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Corporation

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FCIC-18160-1 (03-2020)

WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK

2020 and Succeeding Policy Years

RISK MANAGEMENT AGENCY
KANSAS CITY, MO 64133

TITLE: WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK	**NUMBER: FCIC-18160** **FCIC-18160-1**
EFFECTIVE DATE: **2020 Succeeding Policy Years**	**ISSUE DATE: March 30, 2020**
SUBJECT: **Provides the procedures and instructions for the Whole-Farm Revenue Protection program.**	**OPI: Product Administration and Standards Division** **APPROVED:** /s/ Richard H. Flournoy **Deputy Administrator for Product Management**

REASONS FOR AMENDMENT

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

1. Table of Contents – Revised page number for paragraph 93 to accommodate revisions below.
2. Subparagraph 92(18) – Added clarifying language regarding uninsured losses relating to hemp to account for different acceptable THC levels and the measurement of uncertainty.
3. Paragraph 126 – Revised language regarding policy voidance to align with revised language in subparagraphs 91(18) and 149(1) & (4).
4. Subparagraph 149(1) & (4) – Added clarifying language regarding hemp to account for different acceptable THC levels.
5. Exhibit 9 Item 23 – Revised reference within to item 15 for calculation purposes.

Note: It has been noticed the page numbers within are continual from the Table of Contents throughout. The slipsheets were created using the same numbering to prevent the release of an entirely new handbook. This will be corrected during the next full handbook release.

WHOLE-FARM REVENUE PROTECTION PILOT HANDBOOK

CONTROL CHART

Whole-Farm Revenue Protection Pilot Handbook							
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FILING INSTRUCTIONS:

These slipsheets replace the applicable pages within the 2020 Whole-Farm Revenue Protection Pilot Handbook, FCIC-18160 (11-2019). These slipsheets are effective for the 2020 and succeeding policy years and is not retroactive to any 2019 or prior policy year determinations.

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PART 4 LOSS AND CLAIM INFORMATION

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, diverted acres, or refusal of any person to accept any insured commodities, including insolvency of the buyer identified in the marketing contract.

(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) Production of a commodity, or a quantity of a commodity, which has no verifiable market or exceeds the amount of production that could be expected to be received by the market under normal growing conditions.

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

(18) Industrial Hemp that is unsalable or destroyed due to a THC level above the maximum acceptable level.

(a) The maximum acceptable hemp THC level will be the lesser of: 1) 0.3 percent, allowing for the measurement of uncertainty provided by the testing laboratory; or 2) the acceptable level of the applicable governing authority (State or Tribe) in which the insured crop is grown, allowing for the measurement of uncertainty provided by the testing laboratory. If the test results provided by the testing laboratory do not include a measure of uncertainty, the measurement of uncertainty will be considered zero percent (0.000 percent).

Example: If a laboratory reports a result as 0.35 percent with a measurement of uncertainty of ±0.06, the distribution or range is 0.29 to 0.41 percent. Because 0.3 percent is within that distribution or range, the sample, and the lot it represents, is considered hemp as defined. However, if the measurement of uncertainty for that sample was 0.02 percent, the distribution or range is 0.33 to 0.37 percent. Because 0.3 percent or less is not within that distribution or range, the sample is not considered hemp as defined.

(b) The sale of hemp with a THC level greater than the maximum acceptable level as stated in (a) will be considered producing and selling a controlled substance and will result in voidance of the insured's WFRP policy. Refer to paragraph 126.

Uninsurable losses will be valued and added to the RTC, which will decrease any loss payments. RTC must be increased for commodities that are damaged by anything other than an insured cause of loss. If a commodity deteriorates while in storage and is sold for less than the local market value for the undamaged commodity, the RTC 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 (refer to exhibit 2 for damaged definition) by an insurable cause of loss, the WFRP policy provides coverage for quality by using the actual price received or the local market value, not less than zero, for unsold damaged commodities. Refer to subparagraph 92(15) for commodities that are in storage.

(1) If a commodity is damaged by an insurable or uninsurable COL resulting in a reduction of quality, the insured must comply with their duties detailed in subparagraph 94A.

(2) The insured must maintain documentation which includes enough detail to identify the specific lot, bin, cartons, etc. of the damaged commodity

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 or for any physical damage that occurs to any commodity on the farm operation that may cause the allowable revenue to fall below 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 they are 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, quality damage, 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

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

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

(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 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 RTC if the commodity is not harvested.

(i) The AIP must determine the associated expenses are consistent with previous years' expenses and similar operations.

(ii) the AIP must verify the insured does not traditionally harvest the commodity at a cost below the normal cost to harvest the commodity.

Example: A producer is required to grow a specific variety of fruit that has a low market value to meet processor requirements. However, due to unavailability of labor, the producer is unable to harvest the crop. The unavailability of labor is considered an uninsured COL and any portion of the commodity not harvested would be counted as RTC at the expected value.

(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, with the expected revenue of the lost commodity included as RTC, 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.

94 Duties in the Event of Damage or Loss (Continued)

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 WFHR, FOR, 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.

(3) The AIP will use the insured's farm tax forms to calculate the allowable revenue and allowable expenses for the policy 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.

(6) The AIP may defer, at their discretion, the claim adjustment up to 180 days from the date the insured filed the claim for indemnity when commodities produced during the insurance period are still in storage.

95 Replant Payment

(1) To qualify for a replant payment:

(a) The insured must notify the AIP of the damaged acreage prior to replanting;

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

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

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

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

For commodities planted in different, but distinct growing seasons, determinations of the 20 acre or 20 percent rule should be made based on the specific planting period for the commodity.

Example 1: 50 acres of spring bell peppers and 50 acres of fall bell peppers are reported on the IFOR to be planted on the same 50 acres. 12 acres of spring bell peppers need to be replanted and the AIP determines that it is practical to replant. The 20/20 rule for spring planted bell peppers is met for the 50 acres reported for spring bell peppers.

Example 2: The insured plants 50 acres of bell peppers and 50 acres of hot peppers in a 100-acre field. Both are Fresh Market and are both reported under the commodity code of Peppers (Fresh Market) in Polk County, FL. The insured needs to replant 12 acres of bell peppers and the AIP determines that it is practical to replant. However, the 12 acres to be replanted does not meet the 20/20 rule for the total 100 acres of Peppers (Fresh Market).

Example 3: An insured reports and plants 100 acres of winter wheat. On that same 100 acres, the insured reports and intends to plant soybeans. The winter wheat is harvested, and the soybeans are planted as intended. 25 acres of the soybeans are lost due to an insured cause of loss and need to be replanted and the AIP determines that it is practical to replant the acres. The 25 acres to be replanted meet the 20/20 rule of the double cropped soybean acreage.

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

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

(2) No replant payment will be made:

(a) if the AIP is unable to determine the insured’s actual replanting costs;

(b) on acreage on which one replant payment has already been allowed for the insurance period;

(c) for any commodity on the farm operation that is also insured by another Federally reinsured policy issued under the authority of the Act for which replant payments are also available under the other policy;

(d) for industrial hemp; or

(e) until a RFOR is submitted.

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.

(3) The determination of the maximum amount of the replant payment per acre will be based on the lesser of:

(a) The actual cost, before share, to replant the commodity; or

(b) 20 percent of the expected revenue per acre for the commodity as reported in the RFOR (column 14E/14A) 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 (column 12 of the FOR)
Actual cost per acre to replant prior to share = $75.00 (verified from actual records)
Maximum Replant Amount: 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.
Replant Payment = $3,750 ($75.00 x 50 acres) x 1.000 (share)
Enter the replant calculations in the "Narrative" of the Replant Payment Worksheet.

96-100 (Reserved)

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Note: The maximum acceptable hemp THC level will be the lesser of: 1) 0.3 percent, allowing for the measurement of uncertainty provided by the testing laboratory; or 2) the acceptable level of the applicable governing authority (State or Tribe) in which the insured crop is grown, allowing for the measurement of uncertainty provided by the testing laboratory. If the test results provided by the testing laboratory do not include a measure of uncertainty, the measurement of uncertainty will be considered zero percent (0.000 percent). Refer to paragraph 126.

(b) If the insured's farm operation is mostly located in one state but the insured produces industrial hemp in another state, the insured must comply with the regulations of the state where the land on which the industrial hemp is located;

(c) In addition to the requirements in exhibit 18, the entity issuing the marketing contract must:

(i) comply with all requirements of the regulatory plan in place in the location the industrial hemp will be processed; and

(ii) must possess or have contractual access to facilities with enough equipment and capacity to process the amount industrial hemp in the marketing contract.

(d) Industrial hemp grown without a valid marketing contract is not insurable, even if the insured's farm operation has a marketing contract for a portion of the industrial hemp planted acreage. Any revenue produced from uninsurable hemp acreage will be included as RTC.

Example: The insured has a marketing contract for 50 acres of industrial hemp valued at $50,000. However, the producer produces 100 acres of industrial hemp and sells all 100 acres for $100,000. At claim time, $100,000 will be included as RTC.

(2) If the industrial hemp is produced in a state or tribal territory that has assumed regulatory responsibility for industrial hemp production, the insured must:

(a) comply with all requirements and provisions of the regulatory plan of that state or tribe; and

(b) possess any license required by that plan.

(3) Industrial hemp must be produced using seed or plant cuttings adapted to the intended use and planting patterns appropriate to the intended use.

Example: Industrial hemp harvested primarily for fiber must be produced using a seed or plant cutting adapted for fiber production and the planting pattern used must be intended to maximize fiber production.

(4) Industrial hemp that is unsalable or destroyed due to a THC level exceeding the maximum acceptable limit as stated in subparagraph 18(a) will be considered damaged due to an uninsured COL, regardless of the determination of what may have caused the increased THC level. The insured must notify the AIP prior to destroying the industrial hemp. Refer to paragraph 94.

Note: At claim time, the RTC for such acreage will be not less than the expected revenue reported on the RFOR. Refer to paragraph 106.

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
CCD	Contract Change Date
CFR	Code of Federal Regulations
CIH	Crop Insurance Handbook
ERS	Economic Research Service
FCIC	Federal Crop Insurance Corporation
FOR	Farm Operation Report
FFOR	Final Farm Operation Report
FSA	Farm Service Agency
GFP	Good Farming Practice
IFOR	Intended Farm Operation Report
IRS	Internal Revenue Service
NAP	Noninsured Disaster Assistance Program
NASS	National Agricultural Statistics Service
PAIR	Pre-Acceptance Inspection Report
PASD	Product Administration and Standards Division
PAW	Pre-Acceptance Worksheet
PFR	Purchase for Resale
PHTS	Policy Holder Tracking System
PLC	Price Loss Coverage
RFOR	Revised Farm Operation Report
RMA	Risk Management Agency
RRD	Revised Reporting Date
RTC	Revenue-to-Count
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SP	Special Provisions of Insurance
SSN	Social Security Number
THC	Tetrahydrocannabinol
U.S.C.	United States Code
USDA	United States Department of Agriculture
VFR	Veteran Farmer or Rancher
WFHR	Whole-Farm History Report
WFRP	Whole-Farm Revenue Protection

Market Animal and Nursery Inventory Report (Continued)

A. Required Elements Description (continued)

Item	Required Element	Description
22.	Net Value	The net value of animals, animal products, nursery, and greenhouse commodities on hand at the end of the insurance period. Enter the result of subtracting the amount in column 21 from column 20.
23.	Total Beginning Value	Total of Column 15.
24.	Total Ending Value Less Cost or Basis:	Total of Column 22.
Part 4 - Inventory Adjustment (To Be Completed Only If A Claim Filed)		
25.	Adjustment:	Subtract the amount in item 23 from the amount in item 24. The amount can be either a positive number or a negative number. Transfer the amount to the Claim for Indemnity for (item 28).
The following required entries are not illustrated on the Market Animal and Nursery Inventory Report example below.		
26.	Applicant/Insured Signature and Date	Applicant/Insured Signature and Date @ SCD
27.	AIP Representative Signature and Date	AIP Representative Signature and Date @ end of insurance period.

Refer to 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. POLICY YEAR	4. AGENCY INFORMATION
I.M. INSURED	XXXXXXXXX	YYYY	I.R. AGENT XXXXX

Part 2 – Breeding Livestock Only

Type of Animals or Commodity	Section A - Beginning Inventory First Day of the Insurance Period	Section B - Ending Inventory Last Day of the Insurance Period
Type/Category 5	Number 6	Number 7

Part 3 – Market Animals or Nursery

Type of Animals or Commodities	Section A - Beginning Inventory First Day of the Insurance Period							Section B - Ending Inventory Last Day of the Insurance Period						
Type/Category 8	Number 9	Average Weight or Container Size 10	Average Value 11	Average Value/Unit 12	Total $ Value 13	Actual Cost (Claims Only) 14	Net Value (Claims Only) 15	Number 16	Average Weight or Container Size 17	Average Value 18	Average Value/Unit 19	Total $ Value 20	Cost or Basis 21	Net $ Value 22
Mums	1,000-	-	$2.00/plant	$2.00/Plants-	$2,000	$500	$1,500	0	-	-	-	-	-	0
Hogs	125 hd.	50 lbs.	$1.00/lb.	$50.00/hd.	$6,250		$6,250	0	-	-	-	-	-	0
						23 Total Beginning Value	$7,750						24 Total Ending Value	$0

Part 4 - Inventory Adjustment (to be completed ONLY if a claim is filed)

25. Adjustment:						
Amount in item 24	$0	Amount in item 23	$7,750	=	-$7,750	Inventory Adjustment. Enter result, (+) or (-), in item 28 on the Claim for Indemnity Form.