Indemnity Form	Paragraphs 72E
3	Calculate any expense reduction	Paragraph 103C
4	Multiply the insured's approved revenue, as adjusted in step 3 if applicable, by the insured's coverage level to calculate the Insured Revenue for the year.	See paragraph 42 for available coverage levels

E. Calculating Indemnity (continued)

Step	Action	Applicable Procedure Reference
Calculate Revenue Loss for the insurance year		
5	Determine the insured's Allowable Revenue for the insurance year on the Allowable Revenue Worksheet using the farm tax forms for the insurance year and enter this on the Claims Form.	Paragraph 44
6	Positive and negative numbers for the Inventory adjustment, Accounts Receivable adjustment, Market Animal and Nursery adjustment, and All other adjustments are entered on the Claims form and added or subtracted from the result of (5) depending upon the sign.	Exhibits 7-9
7	Subtract the insured's revenue-to-count from step 6 from the insured revenue to determine the Revenue Loss which is the indemnity to be paid.	See paragraph 106 to determine revenue to count.

108-120 (Reserved)

PART 5 ADMINISTRATIVE PROVISIONS

121 Assignment of Indemnity

Insureds may assign the right to an indemnity for the insurance year only to creditors or other persons to whom they have a financial debt or other monetary obligation. The procedures in the CIH regarding the assignment of indemnities apply.

122 Transfer of Coverage

Because WFRP is based on the insured's income tax information, a transfer of coverage to any other person will not be allowed unless in the case of death, disappearance, judicially declared incompetence, or dissolution of an insured person.

123 Other Insurance

The insured may insure the same commodity under WFRP and under another FCIC plan of insurance, if available, at any buy-up level of coverage (and any price percentage), unless otherwise specified in the Special Provisions.

Exception: The farm operation is ineligible for WFRP if only one commodity will be produced, based on the commodity count calculation, on the farm operation during the insurance year, and revenue protection, such as Actual Revenue History, Revenue Protection, and Revenue Protection with Harvest Price Exclusion, is available for that commodity through another plan of insurance offered under the authority of the Act. See paragraph 21B.

The farm operation is ineligible for WFRP if CAT coverage is obtained through another plan of insurance offered under the authority of the Act for any commodity on the farm operation, unless otherwise specified in the SP.

Insureds may obtain other insurance not authorized under the Act.

124 Noninsured Crop Disaster Assistance Program

(1) A person can purchase both WFRP coverage and coverage under NAP on the same commodity in the same year. The statute authorizing NAP states that if the producer is eligible to receive benefits under NAP and from any other USDA program for the same loss, the producer: (1) Cannot receive benefits from both programs; and (2) Must elect which benefit they wish to receive.

(2) If the insured has received a NAP payment, the insured must choose whether to accept the NAP payment or the WFRP indemnity.

   (a) If the insured chooses to accept the NAP payment, no WFRP indemnity can be paid. The insured and the AIP must complete a Withdrawal of Claim form.

124 Noninsured Crop Disaster Assistance Program (Continued)

(b) If the insured chooses to accept the WFRP indemnity, the insured must repay the NAP payment. A form from FSA certifying the NAP payment has been repaid must be provided to the AIP before the claim can be settled.

125 Commodities as Payment

The AIPs must not accept any commodity as compensation for payment due them from insureds.

126 Mediation, Arbitration, and Judicial Reviews of AIP Determinations

The procedures in the CIH apply for:

(1) mediation, arbitration, and judicial reviews of AIP determinations;
(2) disputes regarding the AIP decisions of what constitutes a GFP; and
(3) disputes regarding RMA determinations of what constitutes a GFP.

127 Controlled Substance Provisions

The WFRP policy will be void if the insured is convicted of a controlled substance provision of the Food Security Act of 1985. When a policy is voided due to a conviction of a controlled substance provision:

(1) no indemnities or payments will be paid for the voided policy;

(2) all indemnities or payments already made for the voided policy will be declared overpayments and must be repaid in full; and

(3) any premium paid must be refunded, less an amount equal to 20 percent of the premium the insured would otherwise be required to pay, to offset costs in the servicing of the policy.

128-140 (Reserved)

PART 6 SPECIAL CIRCUMSTANCES

141 Organically Grown Commodities

A. Insurability

WFRP insured revenue includes revenue from commodities produced on certified organic acreage under an organic plan.

B. Expected Values

Organic prices can be used as expected values for certified organic animals, animal products, and acreage only; i.e., organic prices does not apply to transitional or buffer zone acreage. Insureds that have an organic certificate from a certifying agent are eligible to receive an organic price for their commodities grown on certified organic acreage.

Organic prices can be used if:

*** (1) insured has an organic certificate from a certifying agent as indicated by the National Organic Program website (http://apps.ams.usda.gov/nop/) at the Revised Farm Operation Reporting date. If the farm was certified organic previously and the producer has not received the updated certification yet, the previous certification may be used. However, if a claim is filed, the insured must have the current certification;

*** (2) the operator or tenant has an organic certificate.

Exception: The National Organic Program standards require the certifying agent to issue a certificate for the organic operation. However, an organic certificate may not be issued every year; therefore, it is possible an insured's organic certificate may not list every crop they intend to plant in the insurance year.

Example: Insured A was issued an organic certificate in 2014 that lists corn, oats, and wheat. Insured A reports he/she intends to plant canola and flax on the certified organic acreage in 2015. The organic plan has not been updated for 2015 to include canola or flax, and the mentioned crops are not listed on the 2014 organic certificate. The category on Insured A's organic plan is "crops." Therefore, as long as the canola and flax are grown on certified acreage identified in the organic plan (not transitional or buffer zone), organic prices can be used to determine their expected value.

The Farm Operation Report will be marked to show which commodities are certified organic. If the AIP questions the organic acreage and requests to see the Organic Farm Plan, the insured must be willing to show the AIP the Organic Farm Plan to verify locations of their certified organic land.

C. Organic Requirements

The current organic plan and organic certificate in effect must be from a certifying agent, and must provide the:

(1) name, address, and telephone number of the person(s) or operation certified;
(2) effective date of certification, or certificate;
(3) certificate number;
(4) types or categories of commodities;
(4) name and address of the certifying agent; and
(6) location and number of the certified organic acres (organic plan only).

An organic certificate issued to an operator/tenant may be used to qualify the same acreage for a landlord or other similar arrangement.

D. National Organic Program Exception

The National Organic Program standards allow a grower whose annual gross agricultural revenue from organic sales is $5,000 or less to be exempt from certification. If a farm can show that they have the organic farm plan in place to grow organic crops and their revenue from organic sales is less than $5,000, then they may use organic prices and the farm will be considered to be certified under WFRP.

E. Change in Farm's Organic Certification

If any acreage qualifies as certified organic on the date the Revised Farm Operation Report is completed, and the certification is subsequently surrendered by the farm, suspended, or
*** revoked, the acreage or animals or animal products will remain insured for the year but the expected values should be revised from organic expected values to non-organic expected values.

F. Contamination by Prohibited Substances

Contamination by application or drift of prohibited substances onto land on which commodities are grown using organic farming practices is consider an uninsured cause of loss on any certified organic acreage.

G. Documentation Required

The insured is required to provide the AIP with a copy of the organic certificate when the Farm Operation Report is submitted if expected values will be based on organic prices. If the AIP has reason to request a copy of the organic plan, the insured must provide a copy of the organic plan. The organic plan may be a large document and copies should not be requested unless there are specific concerns.

G. Documentation Required (continued)

*** Copies of the producer's written organic certificate must be provided if a loss claim is submitted and organic prices were used. If the insured does not have the appropriate certificate at claim time, the insured revenue will be recalculated without the organic expected values.

142 Post-Production Operations and Market Readiness

The cost of post-production operations, excluding those expenses considered to be market readiness operations under the WFRP policy, must be removed from allowable revenue and allowable expenses. Added value from post-production operations is also not insurable under the WFRP policy and must be removed from allowable revenue and allowable expenses.

(1) Post-production operations consist of costs from activities that occur after harvest of the crop to get the crop ready for the targeted market. These activities either:

(a) have expenses associated with them such as:

(i) sorting, grading, washing, waxing, labelling, trimming;
(ii) packaging materials, such as boxes, cartons and bags;
(iii) packing of commodities after they are harvested, including in-field operations;
(iv) cold and controlled atmosphere storage; or

(b) add value to the crop due to the activities performed such as:

(i) the value of wine compared to the grapes;
(ii) the value of gift baskets of commodities compared to the individual raw commodity prices;
(iii) The value of juicing or processing into jams or relish compared to the harvested fruit; or
(iv) The value of bonsai or braided ornamental trees compared to the containerized tree with no added value.

(2) Post-production operations that meet the following requirements as market readiness costs do not have to be deducted from the allowable or expected revenue. Costs that can be considered market readiness costs must:

(a) be the minimum required to remove the commodity from the field and make it market ready (Refer to example in paragraph 45C);

(b) be performed:

(i) in the field or
(ii) on land within a reasonable proximity to the field; and

(c) not add value to the commodity.

The added value of products made from insurable commodities, such as wine made from grapes, is not insurable under WFRP and must be excluded from the expected or approved revenue. The value of the insurable commodity prior to making it into other products may be insured and reported as expected revenue if adequate records are available to determine the production and value of the insurable commodity.

Example: Insured A reported $1,200,000 gross revenue for the 2012 tax year. Insured A's records indicated the following revenue: $100,000 from grapes made into wine, $750,000 from the sale of wine, $50,000 from the sale of grapes not used for wine, and $300,000 from the sale of other insurable fruits and vegetables. The fruits and
*** vegetables and grapes not used for wine had post-production costs of $42,000. The allowable revenue for the tax year is $408,000 ($100,000 + $50,000 + $300,000 –$42,000).

Premium rates have been established for raisins, prunes, and cured/dried tobacco. Prunes and raisins are separate insurable commodities from plums and grapes and are eligible commodities under WFRP. Expenses associated with the curing or drying of tobacco to prepare the tobacco for market and drying of prunes and raisins are not subtracted from the market price to determine the local market value.

143 Animals

A. Eligibility

See paragraph 21 for eligibility of farm operations that produce animals and animal products. Animals and Animal Product commodity codes are listed in the AD as animals and animal products.

B. Expected Value

Local market prices for the same breed and type of animals being valued should be used as expected values, following the expected value guidelines. A commodity code may be used more than once to indicate animals that have varying prices due to different sex, weight, breed, market etc., such as feeder heifers, feeder steers, and fat heifers.

Commodity codes will be summed and averaged, as appropriate, prior to the commodity count calculation being applied. (See paragraph 48)

C. Expected Revenue from Animals and Animal Products

Expected revenue must be adjusted by removing the cost or basis of the animals purchased for resale from the amount of expected revenue on the Farm Operation Report. The Market Animal and Nursery Inventory Report is used to document these numbers for the Intended Farm Operation Report.

D. Inventory Adjustments to Revenue

The Market Animal and Nursery Inventory calculates the change in values over the insurance year for claims, using increases and decreases in inventory values during the tax year, less the cost or basis for animals purchased.

(1) Animals must be grouped according to the type/category of intended market. Local market value is determined for each type/category at the:

- (a) beginning of the tax year for beginning inventory; and
- (b) end of the insurance year for ending inventory.

A beginning inventory must be completed for each type/category of animal on hand at the beginning of the insurance period. An ending inventory must be completed for each type/category of animal on hand at the end of the insurance period.

(2) To determine inventory values:

- (a) for animals sold by weight, multiply the number of animals in the specific type/category by the average pounds per animal in the specific type/category; and multiply this by the price per weight unit for the specific type/category; and

- (b) for animals sold by the head, multiply the number of animals in the specific type/category by the average price per head for the specific type/category.

E. Gain or Loss from Sale of Breeding Animals or Culled Animals

Breeding animals and culled breeding stock are not insurable under the WFRP policy. Gains or losses in the value of breeding animals or culled animals should not be included in the totals on the inventory sheets. These values can be used to support the farm plan each year but should not be included in insured revenue or revenue to count.

F. Capping Animal and Animal Product Revenue at Revised Farm Operation Report Time

Eligibility requirements at SCD limit expected revenue from animals and animal products to $1 million. However changes may occur during the insurance year that result in the farm being over the limits when the Revised Farm Operation Report is completed. To determine if an insured has more than the allowed amount of animal and animal product revenue:

F. Capping Animal and Animal Product Revenue at Revised Farm Operation Report Time (continued)

***

(1) Total the expected revenue on the Revised Farm Operation Report for all animals and animal products.

(2) If the result of (2) is greater than $1 million then:

(a) subtract the result of (1) from the result of (2);

(b) divide the result of (3)(a) by the result of (2);

(c) subtract the result of (3)(b) from 1.000;

(d) multiply the result of (3)(c) by the expected value of each animal commodity and/or animal product shown on the Revised Farm Operation Report.

The result will be the capped amount. The total may not necessarily equal $1 million due to rounding.

***

Example: Revenue from animals and animal products exceeds the $1,000,000 maximum:

Total Expected Revenue is $3,000,000. Maximum $1,000,000 limit on animals & animal products.

Cattle	$350,000	
Hogs	$375,000	
Sheep	$115,000	
Poultry	$200,000	
Total	$1,040,000	($40,000 over the $1,000,000 limit)

$40,000 ÷ $1,040,000 = 0.038462
1.000 - 0.038462 = 0.961538

Cattle	$350,000 X 0.961538 = $336,538	
Hogs	$375,000 X 0.961538 = $360,577	
Sheep	$115,000 X 0.961538 = $110,577	
Poultry	$200,000 X 0.961538 = $192,307	
	Total	$999,999

Only the Total Expected Revenue on the Revised Farm Operation Report will be changed. However, all revenue produced from the animals and animal products will count as revenue to count.

G. Sales Suspended

WFRP is subject to underwriting capacity limits for animals and animal products. This is a legislated limit, and once it is exceeded, WFRP applications that include animals or animal products must be rejected, and farm operations with animals and animal products will not be eligible for WFRP. Underwriting capacity is provided each fiscal year.

If the RMA underwriting capacity manager website or the RMA website is not operational, then coverage under WFRP is not available and no coverage can be purchased.

144 Nursery

A. Eligibility

See paragraph 21 for eligibility of farm operations with nursery and greenhouse operations. This limit only applies to the commodity codes specifically labeled:

(1) Nursery (0073)
(2) Greenhouse (0600)

Items placed under these commodity codes should be similar to those insured under the FCIC nursery plan of insurance. There are other commodity codes for other specific types of plants but these are not considered in the nursery and greenhouse limit.

B. Expected Value

Local market prices for nursery and greenhouse commodities being valued should be used as expected values, following the expected value guidelines. The Market Animal and Nursery Inventory Report can be used to list each type of plant and sum to a total for greenhouse and a total for nursery for the Farm Operation Report.

C. Expected Revenue from Nursery and Greenhouse Commodities

Expected revenue must be adjusted by removing the cost or basis of the nursery and greenhouse commodities purchased for resale from the amount of expected revenue on the Farm Operation Report. The Market Animal and Nursery Inventory Report is used to document these numbers for the Intended Farm Operation Report.

D. Inventory Adjustments to Revenue

The Market Animal and Nursery Inventory calculates the change in values over the insurance year for claims, using increases and decreases in inventory values during the tax year, less the cost or basis for plants purchased.

(1) Plants must be grouped according to the type/category of how they will be marketed. Local market value is determined for each type/category at the:

(a) beginning of the tax year for beginning inventory; and

D. Inventory Adjustments to Revenue (continued)

(b) end of the insurance year for ending inventory.

A beginning inventory must be completed for each type/category of plant on hand at the beginning of the insurance period. An ending inventory must be completed for each type/category of plant on hand at the end of the insurance period.

(2) Inventory values will be determined by multiplying the number of plants in the specific type/category by the average price per plant for the specific type/category.

The value of commodities in inventory, both beginning and ending, that were purchased for resale must not include the cost, or other basis, paid for the commodity.

Example: A plant in ending inventory was purchased for resale. The plant cost $5.00. The local market value of the plant at the end of the insurance year is $12.00. The $5.00 cost of the plant must be deducted from the value of the plant. Therefore, the value of the plant for the ending inventory is $7.00 ($12.00 - $5.00).

E. Revenue from Plants held In Inventory to Realize Gain

Some commodities may be held in inventory for more than one year to realize a gain in revenue from the increase in maturity or size of the plant. The increase in the value of such plants must be counted as revenue for the year even though the plants were not sold.

Example: Insured A has 200 plants he is going to hold in inventory for two years. He is holding these plants to obtain a higher price for the plants when they have matured to larger size. The first year they are in inventory the plants increased in value by $2.00 per plant. The increase in value of $400 (200 plants x $2.00) must be reported as revenue for WFRP purposes for that insurance year.

F. Capping Nursery and Greenhouse Revenue at Revised Farm Operation Report Time

Eligibility requirements at SCD limit expected revenue from nursery and greenhouse commodities to $1 million. However changes may occur during the insurance year that result in the farm being over the limits when the Revised Farm Operation Report is completed. To determine if an insured has more than the allowed amount of nursery and greenhouse revenue:

***

(1) Total the expected revenue on the Revised Farm Operation Report for all nursery and greenhouse commodities.

(2) If the result of (2) is greater than $1 million then:

(a) subtract the result of (1) from the result of (2);

F. Capping Nursery and Greenhouse Revenue at Revised Farm Operation Report Time (continued)

(b) divide the result of (3)(a) by the result of (2);

(c) subtract the result of (3)(b) from 1.000;

(d) multiply the result of (3)(c) by the expected value of each nursery and greenhouse commodity and/or nursery and greenhouse commodity shown on the Revised Farm Operation Report.

The result will be the capped amount. The total may not necessarily equal the result in step (1) above due to rounding.

***

Example: Revenue from Nursery and Greenhouse commodities exceeds the $1,000,000 maximum:

Total Expected Revenue is $3,000,000. Maximum $1,000,000 limit on Nursery and Greenhouse commodities.

Plant 1	$350,000	
Plant 2	$375,000	
Plant 3	$115,000	
Plant 4	$200,000	
Total	$1,040,000	($40,000 over the $1,000,000 limit)

$40,000 ÷ $1,040,000 = 0.038462
1.000 - 0.038462 = 0.961538

Plant 1	$350,000 X 0.961538 =	$336,538
Plant 2	$375,000 X 0.961538 =	$360,577
Plant 3	$115,000 X 0.961538 =	$110,577
Plant 4	$200,000 X 0.961538 =	$192,307
	Total	$999,999

Only the Total Expected Revenue on the Revised Farm Operation Report will be changed. However, all revenue produced from the Nursery and Greenhouse commodities will count as revenue to count.

G. Adjustments to Revenue

Increases and decreases in inventory values of nursery commodities will be used to adjust the insured's revenue for the insurance year for claims purposes. See exhibit 9.

145 Commodities with Market Order Reserves

The applicant/insured must provide information for commodities on the Farm Operation Report that are sold with market order reserves. The applicant/insured must provide a detailed listing that shows the separate amounts of production from commodities expected to be sold:

(1) to the reserve with the reserve price: and
(2) on the free market with the expected free market price.

The supplemental information provided must support the total production and expected revenue reported on the Farm Operation Report for the commodity.

146 Commodities Sold with Co-op Retainages

A. Supplemental Information

The applicant/insured must provide information for commodities on the Farm Operation Report that are sold with co-op retainages. The applicant/insured must provide a detailed listing that shows the separate amounts of production from such commodities expected to be:

(1) retained, and the expected value; and
(2) sold through normal markets.

Special handling is required to determine revenue-to-count and calculating indemnities for producers who market commodities through co-operatives that distribute proceeds from the same commodity in cash and allocations.

Such co-operatives make cash payments on a crop year basis; however, the payments may be distributed over several years.

Allocations are considered non-cash distributions by such co-operatives and are made annually on a crop year basis. Allocations include Allocation Credits and Permanent Equity Capitol Credits, which comprise the producer's equity in the co-operative. Such allocations are classified as cooperative distribution revenue directly related to the sale of the commodity.

B. Co-Operative Cash Payments

"Cash advance" payments are distributed to the producer in the crop year of harvest following delivery of the commodity. Such "cash advance" payments may be made weekly in the year harvested. Subsequent cash payments are distributed to the producer in subsequent crop years according to the co-operatives payment schedule for the commodity.

Example: Commodity A production is delivered to the co-operative in the 2016 crop year. The co-operative makes cash payments to the producer weekly for the remainder of the 2016 crop year then, following the payment schedule for commodity A, makes four cash payments in 2017 crop year, four payments in 2018 crop year, and a final cash payment in 2019 crop year.

C. Allocations

Allocations are distributed annually on the co-operative's tax-year basis, according to the co-operative's schedule.

Example: Each year the ABC Co-operative retains 10-30 percent of a producer's net grape proceeds. It documents the amount retained by issuing Allocation Credits for 80 percent of the amount retained and issuing Permanent Equity Capitol Credits for 20 percent of the amount retained.

Allocation Credits reach full face value at the maturity date specified by the co-operative. However, the producer may have the option of redeeming a crop year's Allocation Credits prior to the maturity date. Producers may sell allocation credits at a reduced value to a broker prior to reaching full face value. Producers must pay Federal Income Taxes on the full stated value of qualified written notices of Allocation Credits in the year they are issued.

Permanent Equity Capitol Credits are a source of the co-operative's working capital. The co-operative's policy governs repayment, partial repayments, payback options, and whether excess Permanent Equity Capital Credits will be distributed in the form of Allocation Credits or refunded as cash. Producers are subject to Federal income tax on the full stated value in the tax year received. Cash refunds are not generally subject to Federal income tax since they were taxable to the cooperative member when allocated.

Non-Cash allocations are subject to Federal Income Tax when received; therefore, it is not necessary to maintain a year-to-year balance for WFRP purposes.

D. Total Projected Earnings for Calculating Indemnities

Total projected earnings are the sum of:

(1) "cash advance" payments made in the year of harvest;
(2) projected cash payments in subsequent years;
(3) Allocation Credits; and
(4) Permanent Equity Capital Credits.

Commodities marketed in this manner will be considered to have been sold at a specified price, and the total projected earnings for such commodities will be used to determine the dollar amount of accounts receivable when calculating indemnities.

E. Required Information on Accounts Receivable

The beginning amount of accounts receivable must include the cash payments, both advance and any subsequent, and any Allocation Credits and Permanent Equity Capital Credits for a previous insurance year that the applicant/insured reported to IRS in the current insurance year. The cash payments amount must be reported on a separate line from the Allocation Credits and Permanent Equity Capital Credits amount. Enter "(Cash" immediately after the cash dollar amount in the "Beginning Amount" column of the accounts receivable worksheet. Enter "(Allocations)" immediately after the allocations dollar amount in the "Beginning Amount" column of the accounts receivable worksheet.

The ending amount of accounts receivable must be the amount equal to the total projected earnings for the insurance year minus the cash payments received by the producer and reported to IRS for the insurance year.

Example: Insured A has filed a loss claim for the 2015 insurance year, and markets grapes through ABC Co-operative, which distributes proceeds from the grapes in cash and allocations. In 2015, Insured A received $12,115 cash payments and $10,200 in Allocation Credits and Permanent Equity Capital Credits for the 2014 insurance year. Insured A reported the total $22,315 to IRS in 2015.

Insured A's total projected earnings for grapes were $48,271 in 2015. Insured A received $21,773 in "cash advance" payments in 2015, and reported the $21,773to IRS in 2015. Insured A will receive the remaining $26,498 ($48,271 - $21,773) in future cash payments, and future Allocation Credits and Permanent Equity Capital Credits from ABS Co-operative. The following is how Insured A's accounts receivable worksheet would be completed.

Commodity Name	**Name of Buyer**	**Beginning Amount**	**Ending Amount**	**Balance**
Grapes	ABC Co-operative	$12,115 (Cash)	0	-$12,115
Grapes	ABC Co-operative	$10,200 (Allocations)	0	-$10,200
Grapes	ABC Co-operative	0	$26,498	$26,498
		Total Accounts Receivable Adjustments to Claim		$4,183

147 Vertically Integrated Operations

Vertically integrated operations are operations where all stages of production of a crop, from acquisition of materials to the retailing or use of the final product are controlled by the same operation or by different operations that are related. Vertically integrated operations have transactions, including financial transactions, between different divisions of the operation or between the different related operations.

The integrated relationship between the divisions or related operations can affect the value, cost, and price of commodities, goods, and services used/determined by an integrated operation.

The expected value that represents the local market value/price, determined according to WFRP policy expected value guidelines, must be used for purposes of allowable revenue, expected revenue, allowable expenses, and post-production operation costs, regardless of the actual value and price used by a vertically integrated operation.

Example: Insured A is a vertically integrated operation that controls all stages of production of a commodity including, but not limited to, purchasing of seed, planting, fertilizing, harvesting, removal from the field, purchasing packaging materials, washing, grading, packaging, processing and selling. Different divisions and related operations handle different stages of the production of the commodity, but all are part of the same vertically integrated operation. The local market value/price determined by the expected value guidelines must be used for determining allowable revenue, expected revenue, allowable expenses, and post-production operation costs for insured A.

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronym/Abbreviation	Term
Act	Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et. seq.)
AD	Actuarial Documents
AIP	Approved Insurance Provider
AMS	Agricultural Marketing Service
ARC	Agricultural Risk Coverage
BFR	Beginning Farmer or Rancher
CFR	Code of Federal Regulations
CIH	Crop Insurance Handbook
ERS	Economic Research Service
FCIC	Federal Crop Insurance Corporation
FSA	Farm Service Agency
GFP	Good Farming Practice
IRS	Internal Revenue Service
NAP	Non-insured Assistance Program
NASS	National Agricultural Statistics Service
PAIR	Pre-Acceptance Inspection Report
PASD	Product Administration and Standards Division
PAW	Pre-Acceptance Worksheet
PHTS	Policy Holder Tracking System
PLC	Price Loss Coverage
RMA	Risk Management Agency
RRD	Revised Reporting Date
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SP	Special Provisions of Insurance
SSN	Social Security Number
U.S.C.	United States Code
USDA	United States Department of Agriculture
WFHR	Whole-Farm History Report
WFRP	Whole-Farm Revenue Protection

Definitions

*** Abandon means failure to continue activities necessary to produce an amount of allowable revenue equal to or greater than the expected value of a commodity, performing activities so insignificant as to provide no benefit to a commodity, or failure to harvest or market a commodity in a timely manner.

Accrual accounting method means a system of record keeping in which revenue earned and expenses incurred for a specified time period are recorded regardless of whether or not the revenue was received or the expenses were paid during the specified time period.

Actuarial Documents means the information for the insurance year that is available for public inspection in your agent's office and published on RMA's web site and includes available crop insurance policies, coverage levels, information needed to determine amounts of insurance, premium rates, premium adjustment percentages, program dates, and other related information regarding the insurance coverage.

Agricultural experts mean persons who are employed by the Cooperative Extension System or the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific commodity for which such expertise is sought.

Allowable expenses means farm expenses, specified by the WFRP policy and adjusted as applicable, that are incurred in the production of commodities on the applicant's/insured's farm and reported to the IRS on farm tax records.

Allowable revenue means farm revenue, specified by the WFRP policy and including applicable adjustments, from the production of commodities produced by the applicant's/insured's farm operation, or purchased for further growth and development by the applicant's/insured's farm operation, that the IRS requires the applicant/insured to report on farm tax records.

Animals mean living organisms other than plants or fungi that are produced or raised in farm operations, including, but not limited to, cattle, horses, swine, sheep, goats, poultry, aquaculture species, bees, and fur bearing animals. For the purposes of WFRP, animals must be propagated or reared in a controlled environment.

Application means the form required to be completed by the applicant/insured and accepted by the AIP before insurance coverage will begin. This form must be completed and filed in the agent's office not later than the SCD of the initial insurance year for which insurance coverage is requested. If cancellation or termination of insurance coverage occurs for any reason, including but not limited to indebtedness, suspension, debarment, disqualification, cancellation by the insured or the AIP or violation of the controlled substance provisions of the Food Security Act of 1985, a new application must be filed. The insured must be the same person and person type as the person designated on the United States income tax form(s).

Approved expenses means amount of allowable expenses the applicant's/insured's farm operation is expected to incur during the insurance period, as approved by the AIP.

Approved revenue means the amount of allowable revenue that the applicant's/insured's farm operation is expected to earn or will obtain from the sale of commodities the applicant/insured produces, or purchases for resale, in the insurance period.

Definitions (Continued)

Assignment of indemnity means a transfer of policy rights, whereby the applicant/insured assigns their right to an indemnity payment, for the insurance year only, to creditors or other persons to whom they have a financial debt or other monetary obligation.

Average allowable expenses means the simple average of the allowable expenses for all years in the applicant's/insured's whole-farm history period.

Average allowable revenue means the simple average of the allowable revenue for all years in the applicant's/insured's whole-farm history period.

Beginning accounts payable means allowable expenses incurred prior to the insurance period and supported by verifiable records, but that have not been paid at the beginning of the insurance period.

Beginning accounts receivable means allowable revenue earned prior to the insurance period, but that has not been received at the beginning of the insurance period and supported by verifiable records. This amount includes the value of beginning inventory that is under a marketing contract with a buyer to be purchased at a specified price.

Beginning inventory means the commodities the applicant/insured produced or owned prior to the insurance period, but that have not been sold or otherwise disposed of at the beginning of the insurance period and supported by verifiable records. Any commodity that is under a marketing contract with a buyer to be purchased during the previous insurance period at a price that will not be determined until the current insurance period or subsequent years will be considered as beginning inventory.

Bypassed acreage means land on which a commodity, grown under a processor contract, is ready for harvest but the buyer elects not to accept the commodity so it is not harvested.

Calendar year filer means an insured that files taxes based on the 12 consecutive months corresponding to January 1 through December 31.

Cancellation date means the date specified in the AD on which coverage will automatically renew unless canceled in writing by either the insured or the AIP or terminated in accordance with WFRP policy.

Carryover insured means an insured that was covered under WFRP in the insurance year immediately prior to the current insurance year without respect to insurance provider.

Cash accounting method means a system of record keeping where farm business revenue and expenses are recorded during the time period they are actually received or paid.

Catastrophic Risk Protection (CAT) means the minimum level of coverage offered by FCIC.

Certificate means with respect to organic crops, a written document that identifies the name of the person certified, effective date of certification, certificate number, types of products certified, and name and address of the certifying agency.

Certification means with respect to organic crops, a determination made by the certifying agency that the production or handling operation is in compliance with the certifying agency's certification standards.

Certified organic acreage means acreage in the certified organic farming operation that has been certified by a certifying agent as conforming to organic standards in accordance with 7 CFR part 205.

Certifying agent means a private or governmental entity accredited by the USDA Secretary of Agriculture for the purpose of certifying a production, processing or handling operation as organic.

Claim for indemnity means a claim for a loss made on the AIP's form that contains the information necessary to pay the indemnity, as specified in the WFRP policy.

Commodities purchased for resale mean commodities not produced by the farm operation but which are purchased to be added by the farm operation. This does not include commodities purchased for further growth, development or maturity for later sale, or commodities purchased to replace production of the farm operation lost due to insurable causes.

Commodity means any agricultural product established or produced by the farm operation, except timber, forest, and forest products, animals for sport, show, or pets.

Commodity count means a calculation that measures farm diversification, under section 9(b) of WFRP policy that determines the number of commodities used: (1) For coverage level qualification, (2) To determine the amount of premium rate discount the insured will receive based on farm diversification, (3) To determine eligibility if the insured raises potatoes or have commodities with other available revenue coverage, and (4) To determine the insured's subsidy amount.

Consent means approval in writing by the AIP allowing the insured to take a specific action.

Contemporaneous records means written records developed at the time the event occurred, recording information such as planting of a commodity, harvested production, sale of a commodity, daily receipts, etc.

Contract change date means the date by which changes to the policy, if any, will be made available.

Contract grower means a person retained under contract to manage the growth of a commodity owned by another person.

Cooperative Extension System means a nationwide network consisting of a state office located at each state's land-grant university, and local or regional offices. These offices are staffed by one or more agricultural experts, who work in cooperation with the National institute of Food and Agriculture, and who provide information to agricultural producers and others.

County mean any county, parish, political subdivision of a state, or other area specified in the AD.

Damage means injury, deterioration, or loss of production of an insured commodity due to insured or uninsured causes.

Days mean calendar days, unless otherwise specified.

Delinquent debt has the same meaning as the term defined in 7 CFR part 400, subpart U.

Direct marketing means marketing commodities directly to consumers without the involvement of a third party (e.g., farmer's markets, u-pick, roadside stands, internet sales, etc.).

Direct marketing sales records means contemporaneous records that document the sale of commodities through direct marketing. If the insured sells a commodity through direct marketing, they must provide the contemporaneous records used to determine allowable revenue on the Schedule F farm tax form.

Disregarded entity means a single-member tax entity that does not elect to be treated as a corporation for income tax purposes and files taxes under another entity name.

Early fiscal year filer means an insured that files taxes with a fiscal year that begins prior to August 1 of the insurance year.

End of insurance period, date of means the date upon which insurance coverage ceases for the insurance year.

Ending accounts payable means allowable expenses incurred during the insurance period and supported by verifiable records, but that have not been paid at the end of the insurance period.

Ending accounts receivable means allowable revenue earned during the insurance period, but that has not been received at the end of the insurance period and supported by verifiable records This amount includes the value of ending inventory that is under a marketing contract with a buyer to be purchased at a specified price.

Ending inventory means the commodities the insured produced during the insurance period, but that have not been sold or otherwise disposed of at the end of the insurance period and supported by verifiable records and reported on the Inventory Report as ending inventory. Any commodity that is under a marketing contract with a buyer to be purchased during the insurance period at a price that will not be determined until the subsequent insurance years will be considered as ending inventory.

Expected revenue means the amount of revenue the applicant/insured expects to receive from a commodity as stated on the Farm Operation Report.

*** Expected value means the price the insured can reasonably expect to receive for a commodity in accordance with the expected value guidelines in the WFRP policy, less the cost of all post-production expenses.

Expense reduction factor means a factor that is used to reduce the approved revenue for claim purposes, when allowable expenses are less than 70 percent of approved expenses and the reduction is due to an insurable loss.

Expense trend factor means a factor that is used to measure the year to year growth in expenses of the insured's farm operation.

Definitions (Continued)

Farm operation means all of the farming activities for which revenue and expenses are reported to the IRS under a single taxpayer identification number will be considered a single a farm operation for WFRP purposes.

*** Farm Operation Report means the form on which the applicant/insured provides all required information regarding the commodities they expect to earn revenue from during the insurance period. The Farm Operation Report consists of three parts; the Intended Farm Operation Report, Revised Farm Operation Report, and Final Farm Operation Report, with each part due at the time specified in the WFRP Policy.

Farm premium rate means the premium rate for coverage under this policy calculated based on the commodities on the insured's farm operation.

Farm tax forms means IRS income tax forms used to report farm revenue and expenses for a signed and filed Federal tax return, specifically including Schedule F (from 1040) but also other forms used to report farm revenue and used under this policy to develop a Substitute Schedule F, if needed.

*** Fiscal year means a period of 12 consecutive months used for accounting and tax purposes, and ending on the last day of the twelfth month as long as the twelfth month is not December.

Generally recognized means when agricultural experts or organic agricultural experts, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the commodity to make normal progress toward maturity

Good farming practices means the production methods utilized to produce the insured commodities and allow them to make normal progress toward maturity resulting in at least the approved revenue, which are: (1) For conventional or sustainable farming practices, those generally recognized by agricultural experts for the area; or (2) for organic farming practices, those generally recognized by organic agricultural experts for the area or contained in the organic plan. The AIP or the insured may request the AIP to contact FCIC to determine whether or not production methods will be considered to be "good farming practices".

Household means a domestic establishment including individuals with a familial relationship and others who live on the same property

Indexed average expenses means the average allowable expenses adjusted to reflect expense growth during the whole-farm history period.

Indexed average revenue means the average allowable revenue adjusted to reflect revenue growth during the whole-farm history period.

Insurable interest means the percentage of the commodity that is at financial risk.

Insurance period means the tax year that begins in the insurance year. For the first year the insured the insured obtains coverage under this policy, coverage will begin the later of;

(1) The beginning of the insured's tax year; or
(2) 10 days after our acceptance of the application.

*** Insurance year means the calendar year in which the SCD occurs.

Insured means the named person as shown on the accepted application. This term does not extend to any other person having a share or interest in the crop, such as a partnership, landlord, or any other person, unless specifically indicated on the accepted application. The named insured and the name on the filed farm tax forms must be the same person.

Insured commodity means a commodity the insured will produce or purchase for resale during the insurance period.

Insured revenue means the total amount of insurance provided to the insured.

Lag year means the tax year immediately preceding the insurance year.

Late fiscal year filer means an insured with a fiscal year that begins August 1 or later in the insurance year.

Local market price means the average price offered by buyers of the commodity in the area where the applicant/insured normally sells that commodity.

Market readiness operations means the on-farm activities that are the minimum required to remove the commodity from the field and make the commodity market ready, such as washing, packing etc., Market readiness activities are not considered to be post-production operations and do not have to be excluded from allowable revenue and allowable expenses in accordance with section 45. Since it is the minimum required to remove the commodity from the field, the activity must occur on or in close proximity to the field where the commodity is produced. Market readiness operations do not include any activities that occur off-farm or on-farm in in-field that increases the value of the crop, such as canning, freezing, and processing activities that alter the physical nature of insurable commodities including, but not limited to, slicing apples, putting commodities into gift baskets, jams, jellies, wine, or cider, etc.

Marketing contract means a written agreement between the applicant/insured and a buyer for the purchase of a commodity at a specified price.

Native sod means acreage that has no record of being tilled (determined in accordance with information collected and maintained by an agency of the USDA or other verifiable records that applicant/insured provides and are acceptable to the AIP) for the production of an annual crop on or before February 7, 2014, and on which the plant cover is composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing.

Negligence means the failure to use such care as a reasonably prudent and careful person experienced in the production of commodities would use under similar circumstances.

Net value – Value of a commodity at the beginning of the year minus the cost of the commodity.

Notice of loss means a written notice the insured is required to file in the agent's office whenever they initially discover that allowable revenue for the insurance year may be less than insured revenue.

Definitions (Continued)

Nursery and greenhouse commodities means plants which are propagated or grown to be sold as plants, not including commodities produced by plants (e.g., tomato plants, but not tomatoes). For the purposes of this policy, plants for nursery and greenhouse must be propagated or grown in a controlled environment.

Offset means the act of deducting one amount from another amount.

Organic agricultural experts mean persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the Cooperative Extension System, the agricultural departments of universities, or other persons approved by FCIC, whose research or occupation is related to the specific organic crop or practice for which such expertise is sought.

Organic farming practice means a system of plant or animal production practices used to produce the commodity that is approved by a certifying agent in accordance with 7 CFR part 205.

Organic system plan means a written plan, in accordance with the National Organic Program published in 7 CFR part 205 that describes the organic farming practices to be carried out on the farm operation.

Organic standards means standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) and 7 CFR part 205.

Originating entity means an entity that actually physically produces the commodity.

Pass-through entity means an entity that reports to the IRS but does not pay taxes on portions of the revenue, instead passing it to each individual owner who then pays income tax on their portion of the revenue from the business.

Person means an individual, partnership, association, corporation, estate, trust, or other legal entity, and wherever applicable, a State or a political subdivision or agency of a State. "Person" does not include the United States Government or any agency thereof.

Post-production operations means any operations not included in the definition of market readiness operations, performed after producing and harvesting an insured commodity to prepare it for sale. These include, but are not limited to, any activity occurring on-farm or off-farm to prepare the commodity for sale or any activity that increases the value of the crop, such as canning, freezing, and processing activities that alter the physical nature of insurable commodities such as slicing apples, putting commodities into gift baskets, jams, jellies, wine, or cider, or costs for cold and controlled atmosphere storage.

Produced means an insured commodity will be considered produced when it has matured to the extent that it is generally saleable at established markets, regardless of whether or not it is actually harvested by the end of the insurance period.

Production capacity means physical land or structures used for the production of commodities on the insured's farm operation.

Definitions (Continued)

Prohibited substance means any biological, chemical, or other agent that is prohibited by Federal statute from use or is not included in the organic standards for use on any certified organic, transitional or buffer zone acreage. Lists of such substances are contained at 7 CFR part 205.

Replanted commodity means the same annual commodity replanted on the same acreage as the first insured commodity for harvest in the same insurance period.

Replanting means performing the cultural practices necessary to prepare the land and then replacing the seed or plants of the damaged or destroyed commodity on the same acreage.

Revenue trend factor means a factor that is used to measure the year to year growth in revenue of the insured's farm operation.

Sales closing date means the date contained in the AD by which an application must be filed and the last date by which the insured may change coverage for an insurance year.

Schedule F means a tax form commonly used to file Federal taxes for a farm.

Short tax year means a period of less than twelve consecutive months for which a tax entity may be required to file a tax return due to changing from a calendar year to fiscal year or vice versa or from changing the dates of a fiscal year.

Special Provisions means the part of the policy that contains specific provisions of insurance that may vary by geographic area.

Substantial beneficial interest means an interest held by any person of at least 10 percent in you (e.g., there are two partnerships that each have a 50 percent interest in you and each partnership is made up of two individuals, each with a 50 percent share in the partnership. In this case, each individual would be considered to have a 25 percent interest in you, and both the partnerships and the individuals would have a substantial beneficial interest in you. The spouses of the individuals would not be considered to have a substantial beneficial interest unless the spouse was one of the individuals that made up the partnership. However, if each partnership is made up of six individuals with equal interests, then each would only have an 8.33 percent interest in you and although the partnership would still have a substantial beneficial interest in you, the individuals would not). The spouse of any individual applicant or individual insured will be presumed to have a substantial beneficial interest in the applicant or insured unless the spouses can prove they are legally separated or otherwise legally separate under the applicable state dissolution of marriage laws. Any child of an individual applicant or individual insured will not be considered to have a substantial beneficial interest in the applicant or insured unless the child has a separate legal interest in such person.

Substitute Schedule F means if an insured files farm tax forms for the farm, other than the Schedule F form, and allowable revenue and expenses can be determined on the Allowable Revenue Worksheet and the Allowable Expenses Worksheet from the farm tax forms filed and verifiable records and/or direct marketing sales records, a Substitute Schedule F may be used to insure the farm operation under WFRP. The farm tax forms filed with the IRS must be attached to the Substitute Schedule F and the Substitute Schedule F will be handled as if it were a Schedule F tax form for WFRP purposes.

Definitions (Continued)

Summary of coverage means the AIP's statement to the insured, based upon the Farm Operation Report that provides specific information about the insured's policy including the amount of insurance coverage.

Tax entity means any person that has a tax reporting requirement.

Tax year means the annual accounting period for the farm operation defined by the period used for tax purposes. The tax years are (1) a calendar year or (2) a fiscal year.

Total expected revenue means the total amount of expected revenue the applicant/insured expects to receive from all commodities on their farm operation in the insurance year, as stated on the Farm Operation Report, including expected revenue from commodities lost to a covered cause of loss.

Transitional acreage means acreage on which organic farming practices are being followed but the acreage does not yet qualify to be designated as organic acreage.

Verifiable records mean contemporaneous records provided from a disinterested third party (such as records from a warehouse, processor, packer, broker, input vendor, etc.), or by measurement of farm stored commodities. (Except for those commodities sold through direct marketing), if the insured processes or packs their insured commodities, they must provide final settlement sheets showing disposition of the insured commodities and marketing records reconcilable with revenue reported for tax purposes for their farm operation.

Void means the policy is considered not to have existed for an insurance year.

Whole-farm historic average revenue and expenses means the historic, average allowable revenue and allowable expenses generated from the farm operation, adjusted according to the policy, and stated on the Whole-Farm History Report.

Whole-farm history period means the five consecutive tax years prior to the tax year immediately before the insurance year.

Whole-Farm History Report means the report that documents the applicant's/insured's farm operation's allowable revenue and allowable expenses for each tax year used to determine their in the whole-farm historic average revenue and expenses, and other information necessary to determine the farm operation's whole-farm historic average revenue and expenses.

Method of Establishment

The following table provides methods of establishment, abbreviations, and the numeric code for RMA processing.

Method of Establishment	Abbreviation	Numeric Code
Acre	AC	20
Acre – Native Sod	AC	19
Acre – Organic	AC	21
Head	HEAD	17
Head – Organic	HEAD	18
Linear Feet	LN/FT	96
Linear Feet – Organic	LN/FT	97
Number	NUM	95
Number – Organic	NUM	93
Other	OTHER	99
Other – Organic	OTHER	98
Plant	PLANT	22
Plant – Organic	PLANT	25
Square Feet	SQ/FT	23
Square Feet – Organic	SQ/FT	26
Summarized*	SUM	1
Summarized and Includes Organics*	SUM	2
Weight	WT	94
Weight – Organic	WT	92

* Summarized methods of establishment are used when commodities listed on multiple lines of the Farm Operation Report have been summarized for single line reporting. Refer to paragraph 48.

Unit of Measure

The following table provides units of measure, abbreviations, and the numeric code for RMA processing.

Unit of Measure	Abbreviation	Numeric Code
Bag/Sack	BG/SK	11
Bale	BALE	12
Barrel	BBL	10
Bin	BIN	24
Box	BOX	13
Bushel	BU	01
Carton	CTN	14
Dozen	DOZ	15
Each	EACH	97
Flat	FLAT	16
Gallon	GAL	07
Head	HEAD	17
Hive	HIVE	18
Hundredweight	CWT	03
Lug	LUG	19
Other	OTHER	99
Ounce	OZ	05
Package	PKG	21
Peck	PECK	09
Pint	PINT	06
Plant	PLANT	22
Pound	LB	02
Purchased for Resale	PFR	98**
Quart	QT	08
Square Foot	SQ/FT	23
Ton	TON	04

** Use code 98 when the commodity is nursery and greenhouse.

Form Standards

This exhibit provides form standards:

(1) that are in addition to or in lieu of the standards and elements provided in the DSSH; and
(2) for forms that are unique to WFRP, including completion procedures.

Subparagraphs A through F refer to forms provided in DSSH. All other subparagraphs refer to forms unique to WFRP.

A. Conditions of Acceptance Statement

The following sentences in the Conditions of Acceptance Statement must be removed.

"Unless rejected or the SCD has passed at the time you signed this application, insurance will be in effect for the crop(s) and crop years specified and will continue for each succeeding crop year, unless otherwise specified in the policy, until canceled, terminated or voided. The insurance contract, which includes the accepted application, is defined in the regulation published at 7 CFR chapter IV."

The following sentence must be added to the Conditions of Acceptance Statement.

"Unless rejected or the SCD has passed at the time you signed this application, insurance will be in effect for the insurance year specified and will continue for each succeeding insurance year, unless otherwise specified in the policy, until canceled, terminated or voided."

B. Anti-Rebating Certification

Substitute "Insurance Year" as a substantive element in place of "Crop Year".

Substitute "I certify, for the insurance year indicated," in place of "I certify, for the crop year indicated," at the beginning of the applicant/insured and agent substantive anti-rebating statements.

C. Application, Policy Transfer/Application, and Policy Change

Substitute "Effective Insurance Year" as a substantive element in place of "Effective Crop Year".

(1) The following substantive elements, as provided by DSSH, are not required. If they are included, complete each by entering "N/A".

(a) "Name of Crop"
(b) "Options, Elections, or Endorsements"
(c) "Percentage of Price Election, Projected Price or Amount of Insurance"
(d) "Added County Election"
(e) "Designated County"
(f) "Landlord/Tenant insuring other's share"

C. Application, Policy Transfer/Application, and Policy Change (continued)

(2) The following statement must be within a box above the insured's signature line and date.

"I understand that:

(a) my approved revenue and approved expenses for the five years in the whole-farm history period and my expected revenue for the current year may be adjusted as required under the terms of the WFRP policy, and that such adjustments may affect the amount of insured revenue and any indemnity;

(b) no insurance will be provided unless this application and all required forms are completed and filed on or before the SCD for the insurance year in which I am requesting WFRP coverage; and

(c) although insurance under this application is continuous from year to year, policy terms, premium rates, and the amount of revenue insured may change from year to year."

The following table provides the information to enter for substantive elements that are not self-explanatory. The information to enter for substantive elements not provided in the following table are self-explanatory or provided in this handbook or the DSSH.

Element	Information to be Entered
Applicant's/Insured's Name	Enter the name of the applicant/insured. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
Insurance Year	Enter the insurance year for which WFRP insurance will be in effect if the application is approved. Enter the month and year the insurance year begins and ends if the applicant files Federal taxes on a fiscal year basis.
State/Code and County/Code	*** Enter the state/code and county/code where the majority of the total expected revenue for the insurance year will be derived. It can be any county in which the insured has established or intends to establish any commodity. However, the same state and county must appear on all the applicant's/insured's WFRP reports that require a state/county.

Substitute the required language for request of policy transfer with the following.

"Part I
I hereby request cancellation of my WFRP insurance policy with (*Ceding Approved Insurance Provider Name*) for the *(Insurance year of policy cancelled and transferred)* because I have applied for insurance with another Approved Insurance Provider. I understand that if this form is not executed on or before the established cancellation date, the cancellation of my WFRP insurance will not become effective until the following crop year."

Substitute the required language to provide insurance for policy transfer with the following.

C. Application, Policy Transfer/Application, and Policy Change (continued)

"Part II
By submission of this form, we agree to provide WFRP insurance to this applicant for the insurance year specified above unless this form is not executed on or before the established cancellation date, in which case WFRP insurance will be provided for the following insurance year."

D. Policy Cancellation

Substitute “Effective Insurance Year” as a substantive element in place of “Effective Crop Year”.

Substitute the cancellation request statement in DSSH with the following statement.

“I hereby request cancellation of my WFRP insurance policy shown on this cancellation. I understand that if this form is not executed on or before the cancellation date listed, the cancellation of my WFRP insurance will not become effective until the following insurance year.”

The following substantive elements, as provided by DSSH, are not required on a policy cancellation for WFRP policies. If they are included, complete each by entering “N/A”.

(1) “Name of Crop”
(2) “Options, Elections, or Endorsements”

The information to enter in all substantive elements are self-explanatory, provided in this handbook or the DSSH, or taken from the insured’s application.

E. Summary of Coverage and Policy Confirmation

Substitute “Effective Insurance Year” as a substantive element in lieu of “Effective Crop Year”.

(1) The following substantive elements, as provided by DSSH, are not required. If they are included, complete each by entering “N/A”.

  (a) “Options, Elections, or Endorsements”
  (b) “Percentage of Price Election, Projected Price or Amount of Insurance”
  (c) “Crop(s) Insured”
  (d) “Crop/Practice/Type”

The information to enter in all substantive elements are self-explanatory, provided in this handbook or the DSSH, or taken from the insured’s application.

F. Withdrawal of Claim for Indemnity

(2) The following substantive elements, as provided by DSSH, are not required. If they are included, complete each by entering “N/A”.

(a) “Name of Crop(s)”
(b) “Unit Number(s)”

Substitute the following sentence in lieu of the first sentence in the “Withdrawal Statement.”

"As of this date, I withdraw this claim for indemnity against the Approved Insurance Provider for the policy listed above.”

G. Whole-Farm History Report

The AIPs are responsible for developing the Whole-Farm History Report form. The Whole-Farm History Report must be titled “WHOLE-FARM HISTORY REPORT”. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 6 for the Whole-Farm History Report required elements and example.

In place of the certification statement in the DSSH, the Whole-Farm History Report must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of the insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Whole-Farm History Report must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

H. Inventory Report

The AIPs are responsible for developing the Inventory Report form. The Inventory Report must be titled “INVENTORY REPORT”. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 7 for the Inventory Report required elements and example.

In place of the certification statement in DSSH, the Inventory Report must include the following certification statement immediately above the applicant/insured signature.

H. Inventory report (Continued)

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Inventory Report form must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

I. Accounts Receivable and Accounts Payable Report

The AIPs are responsible for developing the Accounts Receivable and Accounts Payable Report form. The Accounts Receivable and Accounts Payable Report must be titled "ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORT." The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 8 for the Accounts Receivable and Accounts Payable Report required elements and example.

In place of the certification statement in DSSH, the Inventory and Accounts Receivable Report must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Accounts Receivable and Accounts Payable Report must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

J. Market Animal and Nursery Inventory Report

AIPs are responsible for developing the "Market Animal and Nursery Inventory Report" form. If a farm has animals or nursery, this form will be used in addition to the Inventory and Accounts Receivable form to handle the inventory for the animals and nursery. The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 9 for the Market Animal and Nursery Inventory Report required elements and example.

If applicable, beginning and ending inventories are necessary to determine the revenue to count for animals and nursery plants marketed during the insurance year on an accrual basis. A complete inventory of breeding and market animals and nursery stock must be maintained; however, it is recommended that separate inventories be maintained for breeding and for market animals. The breeding inventory is used to support the number of (inventory) market animals and to document culled breeding animals transferred from the breeding category to the market category and sold during the insurance year. Breeding animals produced on the farm or purchased as assets are accounted for using breeding animal inventories. Changes in the value of inventoried breeding animals that are not intended for market should not affect revenue to count for the insurance year. When applicable, a complete beginning inventory for animals that will be marketed, including breeding animals transferred to the market category, (Part 2 of the Market Animal and Nursery Inventory Report) must be provided to the AIP at SCD for calendar and early fiscal filers, or no later than the last day of the month in which the tax year begins for late fiscal year filers.

An ending inventory (Part 3 of the report) must also be completed if an indemnity is to be claimed. Part 4, calculates the revenue to count for claim purposes using increases or decreases in inventory values during the insurance year. The cost or basis for animals purchased for resale that are sold during the tax year are transferred to the Schedule F (line 2 cash or line 47 accrual accounting) and must be removed from the beginning inventory prior to making inventory adjustments on the claim. Animals must be grouped according to the type/category corresponding to how they will be marketed to accurately value them. Local market value is determined at the beginning of the insurance year for beginning inventories, and for ending inventories at the end of the insurance year for each applicable type/category.

If animals are marketed in pounds, gross inventory values will be determined by multiplying the number of animals X the average lbs. per animal for the type/category X applicable value/price per lb.

For animals sold individually (by the head/animal), inventory values will be measured by multiplying the number of animals/livestock X the average value/price per animal for the type/category.

Complete the beginning inventory (breeding animal inventory and market animal inventory for each applicable type/category of animals on hand at the beginning of the insurance year. Complete the ending inventory for animals that are on hand at the end of the insurance year. Include on the breeding animal inventory animals/livestock from which income is accounted for as gains or losses on Schedule D (Form 1040), Form 4797 (animals held for breeding, dairy purposes, or not held primarily for sale), or is depreciated on Form 4799.

J. Market Animal and Nursery Inventory Report (continued)

In place of the certification statement in DSSH, the Market Animal and Nursery Inventory Report must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited, and used to determine my loss, if any, for the policy listed above. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Market Animal and Nursery Inventory Report must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

K. Farm Operation Report

The AIPs are responsible for developing the Farm Operation Report form. The Farm Operation Report must be titled "FARM OPERATION REPORT". The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 10 for the Farm Operation Report required elements and example.

In place of the certification statement in the DSSH, the Farm Operation Report must include the following certification statements immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand that changes to intended commodities grown will result in changes to the insured revenue, premium rate, and indemnity. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of approved revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

K. Farm Operation Report (continued)

I understand that obtaining multiple Federal benefits, such as a Noninsured Crop Disaster Assistance Program (NAP) payment(s) and a Federal crop insurance indemnity, is prohibited by law. I certify that I have, or will disclose any other USDA benefit; including any NAP benefit, received for this crop. Failure to disclose the receipt of multiple Federal benefits, or failure to repay one of the multiple Federal benefits such as either the NAP benefit or the Federal crop insurance indemnity for the same crop, may result in my being disqualified from receiving Federal crop insurance benefits, as well as being ineligible for various programs administered by the Farm Service Agency for up to five (5) years.

The Farm Operation Report must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

L. Replant Payment Worksheet

The AIPs are responsible for developing the Replant Payment Worksheet form. The Replant Payment Worksheet must be titled “REPLANT PAYMENT WORKSHEET.” The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 11 for the Replant Payment Worksheet required elements and example.

In place of the certification statement in DSSH, the Replant Payment Worksheet must include the following certification statement immediately above the applicant/insured signature.

“I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes).”

The Replant Payment Worksheet form must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

M. Substitute Schedule F

The Substitute Schedule F is a required document used to document an applicant's/insured's farm income and expenses for each year the applicant/insured did not file a Schedule F with the IRS. This form is used in the same manner as the Schedule F. The Substitute Schedule F is the current year Schedule F used by the IRS and must be titled "SUBSTITUTE SCHEDULE F FOR WFRP PURPOSES." See exhibit 13 for the Substitute Schedule F required elements and example.

In place of the certification statement in DSSH, the Substitute Schedule F must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Substitutes Schedule F must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address

N. Allowable Expenses Worksheet

The Allowable Expenses Worksheet is a required worksheet the AIPs must use to determine an applicant's/insured's allowable expenses for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to applicant's/insured's tax reported expenses. The Allowable Expenses Worksheet must be titled "ALLOWABLE EXPENSES WORKSHEET." See exhibit 14 for the Allowable Expenses Worksheet required elements and example.

In place of the certification statement in DSSH, the Allowable Expenses worksheet must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

N. Allowable Expenses Worksheet (continued)

The Allowable Expense Worksheet must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address

O. Allowable Revenue Worksheet

The Allowable Revenue Worksheet is a required worksheet that the AIPs must use to determine an applicant's/insured's allowable revenue for each year in the whole-farm history period. The worksheet assists in identifying and documenting required adjustments to the applicant's/insured's tax reported revenue. The Allowable Revenue Worksheet must be titled "ALLOWABLE REVENUE WORKSHEET." See exhibit 15 for the Allowable Revenue Worksheet required elements and example.

In place of the certification statement in DSSH, the Allowable Revenue Worksheet must include the following certification statement immediately above the applicant/insured signature.

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Allowable Revenue Worksheet must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address

P. Claim for Indemnity Report

The AIPs are responsible for developing the Claim for Indemnity Report. The Claim for Indemnity Report must be titled "CLAIM FOR INDEMNITY Report". The AIPs are NOT authorized to modify or delete any of the required elements. See exhibit 16 for the Claim for Indemnity Report required elements and example.

In place of the certification statement in DSSH, the Claim for Indemnity Report must include the following certification statement immediately above the applicant/insured signature.

P. Claim for Indemnity Report (continued)

"I certify that to the best of my knowledge and belief all of the information on this form is correct. I understand the information on this form may be reviewed and audited, and used to determine my loss, if any, for the policy listed above. I understand that inaccurate information or my failure to retain or provide, upon request, records supporting the information on this form may result in denial of coverage, cancellation of my policy, ineligibility for indemnity, or recalculation of insured revenue. I also understand that failure to report completely and accurately may result in sanctions under my policy, including but not limited to voidance of the policy, and in criminal or civil penalties (18 U.S.C. §1006 and §1014; 7 U.S.C. §1506; 31 U.S.C. §3729, §3730 and any other applicable federal statutes)."

The Claim for Indemnity Report must include:

(1) Collection of Information and Data (Privacy Act) Statement;
(2) Nondiscrimination Statement; and
(3) AIP Name and Address.

Whole-Farm History Report

A. Required Elements Description

The following table provides descriptions of the Whole-Farm History Report form required elements.

Item	Required Element	Description
1.	Producer Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the applicant/insured. Also includes the person type the applicant/insured used to file their Federal income taxes. The applicant/insured must be the same person and person type as the person designated on the United States Federal Income Tax form(s).
2.	Agency Information:	Name, address, telephone number and code number of the agent. Include policy number for carryover insureds.
3.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal taxes on fiscal year basis.
4.	IRS Accounting Method:	IRS accounting method, cash or accrual, used by applicant/insured.
5.	State/County:	State and county where the majority of the total expected revenue for *** the insurance year will be derived.
6.	Tax Year	The five consecutive tax years prior to the insurance year, not including the lag year.
7.	Allowable Revenue	Allowable revenue (item 12 of Allowable Revenue Worksheet) for each tax year entered in item 6. **Exceptions**: (1) For a qualifying person with four years of farm tax forms in their whole-farm history period enter: (a) In the first block the allowable revenue that corresponds to the lag year; and (b) In the next four blocks, the allowable revenue that corresponds to the tax year entered in item 6. (2) For a qualifying person with three years of farm tax forms in their whole farm history period enter: (a) In the first block the allowable revenue that is the lowest of the three years with farm tax forms and the lag year; (b) In the second block, the allowable revenue that corresponds with the lag year; and

A. Required Elements Description (continued)

Item	Required Element	Description
7.	Allowable Revenue (continued)	(c) In the next three blocks, the allowable revenue that corresponds with the tax years entered in item 6.
8.	Allowable Expenses	Allowable expenses (item 14 of Allowable Expenses Worksheet) for each tax year entered in item 6. **Exceptions**: (1) For a qualifying person with four years of farm tax forms in their whole-farm history period enter: (a) In the first block, the allowable expenses that corresponds to the lag year; and (b) In the next four blocks, the allowable expenses that correspond to the tax year entered in item 6. (2) For a qualifying person with three years of farm tax forms in their whole farm history period enter: (a) In the first block the allowable expenses that corresponds to the allowable revenue of the tax year that is entered in item 7; (b) In the second block, the allowable expenses that corresponds with the lag year; and (c) In the next three blocks, the allowable expenses that correspond with the tax years entered in item 6.
9.	Total	Total allowable revenue and expenses, respectively, for all tax years entered in item 6. Sum the allowable revenue and allowable expenses, respectively, for all tax years entered in item 6 and enter the result.
10.	Average	Simple average of the allowable revenue and expenses, respectively, for all tax years entered in item 6. Divide the result of item 9 for allowable revenue and expenses by five.
11.	Indexed Average	Indexed average allowable revenue and expenses, if applicable. If the applicant/insured qualifies for indexed average revenue and chooses to use the revenue trend factor, enter the indexed average revenue and expenses. See paragraph 71 and 72. **Note**: Indexed Average not allowed for persons with less than five years of farm tax forms in their whole-farm history period.

Whole-Farm History Report (Continued)

A. Required Elements Description (continued)

Item	Required Element	Description
12.	Expanded Operation Average	Expanded operation adjusted revenue and expenses. See paragraphs 71 and 72.
13.	Whole-Farm Historic Average (greater of items 10, 11, or 12)	Whole-farm historic average revenue and expenses. The whole-farm historic average revenue and expenses is the greater of item 10, 11, or item 12. **Note**: The whole-farm historic average expenses is equal to the expenses that correspond to the whole-farm historic average revenue.
The following required entries are not illustrated on the Whole-Farm History Report example below.		
14.	Applicant/Insured Signature and Date	Applicant/insured signature and date.
15.	AIP Representative Signature and Date	AIP Representative signature and date.

See exhibit 5 for required certification and other statements.

B. Example Whole-Farm History Report

The following is an example only. It is an example Whole-Farm History Report. AIPs must develop a Whole-Farm History Report using the required elements and statements.

Whole-Farm History Report		
1. Producer Information: I.M. Insured Person Type: Individual Anytown, USA, 11111 Phone: 999.999.9999 SSN: xxx.xx.xxxx	2. Agency Information: Agent Code: XX I.M. Agent Policy: xxxx Anytown, USA 11111 Phone: 111.111.1111	
3. Insurance Year: 2016	4. IRS Accounting Method: Cash	5. State/County: Michigan/Vanburen
6. Tax Year	7. Allowable Revenue	8. Allowable Expenses
2010	$130,500	$83,500
2011	$149,500	$109,660
2012	$112,000	$83,500
2013	$139,600	$73,900
2014	$160,360	$110,370
9. Total	$691,960	$460,930
10. Simple Average	$138,392	$92,186
11. Indexed	$184,200 ($138,392 x 1.331)	$100,206 ($92,186 x 1.087)
12. Expanded Operation	$177,142 ($138,392 x 1.28)	$117,998 ($92,186 x 1.28)
13. Whole-Farm Historic Average (greater of items 10, 11, or 12)	$184,200	$100,206

A. Required Elements Description

The following table provides descriptions of the Inventory Report required elements.

Item	Required Element	Description
PART 1: Producer Information		
1.	IRS Accounting Method:	The accounting method, cash or accrual, the applicant/insured used to file Federal income tax with IRS for the insurance year.
2.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
3.	Producer Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the applicant/insured. Also includes the person type the applicant/insured used to file their Federal taxes. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
4.	Agency Information:	Name, address, telephone number and code number of the agent. Include policy number.
5.	State/County:	State and county where the majority of the total expected revenue for *** the insurance year will be derived.
6.	Commodity Name	Name of each commodity required to be inventoried. For beginning inventory commodities, include all commodities on hand at the beginning of the insurance year that were not sold, or were not under contract with a buyer for a specified price, including but not limited to, commodities stored on the farm, in commercial storage, and delivered to a processor/warehouse but not sold. For ending inventory commodities, include all commodities produced or purchased for resale during the insurance year on hand at the end of the insurance year that were not sold, or were not under contract with a buyer for a specified price, including but not limited to, commodities stored on the farm, in commercial storage, and delivered to a processor/warehouse but not sold. Each different commodity must be on a separate line. In addition, list the same commodity on separate line items when the same commodity has substantially different value or will be fed. **Example**: Part of the production of a commodity is sold to a processor and part is sold direct in the fresh market. The value of the production sold to a processor is substantially different than the value of production sold direct in the fresh market.

A. Required Elements Description (continued)

Item	Required Element	Description
PART 2: Beginning Inventory (First day of the tax year.)		
7.	Location(s)	Location of the commodity. **Example**: Insured has corn stored on his farm and potatoes stored at CA Storage Inc., a commercial storage facility. The location of the corn is the insured's farm address and the location of the potatoes is the address for the CA Storage Inc. warehouse where the potatoes are stored.
8.	Beginning Inventory	Total amount of the commodity produced or purchased for resale in a year previous to the current insurance year that was not sold, fed, lost during storage, bartered, or otherwise disposed of prior to the beginning of the current insurance year, and will be sold, fed, bartered, or otherwise disposed of during the current insurance year. Amounts must be in the unit of measure in which the commodity is marketed, such as bushels, pounds, tons, boxes, cartons, etc. Enter the applicable unit of measure immediately after the amount. **Important**: Verifiable records supporting the amount reported must be provided.
PART 3: Beginning Inventory (Value end of insurance period.)		
9.	Value	For beginning inventories of commodities: (1) sold on or before the end of the insurance year, enter the amount received; (2) bartered on or before the end of the insurance year and the fair market price of the barter was reported to IRS, enter "0"; (3) bartered on or before the end of the insurance year but the price of the barter was not reported to IRS, enter the fair market value of the barter; (4) not sold but will be otherwise disposed of, such as fed, on or before the end of the insurance period, enter "0"; and (5) carried over to the subsequent insurance year, enter the local market value of the commodity on the last day of the insured's tax year. For claims purposes, beginning and ending inventories will be valued at the: (1) actual price received if the commodity is sold prior to the time the claim is finalized; or

A. Required Elements Description (continued)

Item	Required Element	Description
9.	Value (continued)	(2) local market value on the first day of the month in which the claim is finalized, if the commodity is not sold prior to the time the claim is finalized **Important**: Verifiable records supporting the amount reported must be provided.
10	Cost or Basis	The cost of inventoried commodities purchased for resale as of the first day of the tax year.
11.	Value Received	The value received must not include the cost, or other basis, of the commodity purchased. All post-production costs must be removed from the actual price received. Separate entries are required when the commodity is disposed of in more than one method. **Example**: Insured had 1,000 bushels of farm stored corn in beginning inventory. During the insurance year, he sold 900 bushels, fed 70 bushels to his pet donkey, and 30 bushels were lost during storage. Each amount (900, 70 and 30) is a separate entry.
PART 4: Ending Inventory (Last Day of Tax Year.)		
12.	Location	Location of the commodity. **Example**: Insured has corn stored on his farm and potatoes stored at CA Storage Inc., a commercial storage facility. The location of the corn is the insured's farm address and the location of the potatoes is the address for the CA Storage Inc. warehouse where the potatoes are stored.
13.	Ending Inventory	Total amount of the commodity produced or purchased for resale in the current insurance year that was not sold or otherwise disposed of prior to the end of the current insurance year. Amount must be in the unit of measure in which the commodity is marketed, such as bushels, pounds, tons, boxes, cartons, etc. Enter the applicable unit of measure immediately after the amount. **Important**: Verifiable records supporting the amount reported must be provided.
14.	Average Value	For ending inventories, enter the local market value of the commodity on the last day of the insured's tax period. For commodities produced but not intended to be sold, such as livestock feed, enter "0".
15.	Cost or Basis	The cost of inventoried commodities purchased for resale during the insurance year, but was not sold or otherwise disposed of prior to the end of the insurance year.

A. Required Elements Description (continued)

Item	Required Element	Description
16.	Net Value	Result of multiplying item 13 x item 14, then subtracting the amount in item 15 if applicable.
17.	Total Beginning Value	Total of column 11.
18.	Total Ending Value	Total of column 16.
PART 5: Inventory Adjustment (To be completed only if a claim is filed)		
19.	Adjustments	Subtract the amount in item 17 from the amount in item 18. The result, either a positive or negative number, will be entered in item 22 on the Claim for Indemnity Form.
The following required entries are not illustrated on the Inventory Report example below.		
20.	Applicant/Insured Signature and Date	Applicant/Insured signature and date.
21.	AIP Representative Signature and Date	AIP representative signature and date.

See exhibit 5 for required certification and other statements.

B. Example Inventory Report Form

The following is provided as an example only. AIPs must develop an Inventory and Accounts Receivable Report using the required elements and statements.

INVENTORY REPORT

PART 1 - PRODUCER INFORMATION

1. IRS Accounting Method:	2. Insurance Year:	3. Producer Information:	4. Agency Information: Agent Code: XX	5. State/County:
Accrual	2016	I.M. Insured Person Type: Box 1 Individual Anytown, USA, 11111 Phone: 999.999.9999 SSN: xxx.xx.xxxx	I.M. Agent Policy: xxxx Box 2 Anytown, USA 11111 Phone: 111.111.1111	Michigan/Vanburen

INVENTORIED COMMODITIES

6. COMMODITY NAME	PART 3: BEGINNING INVENTORY First day of the tax year		PART 3: BEGINNING INVENTORY Value end of insurance period			PART 4: ENDING INVENTORY Last day of the tax year				
	7. Location(S)	8. Beginning Inventory	9. Value	10. Cost or Basis	11. Value Received	12. Location(S)	13. Ending Inventory	14. Average Value	15. Cost or Basis	16. Net Value
Corn (2014)	Storage	100 bu.	$5.00/bu.	--	$500					0
				17. TOTAL BEGINNING VALUE	$500				18. TOTAL ENDING VALUE	0

PART 5 - INVENTORY ADJUSTMENT (To be completed ONLY if a claim is filed)

19. Adjustment:
ITEM 18 AMOUNT: ($0) - ITEM 17 AMOUNT: ($500) = (-$500) Inventory Adjustment. Enter this amount, (+) or (-) in item 22 on the Claim for Indemnity Form.

Accounts Receivable and Accounts Payable Report

A. Required Elements Description

The following table provides descriptions of the Accounts Receivable and Accounts Payable Report required elements.

Part 1 – Producer Information		
Item	**Required Element**	**Description**
1.	Name	The name of the applicant/insured. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number	The insured's assigned policy number.
3.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
4.	Agency Information:	The name, address, telephone number, and code number of the agent that provides insurance service to the insured.
ACCOUNTS RECEIVABLE		
5.	Commodity Name	Name of insured commodity sold at a specified price but which full payment has not been received at the beginning or ending of the insurance year, regardless of the location of the commodity. **Example**: Insured had sold and delivered 100 pounds of cucumbers to CA Processor Inc. for $0.10 per pound. However, at the beginning of the insurance year, insured has not received full payment for the commodity. The cucumbers are included in item 5 even though they were delivered because full payment has not been received.
6.	Name and Address of Buyer	Name of buyer for each commodity in item 5.
7.	Beginning Amount (Dollars)	Total dollar amount receivable for each insured commodity in item 5 that have been sold at a specified price but which full payment has not been received at the beginning of the insurance year, regardless of the location of the commodity. **Important**: Verifiable records supporting the amount must be provided. Verifiable records must be provided for each *** commodity for which full payment has not been received. **Example**: Insured sold and delivered 100 pounds of cucumbers to CA Processor Inc. for $0.10 per pound and 100 pounds of apples to WA Processor Inc. for $0.12 per pound. At the beginning of the insurance year, the insured has not received full payment for either commodity. Insured would report $10.00 in item 7 as the amount receivable for cucumbers and $12.00 in item 7 as the amount receivable for apple. Insured must provide verifiable records for the cucumbers and apples sold.

Accounts Receivable and Accounts Payable Report (Continued)

A. Required Elements Description (Continued)

Item	Required Element	Description
8.	Ending Amount (Dollars)	Total dollar amount receivable for each insured commodity in item 5 that has been sold at a specified price but which full payment has not been received at the end of the insurance year, regardless of the location of the commodity. **Important**: *** Verifiable records supporting the amount must be provided for each commodity for which full payment has not been received. **Example**: Insured produced and sold 1,000 bushels of corn during the insurance year. At the end of the insurance year, the insured has not received full payment for the corn. Insured would report $4000.00 in item 8 as the amount receivable for corn. Insured would have to provide verifiable records for the *** amount of corn sold. The ending amount for the current insurance year becomes the beginning amount for the subsequent insurance year.
9.	Balance (8 - 7)	The change in accounts receivable for each commodity in item 5. For each commodity, subtract the beginning amount (item 7) from the ending amount (item 8). The result can be positive or negative.
10.	Total Accounts Receivable Adjustments to Claim (Dollars)	Total change in accounts receivable from all insured commodities. Sum the result of item 9 for each commodity. The result can be positive or negative. Round to the nearest whole dollar.
11.	Commodity Name	Name of insured commodity for which expenses have not been paid at the beginning of the insurance year, regardless of the location of the commodity.
12.	Name and Address of Creditor	Name of creditor for each commodity in item 11.
13.	Beginning Amount (Dollars)	Total dollar amount payable for each insured commodity in item 11 that have unpaid expenses at the beginning of the insurance year, regardless of the location of the commodity. **Important**: *** Verifiable records supporting the amount must be provided for each commodity for which there are unpaid expenses.

Accounts Receivable and Accounts Payable Report (Continued)

A. Required Elements Description (Continued)

ACCOUNTS PAYABLE		
Item	**Required Element**	**Description**
14.	Ending Amount (Dollars)	Total dollar amount payable for each insured commodity in item 11 that have unpaid expenses at the end of the insurance year, regardless of the location of the commodity. **Important**: Verifiable records supporting the amount must be provided for each commodity for which there are unpaid expenses. ***
15.	Balance (14-13)	The change in accounts payable for each commodity in item 11. For each commodity, subtract the beginning amount (item 13) from the ending amount (item 14). The result can be positive or negative.
16.	Total Accounts Payable Adjustments to Claim (Dollars)	Total change in accounts payable from all insured commodities. Sum the result of item 11 for each commodity. The result can be positive or negative. Round to the nearest whole dollar. This entry will be transferred to item 13 on the Allowable Expenses Worksheet at claim time.
The following required entries are not illustrated on the Accounts Receivable and Accounts Payable Report example below.		
17.	Applicant/Insured Signature and Date	Applicant/Insured signature and date.
18.	AIP Representative Signature and Date	AIP representative signature and date.

See exhibit 5 for required certification and other statements.

B. Example Accounts Receivable and Accounts Payable Report Form

The following is provided as an example only. AIPs must develop an Accounts Receivable and Accounts Payable Report using the required elements and statements.

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE REPORT			
PART 1 - PRODUCER INFORMATION			
1. NAME	*2. POLICY NUMBER*	*3. INSURANCE YEAR*	*4. AGENCY INFORMATION*
I.M. INSURED	*XXXXXXXXX*	*YYYY*	*I.R. AGENT XXXXX*

PART 2. ACCOUNTS RECEIVABLE				
5. Commodity Name	*6. Name and Address of Buyer*	*7. Beginning Amount*	*8. Ending Amount*	*9. Balance (8 - 7)*
		10. Total Accounts Receivable Adjustments to Claim		

PART 3. ACCOUNTS PAYABLE				
11. Commodity Name	*12. Name and Address of Creditor*	*13. Beginning Amount*	*14. Ending Amount*	*15. Balance (14-13)*
		16. Total Accounts Payable Adjustments to Claim		

Market Animal and Nursery Inventory Report

A. Required Elements Description

The following table provides descriptions of the Market Animal and Nursery Inventory Report form required elements.

Item	Required Element	Description
Part 1 - Producer Information		
Item	**Required Element**	**Description**
1.	Name	The name of the applicant/insured. The applicant/insured must be the same person and person type as the person designated on the IRS Income Tax form(s).
2.	Policy Number	The insured's assigned policy number.
3.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
4.	Agency Information:	The name, address, telephone number, and code number of the agent that provides insurance service to the insured.
5.	Type of Animals or Commodities:	The type/category of animals or commodities (cattle/feeder calves, hogs/feeder pigs, turkeys/broilers, chickens/broilers, catfish/stockers, etc.). A separate line entry must be made for: each type of animal and the intended market categories of animals: produced/born and animals purchased. See AD for additional information concerning type/category.
Part 2 - Beginning Inventory The First Day Of The Tax Year		
6.	Number	For each type/category (by line) of animals or nursery stock, enter the number on hand at the beginning of the tax year.
7.	Average Weight, Container Size, etc.	**Animals or Animal Products**: The average weight at the beginning of the tax year for animals marketed in pounds. For animals sold individually (e.g., baby calves or weaning pigs sold by the head) and animals being depreciated, enter a dash (-). **Nursery or Greenhouse**: The average container size (or other applicable unit) at the beginning of the tax year.
8.	Average Value	**Animals or Animal Products**: For animals raised (market and breeding animals) or for animals purchased for resale, enter the average value per pound at the beginning of the tax year if marketed in pounds or, if the animals are sold individually, enter the average value per animal at the beginning of the tax year. For breeding animals purchased as assets enter the amount paid, less prior years depreciation allowed by IRS. **Nursery or Greenhouse**: For plants raised or for plants purchased for resale, enter the average value per plant at the beginning of the tax year

Market Animal and Nursery Inventory Report (Continued)

A. Required Elements Description (continued)

Item	Required Element	Description
9.	Total $ Value	**Animals or Animal Products:** The total value of all the animals entered on the line. (1) For animals marketed in pounds, multiply the number of animals (column 6) x the average weight (column 7) x the average value (column 8). (2) For animals sold individually and for breeding animals purchased as assets, multiply the number of animals (Column 6) x the average value (Column 8). **Nursery or Greenhouse**: For plants sold individually, multiply the number of plants (column 6) x the average value (column 8).
10.	Cost or Basis	**Animals or Animal Products**: For animals purchased for resale, enter the total cost of animals that were purchased. When animals purchased for resale are sold, IRS requires the cost or other basis to be entered on Schedule F. For claims purposes, when the cost or other basis is entered on Schedule F, the cost must be removed from the beginning inventory and the total beginning inventory value recalculated prior to making inventory adjustments on claims. For breeding animals purchased as assets, enter the amount paid less the depreciation allowed by IRS on form 4799 for previous tax years multiplied times the number of animals. For animals that were not purchased (produced on the farm) enter "0." **Nursery or Greenhouse**: For plants purchased for resale, enter the total cost of plants that were purchased.
11.	Net $ Value	The net value of animals or animal products, and or nursery or greenhouse plants on inventory at the beginning of the year. Subtract the amount in column 10 from column 9 and enter the result. The result is then deducted from expected revenue for this commodity on the Farm Operation Report.
Part 3 - Ending Inventory On The Last Day Of The Tax Year		
12.	Number	**Animals or Animal Products**: The number of animals on hand at the end of the tax year. If animals in beginning inventory will be carried over to the subsequent insurance year, enter the number to be carried over. If all animals in the beginning inventory on the line were disposed of, enter "0." For animals purchased or produced during the tax year that will be carried over, enter number purchased and the number produced on separate lines. Enter the applicable type/category in Column 5. **Nursery or Greenhouse**: The number of plants on hand at the end of the tax year. If plants in beginning inventory will be carried over to the subsequent insurance year, enter the number to be carried over. If all plants in the beginning inventory on the line were disposed of, enter "0." For plants purchased or produced during the tax year that will be carried over, enter number purchased and the number produced on separate lines. Enter the applicable type/category in Column 5.

A. Required Elements Description (continued)

Item	Required Element	Description
13.	Average Weight	**Animals or Animal Products**: For animals marketed in pounds, enter the average weight at the end of the tax year for the type/category reported. For animals sold individually or being depreciated, enter a dash (-). **Nursery or Greenhouse**: For plants sold individually enter a dash (-).
14.	Average Value	**Animals or Animal Products**: The average value per pound for animals marketed in pounds at the end of the tax year. For animals sold individually, enter the average value per animal at the end of the tax year. For breeding animals purchased as assets, enter the amount paid, less the depreciation allowed for previous tax years, and the current tax year. **Nursery or Greenhouse**: For plants sold individually, enter the average value per plant at the end of the tax year.
15.	Total $ Value	**Animals or Animal Products**: The total value of all animals entered on the line. (1) For animals marketed in pounds, multiply the number of animals (column. 12) x the average weight (column 13) x the average value (per pound) (column 14). (2) For animals sold individually or animals being depreciated, multiply the Number animals (column 12) x the average value (column 14). **Nursery or Greenhouse**: For plants sold individually multiply the number of plants (column 12) x the average value (column 14).
16.	Cost or Basis	**Animals or Animal Products**: The average cost or basis of the animals purchased for resale during the tax year. For breeding animals purchased as assets, enter the amount paid less the depreciation allowed in previous tax years and the current tax year, multiplied times the number of animals being depreciated. For animals produced on the farm, enter “0.” **Nursery or Greenhouse**: The average cost or basis of the plants purchased for resale during the tax year. For plants produced in the nursery or greenhouse, enter “0.”
17.	Net Value	**Animals or Animal Products**: The net value of animals on inventory at the end of the tax year. Subtract the amount in column 16 from column 15, and enter the remainder. **Nursery or Greenhouse**: The net value of plants on inventory at the end of the tax year. Subtract the amount in column 16 from column 15, and enter the remainder.

Market Animal and Nursery Inventory Report (Continued)

A. Required Elements Description (continued)

Item	Required Element	Description
18.	Total Beginning Value Less Cost or Other Basis:	The total net value of all animals or animal products or nursery or greenhouse plants on inventory at the beginning of the tax year. Sum the amounts entered in column 11.
19.	Total Ending Value Less Cost or Other Basis:	The total net value of all animals or animal products or nursery or greenhouse plants on inventory at the end of the tax year. Sum the amounts entered in column 17.
Part 4 - Inventory Adjustment (To Be Completed ONLY If A Claim Filed)		
20.	Adjustment:	Subtract the amount in item 18 from the amount in item 19. The amount can be either a positive number or a negative number. Transfer the amount to the Claim for Indemnity for (item 24).
The following required entries are not illustrated on the Market Animal and Nursery Inventory Report example below.		
21.	Applicant/Insured Signature and Date	Applicant/Insured Signature and Date @ SCD
22.	AIP Representative Signature and Date	AIP Representative Signature and Date @ end of tax year

See exhibit 5 for required certification and other statements.

B. Example Market Animal and Nursery Inventory Report Form (continued)

The following is provided as an example only. AIPs must develop a Market Animal and Nursery Inventory Report using the required elements and statements.

MARKET ANIMAL AND NURSERY INVENTORY REPORT

PART 1 - PRODUCER INFORMATION

1. NAME	2. POLICY NUMBER	3. INSURANCE YEAR	4. AGENCY INFORMATION
I.M. INSURED	XXXXXXXXX	YYYY	I.R. AGENT XXXXX

Type of Animals or Commodity	Part 2 - Beginning Inventory First Day of the Tax Year						Part 3 - Ending Inventory Last Day of the Tax Year					
Type/Category 5	Number 6	Average Weight or Container Size 7	Average Value/Unit 8	Total $ Value 9	Cost or Basis 10	Net $ Value 11	Number 12	Average Weight Of Container Size 13	Average Value 14	Total $ Value 15	Cost or Basis 16	Net $ Value 17
Mums (2014)	1,000 plants	--	$2.00/plant	$2,000	$1,000	$1,000	0					0
Hogs (2014)	125 head	50 lbs.	$1.00/lb.	$6,250	--	$6,250	0					0
		18 Total Beginning Value Less Cost or Basis				$7,250		19 Total Ending Value Less Cost or Basis				0

PART 4 - INVENTORY ADJUSTMENT (to be completed ONLY if a claim is filed)

20. Adjustment:							
Amount in column 19	$0.00	-	Amount in column 18	$7,250	=	-$7,250	Inventory Adjustment. **Enter result, (+) or (-), in item 24 on the Claim for Indemnity Form.**

Farm Operation Report

A. Required Elements Description

The following table provides descriptions of the Farm Operation Report form required elements.

Item	Required Element	Description
1.	Insurance Year:	The current insurance year. Indicate whether the applicant is a fiscal year filer and, if they are, include the beginning month and year of the fiscal year and the ending month and year of the fiscal year.
2.	Producer Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the applicant/insured. Also includes the person type the applicant/insured used to file their Federal income taxes. The applicant/insured must be the same person and person type as the person designated on the United States Federal Income Tax form(s).
3.	Agency Information:	Name, address, telephone number, code number of the agent and policy number.
4.	State/County:	State and county where the majority of the total expected revenue for the insurance year will be derived. ***
5.	Other Insurance:	Commodities and corresponding policy numbers by state and county on which other Federally reinsured insurance is in force for commodities to be insured under WFRP.
Intended		
6.	Commodity Name/Code	**Intended**: Name and code of each commodity that is or will be purchased for resale or produced for revenue during the insurance year. Place “PFR” immediately behind the commodity name for commodities purchased for resale; e.g. Mums/0683 PFR. **Revised**: List any additional commodities purchased for resale or produced for revenue. Each different commodity must be on a separate line: (1) When a commodity has significantly different values (refer to paragraph 48); multiple amounts or values, list them on an attached paper and sum the total in one amount. (2) When a commodity is produced on Native Sod.
7.	Method of Establishment	Method of how the commodity is produced, such as acres, head, or square feet.

A. Required Elements Description (continued)

Item	Required Element	Description
8.	Yield	Expected yield for the commodity per unit of measure. The unit of measure must be consistent with how the commodity is marketed, such as bushels, tons, pounds, hundredweight, boxes, cartons, head, etc. Include the unit of measure immediately after the yield amount. See exhibit 4 for units of measure. For commodities insured under other Federally reinsured crop insurance policies that utilize actual production history yields, the yield reported on the Farm Operation Report should be consistent with the actual production history yields unless damage occurred prior to coverage beginning or production practices to be carried out or other uninsured causes will reduce the production below actual production history levels. For animals that will be sold by the head enter 1.0. For animals that are sold by the pound, enter the expected average weight at which the insured expects to sell the animal in the insurance year.
9.	Expected Value	**Intended**: The expected value in dollars and cents per unit of measure. The expected value must be consistent with how the commodity is marketed, such as bushels, tons, pounds, hundredweight, boxes, cartons, head, etc. Include the unit of measure immediately after the dollar amount. **Revised**: If additional commodities were added, enter the expected value in dollars and cents. The expected value should be as of the date the commodity was planted, purchased, or otherwise added to the farm operation and must be consistent with how the commodity is marketed, such as bushels, tons, pounds, hundredweight, boxes, cartons, head, etc. Include the unit of measure immediately after the dollar amount. See exhibit 18 for determining expected values. See exhibit 4 for units of measure
10.	Expected Revenue (8x9)	**Intended**: Enter the result of multiplying item 8 times item 9. Enter method of establishment immediately after the dollar amount. Make no entry for commodities added to Farm Operation Report after SCD.

A. Required Elements Description (continued)

<table>
<tr><th>Item</th><th>Required Element</th><th>Description</th></tr>
<tr><td>11A.</td><td>Intended Quantity</td><td>The amount of the commodity the applicant/insured intends to produce or purchase and obtain revenue from in the insurance year. Enter the method of establishment immediately following the quantity.

Enter the:

(1) total number of acres, rounded to tenths, for field grown commodities;

Important: Include only bearing acres for perennial field grown commodities.

(2) total number/amount that will be produced and/or purchased for resale;

(3) total number of animals to be sold by the head; and

(4) total tons, hundredweight, or pounds, as applicable, for animals or animal products.

When the same commodity is planted and harvested more than once in the insurance year, enter the total number of acres planted. See paragraph 47C for more information.

Example: Insured A intends to plant and harvest carrots on the same five acres two separate times during the insurance year. This is a normal practice for the insured and is considered a GFP for the area. Enter 10 acres of carrots for the year.

Make no entry for commodities added to Farm Operation Report after SCD.</td></tr>
<tr><td>11B.</td><td>Cost/Basis and/or Value</td><td>The cost/basis and/or value of the commodity the insured intends to produce or purchase and obtain revenue from in the insurance year.

Enter only:

(1) The “Net Value” (item 11 of the Market Animal and Nursery Inventory Report) for the commodity listed.

(2) The cost/basis of the commodity that will be purchased for resale during the insurance year.</td></tr>
</table>

A. Required Elements Description (continued)

Item	Required Element	Description
11B.	Cost/Basis and/or Value (continued)	(3) The sum of (1) and (2) if both (1) and (2) apply to the commodity listed. **Example**: The insured has 500 mums on the Market Animal and Nursery Inventory Report with a "Net Value" of $400. The insured intends to purchase 500 mums during the insurance year for $1.00 each. The insured enters $900 in item 11B calculated as $400 + (500 x $1.00). Make no entry for commodities added to Farm Operation Report after SCD.
11C.	Total Expected Revenue (10x11A) – 11B	Enter the result of multiplying item 10 x item 11A, minus item 11B. Round to the nearest whole dollar. If the result is a negative number, enter zero.
Revised		
12A.	Actual Quantity	Enter the amount of each commodity the insured has already or still intends to produce or purchase to obtain revenue from during the insurance year. (1) If the quantity of commodities the insured has already or still intends to produce or purchase for revenue during the insurance year are the same as intended, transfer the entry from item 11A. (2) If changes were made on the farm so that during the insurance year the actual commodities to be produced, purchased, or otherwise added to the farm operation for revenue during the year are NOT the same as shown on the intended report: (a) Carry over the quantity of any commodity that was planted or purchased but lost due to an insured or uninsured cause from item 11A. (b) If a commodity was planted or purchased to replace a commodity that failed enter the actual quantity of the replacement commodity planted or purchased. **Important**: Include only bearing acres for perennial field grown commodities. (c) Enter the quantity of additional commodities listed in item 6.

A. Required Elements Description (continued)

Item	Required Element	Description
12B.	Actual Cost/Basis and/or Value	Enter the actual cost/basis and/or value of each commodity the insured has already or still intends to produce or purchase to obtain revenue from during the insurance year. (1) If the cost/basis and/or value of commodities the insured has already or still intends to produce or purchase for revenue during the insurance year are the same as intended, transfer the entry from item 11B. (2) If the cost/basis of commodities the insured has already or still intends to produce or purchase for revenue during the insurance year is different than as intended, enter the actual cost/basis of the commodity. (3) If changes were made on the farm so that during the insurance year the actual commodities to be produced, purchased, or otherwise added to the farm operation for revenue during the year are NOT the same as shown on the intended report: (a) Carry over the cost/basis and/or value of any commodities that were planted or purchased, but lost due to an insured or uninsured cause from item 11B. (b) Enter the cost/basis of any additional commodities purchased for resale listed in item 6.
12C.	Total Expected Revenue	(1) For additional commodities, enter the result of multiplying (item 8 x item 9 x item 12A) minus item 12B, then times the insured's share. Round to the nearest whole dollar. If the result is a negative number, enter zero. (2) Carry over the total expected revenue from item 11C of any commodity not changed during the insurance year. (3) If changes were made on the farm so that during the insurance year any actual commodity to be produced, purchased, or otherwise added to the farm operation for revenue during the insurance year is NOT the same as shown on the intended report: (a) Carry over the total expected revenue from item 11C of any intended commodity that was lost due to an insured or uninsured cause and NOT replaced with another commodity;

A. Required Elements Description (continued)

Item	Required Element	Description
12C.	Total Expected Revenue (continued)	(b) Carry over the total expected revenue from item 11C of any intended commodity that was lost due to an uninsured cause and replaced with another commodity; or (c) If a commodity was planted or purchased to replace an intended commodity that was lost due to an insured cause; subtract the total expected revenue of the replacement commodity from the total expected revenue of the intended commodity as shown in item 11C. (i) Enter the result of (b) if the result is a positive number (ii) Enter zero if the result of (b) is a negative number
13A.	Final Production	Enter the total amount of production of each commodity produced for the insurance year.
13B.	Final Revenue	Enter the total amount of revenue actually received for the production of the commodity entered in item 13A less the cost or basis, if applicable.
14.	Total Expected Revenue at SCD	Enter the sum all amounts in column 11C.
15.	Total Expected Revenue	Enter the sum all amounts in column 12C and column 13B as applicable.
16.	Total Expected Revenue @ SCD (Total of item 14 and 15 @ SCD),	Enter the sum of item 14 and 15 at SCD.
17.	Whole-Farm Historic Average Revenue (item 13 of WFHR)	Enter the amount from item 13 of the applicant’s/insured’s current Whole-Farm History Report.
18.	Total Expected Revenue @ Revised Reporting Date (item 15)	Total expected revenue for the farm operation for the insurance year. Enter the result of item 15.
19.	Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)	Approved revenue for the farm operation for the insurance year.
19a.	Approved Revenue @ SCD	Enter the lesser of item 16 or item 17 as of the SCD.
19b.	Approved Revenue @ Revised Reporting Date	Enter the lesser of item 17 or item 18 as of the Revised Reporting Date.

A. Required Elements Description (continued)

Item	Required Element	Description
20.	Approved Expenses	Approved expenses for the farm operation for the insurance year.
20a.	Approved Expenses @ SCD	Approved expenses at SCD. (see paragraph 72E for approved expenses determination)
20b.	Approved Expenses @ RRD	Approved expenses at RRD. (see paragraph 72E for approved expenses determination)
21.	Narrative, Expected Values and Report of Changes:	A detailed narrative of all changes to the farm operation from the prior year. List the source used to calculate the expected value for each commodity, and any adjustments made to each commodity to remove revenue that is not allowable (section 18 of WFRP policy), and any additional information needed to explain or clarify the information provided on the Farm Operation Report. (i.e., two separate plantings of the same commodity on the same acreage during the insurance period). Document the insured's choice to use or not use the indexing operation revenue on the Whole-Farm History Report.
22.	Integrated/Post-Production Operations:	Check "YES" or "NO" as applicable. Refer to paragraphs 142 and 147 for further instructions.
The following required entries are not illustrated on the Farm Operation Report example below.		
23.	Applicant/Insured Signature @ SCD and Date	Applicant/insured signature @ SCD and date. Insured must sign and date Farm Operation report each time it is updated.
24.	AIP Representative Signature @ SCD and Date	AIP representative signature @ SCD and date. AIP representative must sign and date Farm Operation report each time it is updated.
25.	Insured Signature @ Revised Reporting Date and Date	Insured signature @ Revised Reporting Date and date. Insured must sign and date Farm Operation report each time it is updated.
26.	AIP Representative Signature @ Revised Reporting Date and Date	AIP representative signature @ Revised Reporting Date and date. AIP representative must sign and date Farm Operation report each time it is updated.
27.	Insured Signature @ Final Reporting and Date	Insured signature @ Final Reporting and Date and date.
28.	AIP Representative Signature @ Final Reporting and Date	AIP representative signature @ Final Reporting and Date and date.

See exhibit 5 for required certification and other statement.

B. Farm Operation report Form Example

The following is provided as an example only. AIPs must develop a Farm Operations Report using the required elements and statements.

FARM OPERATION REPORT

1. Insurance Year:	2. Producer Information:	3. Agency Information:	4. State/County:	5. Other Insurance:
2015	I.M. Insured Person Type: Individual Anytown, USA, 11111 Phone: 999.999.9999 SSN: xxx.xx.xxxx	Agent Code: XX I.M. Agent Policy: xxxx Anytown, USA 11111 Phone: 111.111.1111	Michigan/Vanburen	Corn Policy xxxx

Intended								**Revised**			**Final**	
6. Commodity Name/Code	7. Method of Establishment	8. Yield	9. Expected Value	10. Expected Revenue (8x9)	11A. Intended Quantity	11B. Cost/Basis and/or Value	11C. Total Expected Revenue (10x11A) – 11B)	12A. Actual Quantity	12B. Actual Cost/Basis and/or Value	12C. Total Expected Revenue	13A. Final Total Production	13B. Final Revenue
Corn/0041	Acres	150 bu.	$5.00/bu.	$750.00/ac.	125 ac.		$93,750	125 ac.		$88,750	11,250 bu.	$56,250
Mums/0073	Plants	1 Plant	$10.00/plant	$10.00/plant	1000 plants	$1,000	$9,000	1000 plants	$1,000	$9,000	200 plants	$1,800
Geraniums/0073	Plants	1 Plant	$10.00/plant	$10.00/plant	1000 plants	$1,000	$9,000	1000 plants	$1,000	$9,000	1000 plants	$9000
Hogs/0804	Head	225 lbs.	$1.00/lbs.	$225.00/head	250 head	$6,250	$50,000	250 head	$6,250	$50,000	125 head	$25,000
Soybeans/0081	Acres	50 bu.	$10.00/bu.					10 ac.		$5,000	500 bu.	$5,000
14. Total At SCD							$161,750					
15. Total										$161,750		$97,050
16. Total Expected Revenue @ SCD (Total of Item 14 and 15 @ SCD)							$161,750					
17. Whole-Farm Historic Average Revenue (Item 13 of WFHR)							$184,200					
18. Total Expected Revenue @ Revised Reporting Date (Item 15)										$161,750		
19. Approved Revenue (Lesser of item 16 and 17 @ SCD or item 17 and 18 @ RRD)						19a	$161,750		19b	$161,750		
20. Approved Expenses						20a	$107,765		20b	$107,765		

21. Narrative, Expected Values, and Report of Changes:
Mums - Item 11B and 12B entry is the net value from item 11 on the Market Animal and Nursery Inventory Report. Item 13A and 13B 800 plants lost due to uninsured cause of loss. $7200 adjustment must be made to Claim for Indemnity Form if completed.
Geraniums - Item 11B and 12B entry is the total cost ($1.00/plant x 1000 plants).
Hogs - Item 11B and 12B entry is the net value from item 11 on the Market Animal and Nursery Inventory Report. Item 13A and 13B 125 head lost to insured cause of loss (facilities destroyed by adverse weather).
Corn - 125 acres intended. 75 ac. planted, and 50 ac PP. 10 ac of the PP acres were planted to soybeans. Calculated: $93,750 (corn) - $5,000 (soybeans) = $88,750 (corn)
Soybeans – 10 ac planted to replace corn that was prevented from planting.

22. Integrated/Post-production Operations: ( ) YES or (x) NO See Special Circumstances in Section 6.

Replant Payment Worksheet

A. Required Elements Description

The following table provides descriptions of the Replant Payment Worksheet required elements.

Item	Required Element	Description
1.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
2.	State/County:	State and county where the majority of the total expected revenue for the insurance year will be derived. ***
3.	Policy Number:	Policy number for which payment is being calculated.
4.	Claim Number:	Claim Number assigned by AIP.
5.	Insured Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the insured. Also includes the person type the insured used to file their Federal taxes. The insured must be the same person and person type as the person designated on the United States Income Tax form(s).
6.	Agency Information	Name, address, telephone number and code number of the agent. Include policy number.
7.	Companion Policy(s)	List of producers, other than the insured, that have WFRP coverage on any of the commodities covered under the insured's policy. Enter "NONE" when the insured has 100 percent share in all commodities insured under their WFRP policy, or when all other producers with an interest in the commodities do not have a WFRP policy.
8.	Date of Damage:	Month and year in which most of the damage causing a loss in revenue occurred. Enter the specific date of damage when known, such as damage from hail, fire or flood.
9.	Cause of Damage:	Event(s) that caused the damage resulting in loss of revenue. Cause must be an insurable cause of loss. List all insurable causes that created damage. Describe cause of loss in narrative, item 20, if additional space is required.
10.	Primary Cause (%):	Percentage of the primary cause of the damage, when more than one insurable cause created the damage. Must be whole percent and exceed 50 percent.
11.	Dates of Notice:	Date(s) insured provided notice of loss.
12.	Commodity Name/Code	Name and code number of the commodity replanted
13.	Determined Acres Replanted	Number of acres of the commodity the AIP determines were actually replanted, and that the AIP agreed were practical to replant and gave consent to replant.

Replant Payment Worksheet (Continued)

A. Required Elements Description (Continued)

Item	Required Element	Description
14.	Actual Replant Cost	The actual per acre cost to replant the commodity the AIP determines from records provided by the insured.
15.	Maximum Replant Payment	The maximum dollar amount per acre (20% of the expected revenue of the commodity x coverage level).
16.	Replant payment per Acre (Lesser of Column 14 or 15)	Enter the lesser of the actual replant cost (column 14) or the maximum replant payment (column 15).
17.	Replant Cost Allowed (Column 13 X Column 16)	Enter the result of the determined acres replanted (column 13) multiplied by the replant payment per acre (column 16).
18.	Share	Enter the insured's share of the replanting payment of the commodity replanted.
19.	Replant Payment	Enter the result of column 17 multiplied by column 18.
20.	Total	Total is the sum of all monetary entries in column 19
21.	Narrative	Document: (1) reason no replant payment due, if applicable; (2) calculation of item 15 (maximum replant payment) (3) any additional information required to explain entries for all items of form If more space is needed, include applicable information on a separate document. Include the insured's name, policy number, and claim number on the separate document. Title the document "Narrative to Replant Payment Continued" and attach it to the Replant Payment Worksheet.
22.	Similar Damage on Other Farms in the Area?	Indication of whether other farms in the area had similar damage as the insured reported. Enter "Yes" if other farms in the area had similar damage, otherwise enter "No."
23.	Assignment of Indemnity?	Indication of whether insured has an assignment of indemnity in effect for insurance year. Enter "Yes" if insured has assignment of indemnity in effect for insurance year, otherwise enter "No."
The following required entries are not illustrated on the Replant Payment Worksheet example below.		
24.	Insured's Signature and Date:	Insured signature and date.
25.	AIP Representative Signature and Date	AIP representative's signature and date.

See exhibit 5 for required certification and other statements.

B. Replant Payment Worksheet Form Example

The following is provided as an example only. AIPs must develop a Replant Payment Worksheet using the required elements and statements.

<table>
<tr><th colspan="9">REPLANT PAYMENT WORKSHEET</th></tr>
<tr><td colspan="2">1. Insurance Year:
2015</td><td colspan="2">2. State/County:
MI / Bay</td><td colspan="2" rowspan="2">5. Insured Information:
I.M. Insured Person Type:
Box 1 Individual
Anytown, USA, 11111
Phone: 999.999.9999 SSN: xxx.xx.xxxx</td><td colspan="2" rowspan="2">6. Agency Information: Agent Code: XX
I.M. Agent
Box 2
Anytown, USA 11111
Phone: 111.111.1111</td><td rowspan="2">7. Companion Policy(s)
NONE</td></tr>
<tr><td colspan="2">3. Policy Number:
xxxxxxxxxx</td><td colspan="2">4. Claim Number:
xxxxxxx</td></tr>
<tr><td colspan="4">8. Date of Damage:
MAY 25, 2016</td><td colspan="2">9. Cause of Damage:
HAIL</td><td colspan="2">10. Primary Cause (%):
100%</td><td>11. Date(s) of Notice:
8/1/2016</td></tr>
<tr><td colspan="9"></td></tr>
<tr><td>12.Commodity Name/Code</td><td>13. Determined Acres Replanted</td><td>14. Actual Replant Cost</td><td>15. Maximum Replant Amount</td><td>16. Replant Payment per Acre (Lesser of Column 14 or 15)</td><td>17. Replant Cost Allowed (Column 13 x Column 16)</td><td>18. Share</td><td colspan="2">19. Replant Payment</td></tr>
<tr><td>Corn</td><td>50.0</td><td>$75.00</td><td>$127.50</td><td>$75.00</td><td>$3,750</td><td>1.000</td><td colspan="2">$3,750</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="2"></td></tr>
<tr><td>20. TOTAL</td><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="2">$3,750</td></tr>
<tr><td colspan="9">21. Narrative: Consent given to replant 50 acres of Corn. Actual replant cost verified with insured's receipts. Maximum replant payment allowed calculation .20 x (150bu/acre x $5.00/bu.) x .85(coverage level).</td></tr>
<tr><td colspan="4">22. Similar Damage on Other Farms in the Area? YES</td><td colspan="5">23. Assignment of Indemnity? NO</td></tr>
</table>

Schedule F Example

Example of Completed Schedule F Form:

SCHEDULE F (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Farming

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
► Information about Schedule F and its separate instructions is at *www.irs.gov/schedulef*.

OMB No. 1545-0074
2013
Attachment Sequence No. 14

Name of proprietor: I.M. INSURED
Social security number (SSN): 000-00-0000

A Principal crop or activity: GRAIN FARMING
B Enter code from Part IV ► 1 1 1 1 0 0
C Accounting method: ☑ Cash ☐ Accrual
D Employer ID number (EIN), (see instr)

E Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on passive losses ☑ Yes ☐ No
F Did you make any payments in 2013 that would require you to file Form(s) 1099 (see instructions)? ☐ Yes ☑ No
G If "Yes," did you or will you file required Forms 1099? ☐ Yes ☑ No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a	Sales of livestock and other resale items (see instructions)	1a			
b	Cost or other basis of livestock or other items reported on line 1a	1b			
c	Subtract line 1b from line 1a			1c	00
2	Sales of livestock, produce, grains, and other products you raised			2	97,400 00
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	3,800 00	3b Taxable amount 3b	3,800 00
4a	Agricultural program payments (see instructions)	4a	18,200 00	4b Taxable amount 4b	18,200 00
5a	Commodity Credit Corporation (CCC) loans reported under election			5a	0 00
b	CCC loans forfeited	5b	0 00	5c Taxable amount 5c	0 00
6	Crop insurance proceeds and federal crop disaster payments (see instructions)				
a	Amount received in 2013	6a	31,875 00	6b Taxable amount 6b	31,875 00
c	If election to defer to 2014 is attached, check here ► ☐		6d Amount deferred from 2012	6d	0 00
7	Custom hire (machine work) income			7	5,000 00
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)			8	4,600 00
9	**Gross income.** Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50 (see instructions) ►			9	160,875 00

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses (see instructions).

10	Car and truck expenses (see instructions). Also attach **Form 4562**	10	3,250 00	23	Pension and profit-sharing plans	23	0 00
				24	Rent or lease (see instructions):		
11	Chemicals	11	6,520 00	a	Vehicles, machinery, equipment	24a	1,000 00
12	Conservation expenses (see instructions)	12	2,640 00	b	Other (land, animals, etc.)	24b	5,750 00
13	Custom hire (machine work)	13	3,900 00	25	Repairs and maintenance	25	5,500 00
14	Depreciation and section 179 expense (see instructions)	14	3,500 00	26	Seeds and plants	26	10,410 00
				27	Storage and warehousing	27	0 00
15	Employee benefit programs other than on line 23	15	0 00	28	Supplies	28	4,780 00
				29	Taxes	29	5,450 00
16	Feed	16	15,000 00	30	Utilities	30	5,550 00
17	Fertilizers and lime	17	9,200 00	31	Veterinary, breeding, and medicine	31	4,000 00
18	Freight and trucking	18	3,550 00	32	Other expenses (specify):		
19	Gasoline, fuel, and oil	19	9,350 00	a	Association Membership	32a	350 00
20	Insurance (other than health)	20	3,650 00	b	Computer Software	32b	750 00
21	Interest:			c	Legal Fess	32c	950 00
a	Mortgage (paid to banks, etc.)	21a	10,000 00	d		32d	
b	Other	21b	4,500 00	e		32e	
22	Labor hired (less employment credits)	22	10,300 00	f		32f	

33	**Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions ►	33	129,850 00
34	**Net farm profit or (loss).** Subtract line 33 from line 9	34	31,025 00

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Did you receive an applicable subsidy in 2013? (see instructions) ☐ Yes ☑ No

36 Check the box that describes your investment in this activity and see instructions for where to report your loss.
a ☑ All investment is at risk. b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11346H Schedule F (Form 1040) 2013

Schedule F Example (Continued)

Example of Completed Schedule F Form (continued)

Schedule F (Form 1040) 2013 Page 2

Part III Farm Income—Accrual Method (see instructions).

37	Sales of livestock, produce, grains, and other products (see instructions)		37	
38a	Cooperative distributions (Form(s) 1099-PATR) 38a	38b Taxable amount	38b	
39a	Agricultural program payments 39a	39b Taxable amount	39b	
40	Commodity Credit Corporation (CCC) loans:			
a	CCC loans reported under election		40a	
b	CCC loans forfeited 40b	40c Taxable amount	40c	
41	Crop insurance proceeds		41	
42	Custom hire (machine work) income		42	
43	Other income (see instructions)		43	
44	Add amounts in the right column for lines 37 through 43 (lines 37, 38b, 39b, 40a, 40c, 41, 42, and 43)		44	
45	Inventory of livestock, produce, grains, and other products at beginning of the year. Do not include sales reported on Form 4797	45		
46	Cost of livestock, produce, grains, and other products purchased during the year	46		
47	Add lines 45 and 46	47		
48	Inventory of livestock, produce, grains, and other products at end of year	48		
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*		49	
50	**Gross income.** Subtract line 49 from line 44. Enter the result here and on Part I, line 9 ▶		50	

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50 and on Part I, line 9.

Part IV Principal Agricultural Activity Codes

CAUTION

Do not file Schedule F (Form 1040) to report the following.

- *Income from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).*
- *Income from breeding, raising, or caring for dogs, cats, or other pet animals. Instead file Schedule C (Form 1040) or Schedule C-EZ (Form 1040).*
- *Sales of livestock held for draft, breeding, sport, or dairy purposes. Instead file Form 4797.*

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six-digit number on line B.

Crop Production

111100 Oilseed and grain farming
111210 Vegetable and melon farming
111300 Fruit and tree nut farming
111400 Greenhouse, nursery, and floriculture production
111900 Other crop farming

Animal Production

112111 Beef cattle ranching and farming
112112 Cattle feedlots
112120 Dairy cattle and milk production
112210 Hog and pig farming
112300 Poultry and egg production
112400 Sheep and goat farming
112510 Aquaculture
112900 Other animal production

Forestry and Logging

113000 Forestry and logging (including forest nurseries and timber tracts)

Schedule F (Form 1040) 2013

Substitute Schedule F Example

A. Use of the Substitute Schedule F

The Substitute Schedule F is a required worksheet used by entities in the business of farming that do not complete and file a Schedule F. This form is used to document income and expenses for the purpose of WFRP in the same manner as those who file a Schedule F.

B. Required Elements Description

The Substitute Schedule F will be completed using the instructions provided by the IRS for the Schedule F.

The following table provides descriptions of the Substitute Schedule F required elements not provided for by the IRS instruction.

Required Element	Description
The following required entries are not illustrated on the Substitute Schedule F example below.	
Insured's Signature and Date:	Insured signature and date.
AIP Representative Signature and Date	AIP representative's signature and date.

Substitute Schedule F Example(Continued)

C. Substitute Schedule F Form Example

The following is provided as an example only:

Substitute Schedule F

SCHEDULE F (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Farming

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.
► Information about Schedule F and its separate instructions is at *www.irs.gov/schedulef*.

OMB No. 1545-0074
2013
Attachment Sequence No. 14

Name of proprietor: **I.M. INSURED**	Social security number (SSN): **000-00-0000**
A Principal crop or activity: **GRAINING FARMING**	B Enter code from Part IV ► 1 1 1 1 0 0
C Accounting method: ☑ Cash ☐ Accrual	D Employer ID number (EIN), (see instr)

E Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on passive losses ☑ Yes ☐ No
F Did you make any payments in 2013 that would require you to file Form(s) 1099 (see instructions)? ☐ Yes ☑ No
G If "Yes," did you or will you file required Forms 1099? ☐ Yes ☑ No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 9.)

1a	Sales of livestock and other resale items (see instructions)	1a				
b	Cost or other basis of livestock or other items reported on line 1a	1b				
c	Subtract line 1b from line 1a				1c	00
2	Sales of livestock, produce, grains, and other products you raised				2	97,400 00
3a	Cooperative distributions (Form(s) 1099-PATR)	3a	3,800 00	3b Taxable amount	3b	3,800 00
4a	Agricultural program payments (see instructions)	4a	18,200 00	4b Taxable amount	4b	18,200 00
5a	Commodity Credit Corporation (CCC) loans reported under election				5a	0 00
b	CCC loans forfeited	5b	0 00	5c Taxable amount	5c	0 00
6	Crop insurance proceeds and federal crop disaster payments (see instructions)					
a	Amount received in 2013	6a	31,875 00	6b Taxable amount	6b	31,875 00
c	If election to defer to 2014 is attached, check here ► ☐			6d Amount deferred from 2012	6d	0 00
7	Custom hire (machine work) income				7	5,000 00
8	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)				8	4,600 00
9	**Gross income.** Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50 (see instructions) ►				9	160,875 00

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses (see instructions).

10	Car and truck expenses (see instructions). Also attach **Form 4562**	10	3,250 00	23	Pension and profit-sharing plans	23	0 00
11	Chemicals	11	6,520 00	24	Rent or lease (see instructions):		
12	Conservation expenses (see instructions)	12	2,640 00	a	Vehicles, machinery, equipment	24a	1,000 00
13	Custom hire (machine work)	13	3,900 00	b	Other (land, animals, etc.)	24b	5,750 00
14	Depreciation and section 179 expense (see instructions)	14	3,500 00	25	Repairs and maintenance	25	5,500 00
15	Employee benefit programs other than on line 23	15	0 00	26	Seeds and plants	26	10,410 00
16	Feed	16	15,000 00	27	Storage and warehousing	27	0 00
17	Fertilizers and lime	17	9,200 00	28	Supplies	28	4,780 00
18	Freight and trucking	18	3,550 00	29	Taxes	29	5,450 00
19	Gasoline, fuel, and oil	19	9,350 00	30	Utilities	30	5,550 00
20	Insurance (other than health)	20	3,650 00	31	Veterinary, breeding, and medicine	31	4,000 00
21	Interest:			32	Other expenses (specify):		
a	Mortgage (paid to banks, etc.)	21a	10,000 00	a	Association Membership	32a	350 00
b	Other	21b	4,500 00	b	Computer Software	32b	750 00
22	Labor hired (less employment credits)	22	10,300 00	c	Legal Fess	32c	950 00
				d		32d	
				e		32e	
				f		32f	

33	**Total expenses.** Add lines 10 through 32f. If line 32f is negative, see instructions ►	33	129,850 00
34	**Net farm profit or (loss).** Subtract line 33 from line 9	34	31,025 00

If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

35 Did you receive an applicable subsidy in 2013? (see instructions) ☐ Yes ☑ No

36 Check the box that describes your investment in this activity and see instructions for where to report your loss.
a ☑ All investment is at risk. b ☐ Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11346H **Schedule F (Form 1040) 2013**

Allowable Expenses Worksheet

A. Use of Allowable Expenses Worksheet

The Allowable Expenses Worksheet is a required worksheet AIPs must use in determining an applicant's/insured's allowable expenses for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to the applicant's/insured's tax reported expenses.

B. Information Directly From Schedule F

Completion of the Allowable Expenses Worksheet requires information taken directly from the applicant's/insured's Schedule F tax form. The items to be listed in the required element titled "Schedule F Part II Expenses" on the Allowable Expenses Worksheet are taken directly from the list of farm expenses listed in Part II of the Schedule F tax form. The farm expenses listed on the Schedule F have changed over time and may change in future years. Therefore the items to be listed in the required element titled "Schedule F Part II Expenses" may vary from year to year.

C. Required Elements Description

The following table provides descriptions of the required elements for the Allowable Expenses Worksheet.

Note: The descriptions provided in the table are based on the 2013 Schedule F form.

Item	Required Elements	Description
1.	Producer Information:	Name, address, and telephone number for the applicant/insured. Also includes the person type the insured used to file their Federal taxes. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number:	Policy number. Enter "N/A" if no policy number has been assigned to applicant.
3.	State/County:	State and county where the majority of the total expected revenue for the insurance year will be derived. ***
4.	Tax Year:	Tax year of the corresponding Schedule F from which the information is being taken.
5.	Adjustment Codes:	Codes to identify specific types of adjustments made to expense amounts listed on applicant's/insured's Schedule F. Enter: (1) "A = Schedule F expenses specifically excluded"; (2) "B = Cost of post-production operations"; (3) "H = Not directly related to production"; and (4) "I = Other".
6.	Schedule F Part II Expenses	List of farm expense items taken directly from Part II of the applicant's/insured's Schedule F. Enter the farm expenses listed in Part II of the applicant's/insured's Schedule F for the tax year entered in item 4.

Allowable Expenses Worksheet (Continued)

C. Required Elements Description (continued)

Item	Required Elements	Description
7.	Schedule F Line Number	Line number on the Schedule F for the required entry.
8.	Amount on Schedule F	Dollar amount entered on Schedule F for each farm expense listed in item 6. For each farm expense item listed in item 6, enter the exact dollar amount the applicant/insured entered on their Schedule F for that farm expense. Enter “0” if no dollar amount was entered for the farm expense on the Schedule F.
9.	Expense Adjustment Amount and Code	Dollar amount to be subtracted from the dollar amount in item 8, and the applicable adjustment code from item 5. The following farm expenses reported on the Schedule F must be excluded from allowable expenses for WFRP purposes. Therefore, enter the exact dollar amount the applicant/insured entered on their Schedule F for the following farm expenses. Immediately after the dollar amount, enter adjustment code “(A)”. (1) Employee benefits program, other than on line 23. (2) Interest: Mortgage and Other. (3) Pension and Profit-sharing plans. (4) Rent or lease: Vehicles, machinery, equipment, and Other (land, animals, etc.). (5) Taxes. For the farm expense item titled “depreciation and section 179 expense”, enter the amount of depreciation for everything other than animals, immediately followed by adjustment code “(I)”. For each farm expense item not listed above, enter: (1) the amount equal to the post-production costs, immediately followed by adjustment code “(B)”, if the amount entered in item 8 includes post-production costs; (2) the amount equal to all indirect expenses, immediately followed by adjustment code “(H)”, if the amount entered in item 8 includes any indirect expenses; (3) the amount equal to all other expenses not allowed to be included in allowable expenses for WFRP purposes according to the WFRP policy, immediately followed by adjustment code “(I)”, if the amount entered in item 8 includes any such expenses; and

Allowable Expenses Worksheet (Continued)

C. Required Elements Description (continued)

Item	Required Elements	Description
9.	Expense Adjustment Amount and Code (continued)	(4) "0" if the amount entered in item 8 does not include post-production costs, indirect expenses, or any other expenses not allowed to be included in allowable expenses for WFRP purposes. Verifiable payroll, processor, or other records must be provided to determine the amount of post-production costs, indirect expense, and other expense to be enter in item 9.
10.	Allowable Expense Per Item	Amount of allowable expense for each farm expense listed in item 6. Determine the amount of allowable expense for each farm expense listed in item 6 by subtracting the amount(s) entered in item 9 from the amount entered in item 8.
11.	Total Schedule F Part II Expenses	Enter the total for: (1) farm expenses on Schedule F, by summing all amounts in item 8; (2) expense adjustment amount, by summing all amounts in item 9; and (3) allowable expenses per item, by summing all amounts in item 10.
12.	Cost or other basis of livestock or other items reported on line 1a or 37 of the Schedule F	Cost, or other basis, of animals or other items purchased for resale. For CASH FILERS enter the exact dollar amount the applicant/insured entered in item 1b of Part I, Farm Income, of their Schedule F. For ACCRUAL FILERS enter the exact dollar amount the applicant/insured entered in item 46 of their Schedule F.
13.	Accounts Payable Adjustment	Enter the amount from item 16 on the Accounts Receivable and Accounts Payable Worksheet. This entry is made only at claim time.
14.	Allowable Expenses for Tax Year	Enter the sum of adding the total for allowable expenses per item (item 11 entry for column 10) plus items 12 and 13.
The following required entries are not illustrated on the Allowable Expenses Worksheet example below.		
15.	Applicant/Insured Signature and Date	Applicant/Insured signature and date:
16.	AIP Representative Signature and Date	Signature of AIP representative that completed the worksheet, and date completed.

See exhibit 5 for required certification and other statements.

D. Allowable Expenses Worksheet Form Example

The following is an example Allowable Expenses Worksheet using farm expenses from 2013 Schedule F or Substitute Schedule F.

Allowable Expenses Worksheet		
1. Producer Information: I.M. Insured Person Type: Individual Box 1 Anytown, USA, 11111 Phone: 999.999.9999	2. Policy Number: XXXXXX 3. State/County: Michigan/Vanburen 4. Tax Year: 2013	5. Adjustment Codes: A = Schedule F expenses specifically excluded B = Cost of post-production operations H = Not directly related to production I = Other

6. Schedule F Part II Expenses	7. Schedule F Line Number	8. Amount on Schedule F	9. Expense Adjustment Amount and Code	10. Allowable Expense Per Item
Car and truck Expenses	10	$3,250	0	$3,250
Chemicals	11	$6,520	0	$6,520
Conservation expenses	12	$2,640	0	$2,640
Custom hire	13	$3,900	0	$3,900
Depreciation and section 179 expense	14	$3,500	$3,500 (I) all depreciation was for other than animals	0
Employee benefit programs other than on line 23	15	0	0	0
Feed	16	$15,000	0	$15,000
Fertilizers and lime	17	$9,200	0	$9,200
Freight and trucking	18	$3,550	0	$3,550
Gasoline, fuel, and oil	19	$9,350	0	$9,350
Insurance (other than health)	20	$3,650	0	$3,650
Interest: Mortgage and Other	21a + 21b	$14,500	$14,500 (A)	0
Labor hired	22	$10,300	0	$10,300
Pension and profit-sharing plans	23	0	0	0
Rent or lease: Vehicles, machinery, equipment, and Other (land, animals, etc.)	24a + 24b	$6,750	$6,750 (A)	0
Repairs and maintenance	25	$5,500	0	$5,500
Seeds and plants	26	$10,410	0	$10,410
Storage and warehousing	27	0	0	0
Supplies	28	$4,780	$2,500 (B)	$2,280
Taxes	29	$5,450	$5,450 (A)	0
Utilities	30	$5,550	0	$5,550
Veterinary, breeding, and medicine	31	$4,000	0	$4,000
Other expenses (specify):	32			
Association membership		$350	0	$350
Computer/software		$750	$750 (H)	0
Legal fees		$950	$950 (H)	0
Commodity Grading		0	0	0
11. Total Schedule F Part II Expenses		$129,850	$34,400	$95,450
	12. Cost or other basis of livestock or other items reported on line 1a or 37 of the Schedule F			0
	13. Accounts Payable Adjustment			0
	14. Allowable Expenses for Tax Year			$95,450

Allowable Revenue Worksheet

A. Use of Allowable Revenue Worksheet

The Allowable Revenue Worksheet is a required worksheet that AIPs must use in determining an applicant's/insured's allowable revenue for each year in the whole-farm history period, and for the insurance year when determining an indemnity amount. The worksheet assists in identifying and documenting required adjustments to the applicant's/insured's tax reported income.

B. Information Directly From Schedule F

Completion of the Allowable Revenue Worksheet requires information taken directly from the applicant's/insured's Schedule F tax form. The items to be listed in the required element titled "Schedule F Part I or III Revenue" on the Allowable Revenue Worksheet are taken directly from the list of farm revenue listed in Part I (cash) or Part III (accrual) of the Schedule F tax form. The farm revenue items listed on the Schedule F has changed over time and may change in future years. Therefore the items to be listed in the required element titled "Schedule F Part I or III Revenue" may vary from year to year.

C. Required Elements Description

The following table provides descriptions of the required elements for the Allowable Revenue Worksheet.

Note: The descriptions provided in the table are based on the 2013 Schedule F form.

Item	Required Elements	Description
1.	Producer Information:	Name, address, and telephone number for the applicant/insured. Also includes the person type the insured used to file their Federal taxes. The applicant/insured must be the same person and person type as the person designated on the United States Income Tax form(s).
2.	Policy Number:	Policy number. Enter "N/A" if no policy number has been assigned to applicant.
3.	State/County:	State and county where the majority of the total expected revenue for the insurance year will be derived. ***
4.	Tax Year:	Tax year of the corresponding Schedule F from which the information is being taken.
5.	Adjustment Codes:	Codes to identify specific types of adjustments made to revenue amounts listed on applicant's/insured's Schedule F. Enter: (1) "A = Schedule F income specifically excluded"; (2) "B = Cost of post-production operations"; (3) "C = Co-op distributions not directly related"; (4) "G = Net gain from commodity hedges"; (5) "H = Not directly related to production"; and (6) "I = Other".

C. Required Elements Description (Continued)

Item	Required Elements	Description
6.	Schedule F Part I (cash) or III (accrual) Revenue	List of farm revenue items taken from Part I or Part III of the applicant's/insured's Schedule F.
7.	Schedule F Line Number	Line number on the Schedule F for the required entry.
8.	Amount on Schedule F	Dollar amount entered on Schedule F for each farm revenue item listed in item 6. For farm revenue item "Sales of animals and other resale items, less the cost, or other basis, of such items," enter the dollar amount the applicant/insured entered in item 1c or 37 on their Schedule F. **Note for Accrual Filers Only**: Item 37 of the Schedule F represents the TOTAL amount of revenue received from the sale of animals or other commodities purchased for resale and produced during the insurance year. Revenue from animals or other commodities that were purchased for resale and sold during the insurance year must be determined and, that amount, entered in the line titled "Sales of animals and other resale items, less the cost, or other basis, of such items." For farm revenue item "Sale of livestock, produce, grains, and other products you raised," enter the dollar amount the applicant/insured entered in item 2 or 37 on their Schedule F. **Note for Accrual Filers Only**: Item 37 of the Schedule F represents the TOTAL amount of revenue received from the sale of animals or other commodities purchased of resale and produced during the insurance year. Revenue from animals or other commodities that were produced during the insurance year must be determined and, that amount, entered in the line titled "Sale of livestock, produce, grains, and other products you raised." For farm revenue item "cooperative distributions," enter the taxable amount the applicant/insured entered in item 3b or 38b on their Schedule F. (Include only those amounts directly related to the sale of commodities). For farm revenue item "agricultural program payments," enter the taxable amount the applicant/insured entered in item 4b or 39b on their Schedule F.

C. Required Elements Description (Continued)

Item	Required Elements	Description
8.	Amount on Schedule F (continued)	For farm revenue item "Commodity Credit Corporation (CCC) loans reported under election," enter the dollar amount the applicant/insured entered in item 5a or 40a of their Schedule F For farm revenue item "CCC loans forfeited," enter the taxable amount the applicant/insured entered in item 5c or 40c on their Schedule F. For farm revenue item "crop insurance proceeds and federal crop disaster payments", enter the total of the amounts the applicant/insured entered in items 6b and 6d or 41 on their Schedule F. For farm revenue item "Custom hire (machine work) income," enter the dollar amount the applicant/insured entered in item 7 or 42 of their Schedule F. For farm revenue item "Other income, including federal and state gasoline or fuel tax credit or refund," enter the dollar amount separately for each of the following farm revenue entered in item 8 or 43 of their Schedule F. (1) Federal and state gasoline or fuel tax credit or refund. (2) Income from bartering. (3) Payments from buyers of commodities for bypassed acreage. (4) Payments from marketing orders. Enter "0" if no dollar amount was entered for the farm revenue item on the Schedule F.
9.	Revenue Adjustment Amount and Code	Dollar amount to be subtracted from the dollar amount in item 8, and the applicable adjustment code from item 5. **Note**: The following entries are applicable to both CASH and ACCURAL METHODS of filing unless otherwise stated. The following farm revenue reported on the Schedule F must be excluded from allowable revenue for WFRP non-claim purposes. Therefore, enter the exact dollar amount the applicant/insured entered on their Schedule F for the following farm revenue items. Immediately after the dollar amount, enter adjustment code "(A)". (1) Agricultural Program Payments. (2) Crop insurance proceeds and federal crop disaster payments. (3) Custom hire (machine work) income.

Allowable Revenue Worksheet (Continued)

C. Required Elements Description (Continued)

Item	Required Elements	Description
9.	Revenue Adjustment Amount and Code (continued)	(4) Commodity Credit Corporation (CCC) loans reported under election. (5) CCC loans forfeited. **(FOR CASH FILERS)**: For farm revenue item “sales of animals and other resale items, less the cost, or other basis, of such items”, enter “0” because the Allowable Expenses Worksheet accounts for appropriate adjustments. (**FOR ACCRUAL FILERS)**: For farm revenue item “sales of animals and other resale items, less the cost, or other basis, of such items” enter the exact dollar amount the applicant/insured entered in item 46 of their Schedule F, immediately followed by adjustment code “(A)”; For farm revenue item “cooperative distributions”, enter the amount of such distributions that are not directly related to the production of commodities insured under the WFRP policy immediately followed by adjustment code “(C)”. For farm revenue item “other income, including federal and state gasoline or fuel tax credit or refund”, enter the amount equal to the revenue received from federal and state gasoline or fuel tax credits or refunds, immediately followed by an adjustment code “(A)”. Also enter any amount that meets any of the conditions listed below for any other revenue identified in this farm revenue item. For each farm revenue item not listed above, enter the amount equal to: (1) the post-production costs, immediately followed by adjustment code “(B)”; (2) all revenue earned from commodities not insurable under WFRP, immediately followed by adjustment code “(I)”; (3) all revenue not directly related to production of commodities, immediately followed by adjustment code “(H)”; (4) the net gain from commodity hedges, immediately followed by adjustment code “G”; and (5) all other revenue not allowed to be included in allowable revenue for WFRP purposes according to the WFRP policy, such a revenue from a contract grower, immediately followed by adjustment code “(I)”.

Allowable Revenue Worksheet (Continued)

C. Required Elements Description (Continued)

Item	Required Elements	Description
9.	Revenue Adjustment Amount and Code (continued)	Enter “0” if the amount entered in item 8 does not include any revenue that must be excluded. Verifiable records must be provided to determine the amount of post-production costs, indirect revenue, revenue from commodities not insurable under WFRP, and other revenue enter in item 9.
10.	Allowable Revenue Per Item	Amount of allowable revenue for each farm revenue item listed in item 6. Determine the amount of allowable revenue for each farm revenue item listed in item 6 by subtracting the amount(s) entered in item 9 from the amount entered in item 8.
11.	Total Schedule F Part I or III Revenue	Enter the total for: (1) farm revenue on Schedule F, by summing all amounts in item 8; (2) revenue adjustment amount, by summing all amounts in item 9; and (3) allowable revenue per item, by summing all amounts in item 10.
12.	Allowable Revenue for Tax Year	WFRP allowable revenue for the tax year in item 4. Enter the total for the allowable revenue per item from item 10.
The following required entries are not illustrated on the Allowable Revenue Worksheet example below.		
13.	Applicant/Insured Signature and Date	Applicant/Insured signature and date:
14.	AIP Representative Signature and Date	Signature of AIP representative that completed the worksheet, and date completed.

See exhibit 5 for required certification and other statements.

D. Allowable Revenue Worksheet Example

The farm expenses listed on the Schedule F has changed over time and may change in future years. Therefore the items to be listed in the required element titled “Schedule F Part I Income” may vary from year to year. The following example Allowable Revenue Worksheet provides the farm revenue items listed on the 2013 Schedule F.

Allowable Revenue Worksheet				
1. Producer Information: I.M. Insured Person Type: Individual Box 1 Anytown, USA, 11111 Phone: 999.999.9999	2. Policy Number: XXXXXX 4. Tax Year: 2013	3. State/County: Michigan/Vanburen		
5. Adjustment Codes: A = Schedule F income specifically excluded B = Cost of post-production operations C = Co-op distributions not directly related	G = Net gain from commodity hedges H = Not directly related to production I = Other			
6. Schedule F Part I (cash) or III (accrual) Revenue	7. Schedule F Line Number	8. Amount on Schedule F	9. Revenue Adjustment Amount and Code	10. Allowable Revenue Per Item
a. Sales of animals and other resale items, less the cost or other basis of such items	1c or 37	0	0	
b. Sales of livestock, produce, grains, and other products you raised	2 or 37	$97,400	$1,100 (B) (for packing supplies)	$96,300
c. Cooperative distributions	3b or 38b	$3,800	$3,240 (C)	$560
d. Agricultural program payments	4b or 39b	$18,200	$18,200 (A)	$0
e. Commodity Credit Corporation (CCC) loans reported under election	5a or 40a	0	0	0
f. CCC loans forfeited	5c or 40c	0	0	0
g. Crop insurance proceeds and federal crop disaster payments	6b or 41	$31,875	$31,875 (A)	0
h. Custom hire (machine work) income	7 or 42	$5,000	$5,000 (A)	0
i. Other income, including federal and state gasoline or fuel tax credit or refund:				
Federal and state gasoline or fuel tax credit or refund	8 or 43	$2,400	$2,400 (A)	0
Income from bartering		$200	0	$200
Payments from buyers of commodities for bypassed acreage		$1,000	0	$1,000
Payments from marketing orders		$1,000	0	$1,000
11. Total Schedule F Part I or III Revenue		$160,875	$61,815	$99,060
	12. Allowable Revenue for Tax Year			$99,060

Claim for Indemnity Form

A. Required Elements Description

The following table provides descriptions of the Claim for Indemnity Report required elements.

Item	Required Elements	Description
1.	Insurance Year:	The current insurance year. Includes beginning and ending month of fiscal year if applicant/insured filed Federal tax on fiscal year basis.
2.	State/County:	State and county where the majority of the total expected revenue for the insurance year will be derived. ***
3.	Policy Number:	Policy number for which indemnity is being calculated.
4.	Claim Number:	Claim Number assigned by the AIP.
5.	Insured Information:	Name, address, telephone number, and tax ID, such as social security number or employer identification number for the insured. Also includes the person type the insured used to file their Federal taxes. The insured must be the same person and person type as the person designated on the United States Income Tax form(s).
6.	Agency Information	Name, address, telephone number and code number of the agent. Include policy number.
7.	Companion Policy(s)	List of producers, other than the insured, that have WFRP coverage on any of the commodities covered under the insured's policy. Enter "NONE" when the insured has 100 percent share in all commodities insured under their WFRP policy, or when all other producers with an interest in the commodities do not have a WFRP policy.
8.	Date of Damage:	Month and year in which most of the damage causing a loss in revenue occurred. Enter the specific date of damage when known, such as damage from hail, fire or flood.
9.	Cause of Damage:	Event(s) that caused the damage resulting in loss of revenue. Cause must be an insurable cause of loss. List all insurable causes that created damage. Describe cause of loss in narrative, item 28, if additional space is required.
10.	Primary Cause (%):	Percentage of the primary cause of the damage, when more than one insurable cause created the damage. Must be whole percent and exceed 50 percent.
11.	Dates of Notice:	Date(s) insured provided notice of loss.
12.	Allowable Expenses for Insurance Year	Whole dollar amount of allowable expenses for the insurance year. Enter amount from item 14 of the Allowable Expenses Worksheet for the insurance year.

Claim for Indemnity Form (Continued)

A. Required Elements Description (continued)

Item	Required Elements	Description
13.	Approved Expenses	Approved expenses for the insurance year, as calculated after making all required adjustments. Enter the amount from item 20b on the Farm Operation Report.
14.	Expense Percentage (12/13)	Percentage amount used to determine the percentage amount of reduction in approved revenue, if applicable. Divide the allowable expenses for the insurance year (item 12) by the approved expenses for the insurance year (item 13). Enter as a three decimal place number. See paragraph 103.
15.	Expense Reduction Percentage	Percentage amount used to determine the percentage amount of reduction in approved revenue, if applicable. Subtract the result of step 14 from .700. If the result is zero or less, enter “0”. See paragraph 103.
16.	Approved Revenue	Approved revenue for the insurance year. Enter amount from item 19b on the Farm Operation Report.
17.	Expense Reduction Dollar Amount	Amount to reduce from insured’s approved revenue. Multiply the result of step 15 by the result of step 16. Round the result to nearest whole dollar amount.
18.	Approved Revenue Adjusted for Expenses	Approved Revenue adjusted for expenses. Subtract result of item 17 from item 16. Round to the nearest whole dollar.
19.	Coverage Level	Coverage level elected by insured.
20.	Insured Revenue	The amount of revenue insured under WFRP. Enter result of item 18 by item 19. Round to nearest whole dollar.
21.	Allowable Revenue for Insurance Year	Allowable revenue for the insurance year. Enter the amount from item 12 on Allowable Revenue Worksheet for the insurance year. See paragraphs 44 and 45.
22.	Inventory Adjustment	Total dollar amount of adjustments made for insurance year for inventoried commodities from Inventory Report. Enter the amount from item 19 on the Inventory Report. This amount may be positive or negative.
23.	Accounts Receivable Adjustment	Total dollar amount of adjustments made for insurance year for accounts receivable on Accounts Receivable and Accounts Payable Report. Enter the amount from item 10 on the accounts Receivable and Accounts Payable Report. This amount may be positive or negative.
24.	Market Animal and Nursery Adjustment	Total dollar amount of adjustments made for the insurance year for animals and nursery commodities on the Market Animal and Nursery Inventory Report. Enter the amount from item 20 on the Market Animal and Nursery Inventory Report. This amount may be positive or negative.
25.	All other Adjustments	Total dollar amount of adjustments made for insurance year for all adjustments other than inventoried commodities and accounts receivable, including but not limited to:

A. Required Elements Description (continued)

Item	Required Elements	Description
25.	All Other Adjustments (Continued)	(1) value assigned for uninsured cause of loss; (2) value assigned for abandoned acreage/commodities; (3) indemnities from other crop insurance policies and any other Federal program payments; and (4) gains from commodity hedging. **Exceptions**: Do not include ARC/PLC payments, NAP payments , or indemnities paid by another policy for damage or loss to a commodity that is not covered by WFRP (timber, animals for show, or pasture or rangeland insured under the Rainfall Index or Vegetation Index policies) All other adjustments must be documented in the Narrative or on a Special Report and attached to the Claim for Indemnity Form.
26.	Revenue-to-Count	Revenue-to-count for determining indemnity. Sum the result of item 21 + item 22 + item 23 + item 24 + item 25. Enter "0" if sum of all items is negative.
27.	Revenue Loss	Dollar amount of revenue loss for the insurance year. Enter the result item 20 minus item 26.
28.	Narrative	Document: (1) reason no indemnity due, if applicable; (2) all adjustments made to insured's revenue on tax form(s) used to determine item 21; (3) individual values used to determine item 25; and (4) document any other pertinent information used in calculation of indemnity. If more space is needed, include applicable information on a Special Report. Include the insured's name, policy number, and claim number on the separate document. Title the document "Narrative to Claim for Indemnity Continued" and attach it to the Claim for Indemnity Report.
29.	Date Insurance Year IRS Federal Taxes Filed:	Month, day, and year the insured's farm tax forms were sent to the IRS for the insurance year.
30.	Similar Damage on Other Farms in the Area?	Indication of whether other farms in the area had similar damage as the insured reported. Enter "Yes" if other farms in the area had similar damage, otherwise enter "No."
31.	Assignment of Indemnity?	Indication of whether insured has an assignment of indemnity in effect for insurance year. Enter "Yes" if insured has assignment of indemnity in effect for insurance year, otherwise enter "No."
32	Has the insured received a NAP payment from FSA?	Enter "Yes" if the insured received a NAP payment from FSA, otherwise enter "No." If the answer is "Yes," refer to paragraph 124.

A. Required Elements Description (continued)

The following required entries are not illustrated on the Claim for Indemnity Report example below.		
33.	Applicant/Insured’s Signature and Date:	Insured signature and date.
34.	AIP Representative Signature and Date	AIP representative’s signature and date.

See exhibit 5 for required certification and other statements.

B. Example Claim for Indemnity Form

The following is provided as an example only. AIPs must develop a Claim for Indemnity Form using the required elements and statements.

CLAIM FOR INDEMNITY FORM

1. Insurance Year: 2015	2. State/County: MI / Bay	5. Insured Information: I.M. Insured Box 1 Anytown, USA, 11111 Phone: 999.999.9999 Person Type: Individual SSN: xxx.xx.xxxx	6. Agency Information: Agent Code: XX I.M. Agent Box 2 Anytown, USA 11111 Phone: 111.111.1111	7. Companion Policy(s) NONE
3. Policy Number: xxxxxxxxxx	4. Claim Number: xxxxxxx			
8. Date of Damage: July 2016		9. Cause of Damage: Drought	10. Primary Cause (%): 100	11. Date(s) of Notice: 8/1/2016

CALCULATION OF CLAIM

12. Allowable Expenses for Insurance Year	13. Approved Expenses	14. Expense Percentage (12/13)	15. Expense Reduction Factor	16. Approved Revenue	17. Expense Reduction Dollar Amount (15 x 16)	18. Approved Revenue Adjusted for Expenses (16 – 17)	19. Coverage Level	20. Insured Revenue (18 x 19)
$95,450	$107,765	.886	0	$161,750	0	$161,750	85%	$137,488

21. Allowable Revenue for Insurance Year	22. Inventory Adjustment	23. Accounts Receivable Adjustment	24. Market Animal and Nursery Adjustment	25. All Other Adjustments	26. Revenue-to-Count (21+22+23+24+25)	27. Revenue Loss (20 – 26)
$99,060	-$500	0	-$7250	$39,075	$130,385	$7,103

28. Narrative: Item 25 is the sum of MPCI indemnity and uninsured cause of loss revenue adjustment.		
29. Date Insurance Year IRS Federal Income Taxes Filed: 4/15/16	30. Similar Damage on Other Farms in the Area? YES	31. Assignment of Indemnity? NO
32. Has the insured received a NAP payment from FSA? No		

Inventory Valuation Guidelines

A. Unit of Measure

Commodities listed in inventory must be listed in the unit of measure, such as bushels, pounds, tons, boxes, etc., in which the commodity will be marketed.

B. Local Market Value

Values listed for inventoried commodities, regardless of which inventory report applies, should be local market values from sources in the expected values section of the policy. AIPs must ensure that values are reasonable actual local market values.

The local market value must not include any amounts for post-production operations. See exhibit 2 for the definition of post-production operations.

C. Animals, Animal Products and Nursery Commodities Held to Realize Gain

Inventories for animals, animal products and nursery and greenhouse will be recorded on the Market Animal and Nursery Inventory Report.

(1) Beginning inventories will be valued at the local market value on:

  (a) January 1 of the insurance year for insured's who file taxes on a calendar year basis; and

  (b) the first day of the month in which the fiscal year begins for insured's who file taxes on a fiscal year basis.

(2) Ending inventories will be valued at the local market value on:

  (a) December 31 of the insurance year for insured's who file taxes on a calendar year basis; and

  (b) the last day of the month in which the fiscal year ends for insured's who file taxes on a fiscal year basis.

D. Commodities Purchased for Resale

The value of inventoried commodities, both beginning and ending values, purchased for resale must not include the cost, or other basis, of the commodity purchased.

E. Commodities Other Than Commodities Held to Realize Gain, Purchased for Resale, Animals, Animal Products, Nursery, and Greenhouse

Beginning and ending inventories will be valued at the end of the insurance period on the Inventory Report at the:

E. Commodities Other than Commodities Held to Realize Gain, Purchased for Resale, Animals, Animal Products, Nursery, and Greenhouse (continued)

(1) actual price received if the commodity is sold prior to the end of the insurance period; or

(2) local market value on:

(a) December 31 of the insurance year for insured’s who file taxes on a calendar year basis; or

(b) the last day of the month in which the fiscal year ends for insured’s who file taxes on a fiscal year basis.

Expected Value Guidelines

This exhibit provides instructions and guidelines for determining the expected value of commodities the applicant/insured intends to produce or purchase for resale in the insurance year, as provided on the Farm Operation Report. See exhibit 2 for the definition of expected value.

A. Expected Value by Commodity

Each commodity the applicant/insured intends to produce or purchase for resale in the insurance year must be listed on a separate line on the Farm Operation Report. An expected value per unit of measure, such as bushels, pounds, tons, boxes, etc., must be determined for each commodity listed.

If the same commodity has significantly different expected values, it must be listed on multiple lines of the Farm Operation Report with a line for each expected value to accurately determine the expected revenue. The same commodity may have different expected values due to some of the following (but not limited to these):

(1) different type or variety of the same commodity;

(2) different markets used, such as fresh, processed, retail, or wholesale;

(3) some production may be contracted for a specified price with remaining production that will be sold on the open market;

(4) multiple planting/harvest of the commodity at different times of the year;

(5) some production may be from organically grown commodity and the remaining production may be conventionally grown; and

(6) free tonnage raisins versus reserve tonnage raisins.

The RMA processing system will not accept multiple line items for the same commodity. Therefore, separate line items of the same commodity on the Farm Operation Report must be combined, using sums (production amounts, acreages) and weighted averages (prices) where appropriate, for data reporting and premium calculator purposes. See paragraph 47F for an example.

Note: The commodity count that is used for: (1) coverage level qualification, (2) the diversification discount for the farm premium rate, (3) qualification of farms growing potatoes for eligibility of WFRP, and (4) for the determination of what type of unit and therefore subsidy percentage applies, will be determined based on the summed commodity information.

B. Required Adjustments in Expected Value

The following items must be subtracted from the expected value:

(1) cost of post-production operations, including those that add value; or
(2) cost, or other basis, of commodities purchased for resale.

C. Required Adjustments to Expected Values for Vertically Integrated Operations and Related Taxpayers

The integrated relationship between the divisions or related operations of an integrated operation and the interaction between related taxpayers can affect the value, cost, and price of commodities, goods, and services used by such persons. It can also affect the expected value an insured may report. The expected value reported for these farm operations must be reasonable and comparable with expected values for the commodity from objective third party market information.

Adjustments made for the cost of post-production operations from such persons must also be customary and comparable to the costs of disinterested third parties.

D. Methods for Determining Expected Values

The expected value must be realistic and consistent with available market information supported by verifiable or direct marketing sales records, and take into account price cycles and trends. Post-production operations and the cost of commodities purchased for resale, if applicable, must be removed from the expected values. Market readiness expenses may be left in the expected values.

The following table provides the methods and sources for determining and reviewing expected values for commodities:

IF the commodity …	**THEN use …**
is under contract to be sold at a specified price	the contracted price. See subparagraph E for more information.
produced and sold during the current insurance period, but prior to the time the Intended Farm Operation Report is completed	The actual sale price the commodity was sold for.

D. Methods for Determining Expected Values (continued)

IF the commodity …	THEN use …
is not under contract to be sold at a specified price and has not been sold during the insurance period prior to the Intended Farm Operation Report being completed	The price that the AIP agrees best reflects the price the insured can expect to receive on the insured's farm and for the market where the commodity will be sold, based on the most applicable sources below: Season average prices reported by AMS, including Market News Reports, NASS, or ERS for the commodity in the area where the applicant/insured normally sells the commodity. The FCIC published price for the commodity for the area. The average price received for the three most recent years if the commodity was sold directly to consumers. The current local cash bid price for the commodity in the local area where the commodity is normally sold. The average price offered by at least two commercial buyers, one selected by the insured and one by the AIP Prices from a reliable third party source, such as a commodity broker, crush district, packer/processor, or marketing cooperative, and the AIP approves.

E. Contracted Price

Use the contracted price if the commodity is under a marketing contract to be sold at a specified price at the time the Farm Operation Report is filed or updated, as applicable. The contracted price must be adjusted to remove the cost of any post-production operations. Marketing contracts include, but are not limited to, contracts with processors, packers, marketing cooperatives, commodity brokers, and cash forward contracts. The Farm Operation Report must be revised if the contracted price is renegotiated and changed. It may not be revised upwards if the contract is changed following the Revised Farm Operation Reporting date.

F. Reliable Third Party Sources

Reliable third party sources of pricing information may include:

(1) Futures Market Prices for the month of harvest with basis removed to adjust to the local market basis
(2) Commodity Broker Reports;
(3) District Crush Reports;
(4) Packer/Processor Reports; and
(5) Marketing Cooperative Reports.

G. Additional Expected Value Guidance

1. Expected values listed on the Farm Operation Report must be the price the insured can expect to receive for the commodity when the commodity is harvested (less post-production expenses). The Expected Value section of the policy (section 18), provides a short priority list that indicates values to use and the following guidance is provided:

   (a) If a marketing contract is in place the price from that contract should be used. These types of contracts must be written and must be an agreement to sell the commodity at a specified price. As described in the policy language in section 18(a)(1), this has to relate to a price the insured can expect to receive when the commodity listed on the Farm Operation Report is harvested so the marketing contract must be for commodity that will be sold during the insured year.

   (b) If a commodity for the current insurance year was already sold during the current insurance year prior to filling out the Intended Farm Operation Report, the actual sales price must be used. This is only for the commodity and amount of that commodity that was sold between the beginning of the insurance period and the date the Intended section of the Farm Operation Report was completed.

   (c) If neither (a) or (b) apply, then there is a list of price sources in the policy that must be used to determine the expected value (price) for the commodity. The AIP should take care to determine the most applicable source from this list that will best project the price the insured can expect to receive. This section does not simply allow the selection of the source that will result in the ‘highest’ price and additional guidance for the selection of the most applicable price is provided below.

      (i) For commodities that are widely marketed and have revenue coverage available under other policies, such as corn, soybeans, wheat, and dry beans/peas (selected states), the FCIC projected prices, adjusted for local basis to reflect the local market price, should be used as the best price estimate for a harvest time price. These are, for the most part, based on the futures markets and would best reflect the price the insured can expect to receive. The only time these prices might not be used is if the insured is marketing in a specialty market and another of the choices for price is more applicable to what the insured can expect to receive.

G. Additional Expected Value Guidance (continued)

(ii) For commodities that do not have other revenue coverage insurance available, but have other Federal crop insurance available, RMA price elections should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.

(iii) For commodities that do not fit items (i) or (ii), expected values from local, average cash bid prices from local markets should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.

(iv) For commodities that do not fit items (i), (ii), or (iii), but season average prices from AMS, Market News Reports, or NASS or ERS are available, these season average prices should be used. The only time these prices might not be used is if the insured was marketing in a specialty market and another of the choices for price was more applicable to what the insured can expect to receive.

(v) If prices aren't available under (iv), then average prices from at least two commercial buyers may be used or prices from a reliable third party source may be used if approved by the AIP.

(vi) If prices aren't available under (v) and the insured sells directly to consumers, the three year average price for the commodity may be used. This option specifically says the commodity was sold directly to consumers which means direct-market sales.

(vii) If the commodity is organic and the insured meets the requirements for organic pricing- the same list above should be used to price the commodity with an organic price.

2. The guidance above is reinforced in section 17 of the policy regarding how the Farm Operation Report is completed. This section states, and AIPs should ensure that prices are determined using the guidance above, that:

   (a) the expected values must reflect the expected sale price by markets where the crop is normally sold;

   (b) as of the date the Farm Operation Report is completed (and there are also special instructions for the dates of determination of expected values if revisions are made).

3. The flexibility in the policy is necessary to address the need to price many commodities that are sold to a variety of different market places and are insured under WFRP.

G. Additional Expected Value Guidance (continued)

Note: The policy does NOT allow the use of alternative insurance prices that may be offered by privately administered non-reinsured supplemental products that are available.

Direct Marketing Sales Records

The following forms are examples only.

Estimated Daily Commodity Receipts

1. INSURED'S NAME		2. DATE
I.M. INSURED		JUNE 11, 2015
3. NAME OF MARKET		4. TOTAL CASH RECEIPTS
FARMERS MARKET		$524.00

5. CROP	6. ESTIMATED PERCENT OF TOTAL CASH RECEIPTS	7. REVENUE PER CROP
APPLES	15%	$78.60
BEANS	30%	$157.20
CARROTS	40%	$209.60
POTATOES	15%	$78.60
8. TOTAL	100%	$524.00

9. Remarks

Direct Market Sales Records (Continued)

DAILY MARKET RECORD

1. Insured's Name			2. Date		
I.M. Insured			June 11, 2015		
3. Name of Market			4. Total Cash Receipts		
Anytown Farmers Market			$620.00		
5. Commodity	6. Amount Taken To Market	7. Amount Returned Home	8. Amount Sold	9. Today's Price	10. Revenue By Commodity
Apples	100 Lbs.	25 Lbs.	75 Lbs.	$1.00	$75.00
Beans	100 Lbs.	15 Lbs.	85 Lbs.	$2.00	$170.00
Carrots	100 Lbs.	31 Lbs.	69 Lbs.	$3.00	$207.00
Red Potatoes	100 Lbs.	4 Lbs.	96 Lbs.	$0.75	$72.00
White Potatoes	100 Lbs.	4 Lbs.	96 Lbs.	$1.00	$96.00
				11. TOTAL	$620.00
12. Remarks:					

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