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Whole Farm Revenue Protection

agriskmanagement.cornell.edu

U.S. Department of Agriculture
Risk Management Agency

Why WFRP?

What could cause a drop in revenue for a diversified operation?

- Weather related perils, especially those that affect all crops on a farm, such as flooding or drought
- Low market prices caused by a variety of factors

Why WFRP?

- Benefits diversified farms
  - Alternative to multiple single-crop policies
  - Premium subsidies may be higher for more diversified farms
- Available for all NY counties and some crops and livestock not currently available under single-crop policies
- Flexibility in setting prices (expected prices)
- Flexibility and additional benefits for beginning farmers and ranchers

What are the features of WFRP?

- All farm revenue is insured together under one policy
  - Individual commodity losses are not considered, it is the overall farm revenue that determines losses
- Premium subsidy is available and depends on farm diversification
  - Farms with 2 or more “commodities” (commodity count) receive whole-farm premium subsidy
  - Farms with 1 “commodity” receive basic premium subsidy

What are the features of WFRP?

Costs for ‘market readiness operations’ may be left in the approved revenue

- Minimum required to make commodity market ready
- On farm, in-field or close proximity to field – no added value costs may be included

You may also purchase other Federal crop insurance policies covering individual commodities

- Must be at buy-up coverage levels
- Any indemnities from these policies will count as revenue earned under WFRP
- This may reduce the WFRP premium

What does WFRP cover?

Revenue from all commodities produced on the farm:

- Excluding timber, forest, forest products, and animals for sport, show or pets
- Including animals and animal products – commodities purchased for resale (up to 50% of total)
- Including commodities you buy for resale during the insurance period

What does WFRP cover?

Revenue from all commodities produced on the farm:

- Up to $1 million in revenue from livestock or livestock products
- Up to $1 million in revenue from nursery or greenhouse
- Potatoes can be covered only if the operation is growing 2 or more commodities total

What does WFRP cover?

Replant costs for annual commodities

- Actual cost up to a maximum of 20% of expected revenue for the crop
- Record of replant costs required
- Insurance company has approval authority
- Payable after loss of 20% of the crop or 20 acres

What are the features of WFRP?

- Coverage levels available are 50-85%
  - 5% increments
  - Diversification of at least 3 commodities (commodity count) required for 80% and 85%
- Historic revenue is adjusted to reflect farm expansion
  - Automatic indexing process for, revenue and expenses, accounts for farm growth historically
  - Expanding operations provision allows for 35% physical growth over historic average due to higher yielding varieties, additional acres, planting patterns, adding a hoop house, etc.

New Features

- Under certain conditions, marketing contract prices may be used as expected prices under WFRP
- November 20 is now the sales closing day for late fiscal year filers.
- July 15 is now the due date for the revised farm operation report for all WFRP policyholders.
- August 15 is now the billing date for the revised farm operation report for all WFRP policyholders.

Does diversification on my farm matter for WFRP?

Yes!

A diversification requirement is used to determine the number of commodities on your farm

- Each commodity must provide a certain percentage of the expected farm revenue to be counted
- Commodities providing small amounts of revenue may be grouped to meet the qualification

WFRP Premium Subsidy

WFRP Subsidy: Percentage of Total Premium Paid by Government

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

WFRP limits for qualification:

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

- Covers up to $8.5 million of revenue (10 million * 85% coverage)
- Producers with up to $1 million expected revenue each from (1) animals & animal products and (2) nursery & greenhouse may qualify

How is the amount of insured revenue determined?

WFRP insured revenue is the lower of:

- Your insurance year’s expected revenue (determined by your farm plan) at the selected coverage level, or
- Your historic revenue adjusted for growth at the selected coverage level

Beginning Farmers and Ranchers

USDA-Qualified “Beginning Farmers and Ranchers” may qualify with 3 historic years of taxes if they have been farming also the previous year.

- For 2019 – requires taxes to have been filed in 2015, 2016, 2017 and for the producer to have been farming in 2018
- Qualifying BFR’s receive an extra 10% premium subsidy.

Other facts to understand about WFRP:

WFRP covers revenue ‘produced’ in the insurance year

- A commodity not harvested or sold will not count as revenue
- A commodity grown last year and sold this year will not be covered
- For commodities that grow each year, like cattle, only the growth for the insurance year counts.
    - Example: Calves worth $800 at beginning of the year and to be sold at $2000, the value insured will be $1200
- Inventory and Accounts Receivable are used to get to the ‘produced’ amounts

Prices used to value commodities to be grown must meet the expected value guidelines in the policy

What will my agent need from me?

- Five years of farm tax forms
  - For 2018, from 2012-2016
- Are you a:
  - Calendar year tax filer or
  - Fiscal year tax filer
- What you plan to produce on the farm during the insured year?
  - Used to complete the Intended Farm Operation Report
- Other information as applicable
  - Such as supporting records, your organic certification, inventory or accounts receivable information

What is the timeline for WFRP?

- Sales Closing Date for New York farmers:
  - Late fiscal year filers (all counties) – November 20
  - Calendar and Early Fiscal Filers – March 15
  - Intended Farm Operation Plan is completed
- Revised Farm Operation Report due (like an acreage report)
  - For all policyholders for all policyholders – July 15

What is the timeline for WFRP?

- Billing date
  - For all policyholders – August 15
- Final Farm Operation Report
  - Due when:
    - A claim is submitted for indemnity or
    - Next year’s sales closing date (if no claim)
  - If not provided: limited to 65% coverage for the next insurance year

For more information:

- Find a crop insurance agent: https://www.rma.usda.gov/tools/agent.html
- RMA WFRP resources: https://www.rma.usda.gov/policies/wfrp.html
- NY crop insurance information: https://agriskmanagement.cornell.edu

Cornell Crop Insurance & Risk Management Education Project Resources Website: **agriskmanagement.cornell.edu**

Currently available

- Newly updated website including
  - Articles
  - Fact sheets
  - Presentations
  - Videos
  - Farmer testimonials

Coming soon

- Risk management podcast series
- More NY case studies
- More fact sheets
- Whole Farm Revenue Protection examples

Cornell University delivers crop insurance education in New York State in partnership with the USDA Risk Management Agency.

Diversity and Inclusion are a part of Cornell University's heritage. We are an employer and educator recognized for valuing AA/EEO, Protected Veterans, and Individuals with Disabilities.

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